

Dalqan Real Estate Company

K.S.C. (Public)

Kuwait

Interim Condensed Financial Information for

The Six Months Ended June 30, 2016

(Unaudited)

with

Review report

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait
Interim Condensed Financial Information for
The Six Months Ended June 30, 2016
(Unaudited)
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Review report

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Review report

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**The Board of Directors
Dalqan Real Estate Company
K.S.C. (Public)
Kuwait**

Review Report on the interim condensed financial information

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Dalqan Real Estate Company K.S.C. (Public) as of June 30, 2016 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard No (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity".

A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

Report on review of other legal and regulatory matters

Furthermore, based on our review, the interim condensed financial information is in agreement with the books of the Company. We further report that, to the best of our knowledge and belief, no violations of the Companies' Law no. 1 of year 2016 and related Executive Regulations or the Company's memorandum and articles of association have occurred during the six month period ended June 30, 2016 that might have had a material effect on the business of the Company or on its interim condensed financial position.



Ali A. Al-Hasawi
License No. 30 (A)
Rödl Middle East
Burgan-International Accountants

July 24, 2016
State of Kuwait



Adel M. Al-Sanea
Auditors Registry No. 86 Category (A)
Kuwaiti Accountant Auditing
A member of H.L.B International

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait


Interim condensed statement of financial position as of June 30, 2016

(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	June 30, 2016	December 31, 2015 (audited)	June 30, 2015
Assets				
Current assets				
Cash and cash equivalents		2,516,505	2,400,548	2,303,643
Other debit balances		3,455	3,455	3,850
		<u>2,519,960</u>	<u>2,404,003</u>	<u>2,307,493</u>
Non-current assets				
Investment properties		3,665,000	3,665,000	3,800,000
Property and equipment		2	2	2
		<u>3,665,002</u>	<u>3,665,002</u>	<u>3,800,002</u>
Total assets		<u>6,184,962</u>	<u>6,069,005</u>	<u>6,107,495</u>
Liabilities and equity				
Current liabilities				
Various credit balances	4	54,416	57,695	71,367
Non - current liabilities				
Provision for end of service indemnity		23,050	21,082	19,756
Equity				
Share capital	5	5,502,750	5,002,500	5,002,500
Statutory reserve		352,336	352,336	342,962
Voluntary reserve		135,142	180,742	171,368
Retained earnings		117,268	454,650	499,542
		<u>6,107,496</u>	<u>5,990,228</u>	<u>6,016,372</u>
Total liabilities and equity		<u>6,184,962</u>	<u>6,069,005</u>	<u>6,107,495</u>


 Muhammed Saud Murdy Al Mutairy
 Chairman


 Fahed Saud Murdy Al Mutairy
 Vice Chairman and Chief
 executive officer

The accompanying notes form an integral part of this interim condensed financial information.

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait

Interim condensed statement of comprehensive income for the six months ended
 June 30, 2016
 (Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	The three months ended June 30		The six months ended June 30	
		2016	2015	2016	2015
Revenue					
Net properties' rental income		<u>69,595</u>	<u>69,699</u>	<u>138,957</u>	<u>136,894</u>
Total revenue		<u>69,595</u>	<u>69,699</u>	<u>138,957</u>	<u>136,894</u>
Expenses and other charges					
General and administrative expenses		<u>7,433</u>	<u>7,575</u>	<u>14,251</u>	<u>13,954</u>
Provisions		<u>1,006</u>	<u>993</u>	<u>1,968</u>	<u>1,901</u>
Total expenses and other charges		<u>8,439</u>	<u>8,568</u>	<u>16,219</u>	<u>15,855</u>
Net profit for the period before KFAS, Zakat and National Labour Support Tax					
Tax		<u>61,156</u>	<u>61,131</u>	<u>122,738</u>	<u>121,039</u>
Contribution to Kuwait Foundation for the Advancement of Science		<u>(551)</u>	<u>(550)</u>	<u>(1,105)</u>	<u>(1,089)</u>
Zakat		<u>(622)</u>	<u>(621)</u>	<u>(1,247)</u>	<u>(1,229)</u>
National Labour Support Tax		<u>(1,554)</u>	<u>(1,554)</u>	<u>(3,118)</u>	<u>(3,074)</u>
Net profit for the period		<u>58,429</u>	<u>58,406</u>	<u>117,268</u>	<u>115,647</u>
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income		<u>58,429</u>	<u>58,406</u>	<u>117,268</u>	<u>115,647</u>
Earning per share/(Fils)	6	<u>1.06</u>	<u>1.06</u>	<u>2.13</u>	<u>2.10</u>

The accompanying notes form an integral part of this interim condensed financial information.

