

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait
Interim Condensed Financial Information for
The Three Months Ended March 31, 2021
(Unaudited)
With
Independent auditors' review report

Dalqan Real Estate Company

K.S.C. (Public)

Kuwait

Interim Condensed Financial Information for The Three Months Ended March 31, 2021

(Unaudited)

With

Independent auditors' review report

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

Independent auditors' 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 March 31, 2021 and the related interim condensed information of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended. Management of the Company 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

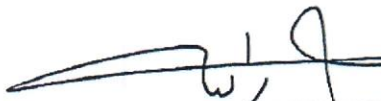
We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review of interim condensed financial information consists of making inquiries, primarily of persons responsible 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 other legal and regulatory matters

Furthermore, based on our review, the interim condensed financial information is in agreement with the accounting 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 its executive regulations, as amended, or law No. 7 of year 2010 in respect of the establishment of the Capital Market Authority and the organization of securities activity, and its executive regulations or the Company's article of incorporation and memorandum of association, as amended, have occurred during the three month period ended March 31, 2021 that might have had a material effect on the business of the Company or on its interim condensed financial position.



**Rashed Ayoub Yusuf Alshadad,
License No. 77 - (A)
Rödl Middle East - Burgan
International Accountants**



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

**May 18, 2021
Kuwait**

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

Interim condensed statement of financial position as of March 31, 2021
(Unaudited)

“All amounts are in Kuwaiti Dinar”

| | Note | March 31, 2021 | December 31, 2020 (audited) | March 31, 2020 |
|--|------|-------------------|-----------------------------------|-------------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | | 3,530,784 | 3,505,966 | 3,396,089 |
| Other debit balances | | 4,850 | 6,455 | 6,455 |
| | | <u>3,535,634</u> | <u>3,512,421</u> | <u>3,402,544</u> |
| Non-current assets | | | | |
| Investment properties | | 3,240,000 | 3,240,000 | 3,350,000 |
| Property and equipment | | 2 | 2 | 2 |
| | | <u>3,240,002</u> | <u>3,240,002</u> | <u>3,350,002</u> |
| Total assets | | <u>6,775,636</u> | <u>6,752,423</u> | <u>6,752,546</u> |
| Liabilities and equity | | | | |
| Current liabilities | | | | |
| Various credit balances | 4 | 80,228 | 79,217 | 79,244 |
| Non - current liabilities | | | | |
| Provision for end of service indemnity | | 40,121 | 39,026 | 36,636 |
| Equity | | | | |
| Share capital | 5 | 6,053,025 | 6,053,025 | 5,502,750 |
| Statutory reserve | | 419,950 | 419,950 | 417,503 |
| Voluntary reserve | | 142,827 | 142,827 | 200,309 |
| Retained earnings | | 39,485 | 18,378 | 516,104 |
| | | <u>6,655,287</u> | <u>6,634,180</u> | <u>6,636,666</u> |
| Total liabilities and equity | | <u>6,775,636</u> | <u>6,752,423</u> | <u>6,752,546</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 profit or loss and other comprehensive income for the three months ended March 31, 2021
(Unaudited)

"All amounts are in Kuwaiti Dinar"

| | Note | The three months ended | |
|---|------|------------------------|---------------|
| | | March 31 | |
| | | 2021 | 2020 |
| Revenue | | | |
| Net rental income | | <u>55,496</u> | <u>59,366</u> |
| Expenses and other charges | | | |
| General and administrative expenses | | <u>32,283</u> | 31,251 |
| Provisions | | <u>1,095</u> | <u>1,130</u> |
| Total expenses and other charges | | <u>33,378</u> | <u>32,381</u> |
| Net profit for the period before KFAS, Zakat and National Labour Support Tax | | 22,118 | 26,985 |
| Contribution to Kuwait Foundation for the Advancement of Science | | <u>(199)</u> | (243) |
| Zakat | | <u>(232)</u> | (281) |
| National Labour Support Tax | | <u>(580)</u> | <u>(703)</u> |
| Net profit for the period | | 21,107 | <u>25,758</u> |
| Other comprehensive income for the period | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period | | 21,107 | <u>25,758</u> |
| Earning per share/(Fils) | 6 | <u>0.35</u> | <u>0.43</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 three months ended March 31, 2021
(Unaudited)