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait

Interim condensed statement of changes in equity for the six months ended June 30, 2016

(Unaudited)

All amounts are in Kuwaiti Dinar

	Share capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
Balance at January 1, 2015	5,002,500	342,962	171,368	383,895	5,900,725
Net profit for the period	-	-	-	115,647	115,647
Balance at June 30, 2015	<u>5,002,500</u>	<u>342,962</u>	<u>171,368</u>	<u>499,542</u>	<u>6,016,372</u>
Balance at January 1, 2016	5,002,500	352,336	180,742	454,650	5,990,228
Issue of bonus shares (note --5)	500,250	-	(45,600)	(454,650)	-
Net profit for the period	-	-	-	117,268	117,268
Balance at June 30, 2016	<u>5,502,750</u>	<u>352,336</u>	<u>135,142</u>	<u>117,268</u>	<u>6,107,496</u>

The accompanying notes form an integral part of this interim condensed financial information.

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait

Interim condensed statement of cash flows for the six months ended June 30, 2016
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	The six months ended	
	June 30	
	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Net profit for the period	117,268	115,647
Adjustments:		
Provision for end of service indemnity	1,968	1,901
Adjusted profit before the effect of changes in working capital items	<u>119,236</u>	<u>117,548</u>
Other debit balances	-	275
Various credit balances	<u>(3,279)</u>	<u>(1,977)</u>
Net cash generated from operating activities	<u>115,957</u>	<u>115,846</u>
Net increase in cash and cash equivalents	115,957	115,846
Cash and cash equivalents at beginning of the period	<u>2,400,548</u>	<u>2,187,797</u>
Cash and cash equivalents at end of the period	<u>2,516,505</u>	<u>2,303,643</u>

The accompanying notes form an integral part of this interim condensed financial information.

Dalqan Real Estate Company

K.S.C. (Public)

Kuwait

Notes to the interim condensed financial information for the six months ended
June 30, 2016

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

1- Company's formation and activities

Dalqan Real Estate Company was incorporated as W.L.L Company in accordance with the Articles of Association dated on April 21, 2003 and subsequent amendments. The legal entity of the company has been transferred from (with limited liability company) to a Kuwaiti Shareholding Company (Public), under the name of Dalqan Real Estate Company as per the Articles of Association dated on July 15, 2006 through transferring all assets and liabilities to the new company based on evaluation made by an independent expert.

The objectives for which the company was established are as follows:

- Owning, selling, buying and developing real estates and land on behalf of the company in the State of Kuwait and abroad as well as managing properties of others, without any violation to rules mentioned in the laws and what has been prohibited of trade in the private housing, as provided for in these laws.
- Owning, selling and buying shares and bonds of real estate companies on behalf of the company only, in Kuwait and abroad.
- Preparing studies and providing consultancies in real estate fields of all types if there are the conditions that are required to engage in providing this service.
- Carrying out maintenance works related to buildings and real estates owned to the company and to others including maintenance works and implementation of civil, mechanical and electrical works, elevators, air-conditioning to ensure the maintenance and safety of buildings.
- Organizing the real estate exhibitions related to the company's real estate projects, according to the regulations of the ministry.
- Utilizing the financial surpluses that are available in the company by investing them in financial and real estate portfolios managed by specialized companies and authorities.
- Direct contribution to put the infrastructure of residential, commercial and industrial areas and projects through system of "build, operate and transfer" (BOT) and managing real estate facilities through (BOT) system.

The company may conduct the previous mentioned business objectives inside and outside the State of Kuwait by itself or as an agent.

The company has the right to participate and subscribe in any way, in other firms or institutions which operate in the same field or those which would assist in achieving its objectives in Kuwait or abroad and to construct, participate or purchase these institutions or join them.

The registered address of the company is: Al Ardiya – P.O Box 41081, Postal Code 85851 Kuwait.

The interim condensed financial information for the six months ended June 30, 2016 has been approved for issue by the Board of Directors on July 24, 2016.

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait

**Notes to the interim condensed financial information for the six months ended
June 30, 2016
(Unaudited)**

"All amounts are in Kuwaiti Dinar unless stated otherwise"

2- Significant Accounting Policies

2/1) Basis of preparation

The interim condensed financial information of the Company has been prepared in accordance with IAS 34, "Interim Financial Reporting". Accordingly, it does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards.

The accounting policies used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2015.

During the period the Company has adopted all the standards that came into effect for annual periods beginning January 1, 2016. The adoption of these standards did not have any material impact on this interim condensed financial information.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2016. For further information, refer to the annual audited financial statements and notes thereto for the year ended December 31, 2015.

This interim condensed financial information is presented in Kuwaiti Dinar which is the functional and presentation currency of the Company.

Amendments to IFRSs which are effective for annual accounting period starting from January 1, 2016 did not have any material impact on the accounting policies, financial position or performance of the Company.

2/2) Judgments and estimates

The preparation of interim condensed financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim condensed financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements as of and for the year ended December 31, 2015.

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Notes to the interim condensed financial information for the six months ended
 June 30, 2016
 (Unaudited)

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3- Transactions with related parties

Related parties comprise of the major shareholders, Board of Directors, entities controlled by them or under their joint control, executive officers, key management personnel and their close family members. The company management approves the terms and conditions of related parties transactions. The transactions with related parties are subject to the approval of Shareholders' General Assembly.

Interim condensed statement of financial position

Interim condensed statement of financial position does not include any balances with related parties.

Interim condensed statement of comprehensive income

Interim condensed statement of comprehensive income does not include transactions with related parties.

4- Various credit balances

	<u>June 30, 2016</u>	<u>December 31, 2015 (audited)</u>	<u>June 30, 2015</u>
KFAS	6,507	5,402	12,995
Zakat	16,117	14,870	20,299
National Labour Support Tax	31,792	37,423	38,073
	<u>54,416</u>	<u>57,695</u>	<u>71,367</u>

5- Share capital

The Extraordinary General Assembly of shareholders held on May 29, 2016 approved the increase of share capital from KD 5,002,500 to KD 5,502,750 with an amount of KD 500,250 through issuing bonus shares with a percentage equivalent to 10% of share capital which equal to 10 shares for each 100 shares, this increase in share capital was authorized in the commercial register on June 14, 2016.

The authorized, issued and full paid-up capital is amounting KD 5,502,750 distributed on 55,027,500 share with nominal value 100 Fils of each share and all shares are in cash.

Notes to the interim condensed financial information for the six months ended
June 30, 2016
(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

6- Earning per share/(Fils)

Earning per share is calculated through dividing net profit for the period by the weighted average number of outstanding shares during the period as follows:

	The three months ended June 30		The six months ended June 30	
	2016	2015	2016	2015
Net profit for the period	58,429	58,406	117,268	115,647
Weighted average number of outstanding shares during the period	55,027,500	55,027,500	55,027,500	55,027,500
Earning per share/(Fils)	1.06	1.06	2.13	2.10

The weighted average number of outstanding shares during the period ended June 30, 2016 and the comparative period has been adjusted to reflect the issue of bonus shares of 5,002,500 share that were approved by the Extraordinary General Assembly of Shareholders dated May 29, 2016.

7- General Assembly of shareholders

The Ordinary and Extraordinary General Assembly of Shareholders had been held on May 29, 2016 has approved the financial statements for the financial year ended December 31, 2015 and no remuneration for the Board of Directors' for the financial year ended December 31, 2015 and approved the increase of share capital by issuing bonus shares by 10 % (2014:Nil)

8- Financial instruments

Categories of financial instruments

The Company's financial assets and financial liabilities are categorized in the interim condensed statement of financial position as follows:

	June	December	June
	30, 2016	31, 2015 (audited)	30, 2015
Financial assets			
Cash and cash equivalents	2,516,505	2,400,548	2,303,643
Other debit balances	3,455	3,455	3,850
	<u>2,519,960</u>	<u>2,404,003</u>	<u>2,307,493</u>
Financial liabilities			
Various credit balances	54,416	57,695	71,367