“All amounts are in Kuwaiti Dinar”

| | Share capital | Statutory reserve | Voluntary reserve | Retained earnings | Total |
|----------------------------------|-------------------------|-----------------------|-----------------------|----------------------|-------------------------|
| Balance at January 1, 2020 | 5,502,750 | 417,503 | 200,309 | 490,346 | 6,610,908 |
| Net profit for the period | - | - | - | 25,758 | 25,758 |
| Balance at March 31, 2020 | <u>5,502,750</u> | <u>417,503</u> | <u>200,309</u> | <u>516,104</u> | <u>6,636,666</u> |
| Balance at January 1, 2021 | 6,053,025 | 419,950 | 142,827 | 18,378 | 6,634,180 |
| Net profit for the period | - | - | - | 21,107 | 21,107 |
| Balance at March 31, 2021 | <u>6,053,025</u> | <u>419,950</u> | <u>142,827</u> | <u>39,485</u> | <u>6,655,287</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 three months ended March 31, 2021
(Unaudited)

"All amounts are in Kuwaiti Dinar"

| | The three months ended | |
|--|-------------------------------|-------------------------|
| | March 31 | |
| | <u>2021</u> | <u>2020</u> |
| Cash flows from operating activities | | |
| Net profit for the period | 21,107 | 25,758 |
| Adjustments: | | |
| Provision for end of service indemnity | <u>1,095</u> | 1,130 |
| Adjusted profit before calculating the effect of change in working capital items | 22,202 | 26,888 |
| Other debit balances | 1,605 | (1,600) |
| Various credit balances | <u>1,011</u> | 1,227 |
| Net cash generated from operating activities | <u>24,818</u> | 26,515 |
| Net increase in cash and cash equivalents | 24,818 | 26,515 |
| Cash and cash equivalents at beginning of the period | <u>3,505,966</u> | 3,369,574 |
| Cash and cash equivalents at end of the period | <u>3,530,784</u> | <u>3,396,089</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 three months ended March 31, 2021**(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 incorporated 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 three months ended March 31, 2020 has been approved for issue by the Board of Directors on May 18, 2021

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

Notes to the interim condensed financial information for the three months ended March 31, 2021

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

2- Basis of preparation and 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, 2020.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2021 did not have any material impact on the accounting policies; performance of the Company or interim condensed financial position.

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, 2021. For further information, refer to the annual audited financial statements and notes thereto for the year ended December 31, 2020.

This interim condensed financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency 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 expense. Actual results may differ from these estimates.

The key sources of estimates and judgments are consistent with the annual audited financial statements of the Company for the year ended December 31, 2020, with the exception of the impact of the COVID - 19 outbreaks which are detailed below.

The outbreak of coronavirus ("COVID-19") pandemic across the globe has caused disruption to business and economic activities and uncertainties in the global economic environment. The full outcome of this event is still unknown and therefore the impact on the Company cannot be fully quantified at the date of issuance of this interim condensed financial information. Management assessed the impact of the pandemic on the significant estimates and judgments applied by them in arriving at the Company's reported amounts of financial and non-financial assets as of March 31, 2021. Management also assessed that the Company has Current assets are what covers its current liabilities

Management is continuously revising their assumptions, estimates and judgments and monitoring the liquidity position especially during the coming period as events unfold.

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Notes to the interim condensed financial information for the three months ended March 31, 2021

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

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 management approves the terms and condition 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 or transactions with related parties.

Interim condensed statement of profit or loss and other comprehensive income

Interim condensed statement of profit or loss and other comprehensive income do not include any balances or transactions with related parties.

4- Various credit balances

| | March 31, 2021 | December 31, 2020 (audited) | March 31, 2020 |
|-----------------------------|---------------------------|--|---------------------------|
| KFAS | <u>11,686</u> | 11,487 | 11,510 |
| Zakat | <u>22,013</u> | 21,792 | 21,793 |
| National Labour Support Tax | <u>46,529</u> | 45,938 | 45,941 |
| | <u>80,228</u> | <u>79,217</u> | <u>79,244</u> |

5- Share capital

The authorized, issued and paid-up capital is KD 6,053,025 distributed on 60,530,025 shares with nominal value 100 Kuwaiti Fils of each share and all shares are in cash.

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 March 31 | |
|---|--|-------------------|
| | 2021 | 2020 |
| Net profit for the period | <u>21,107</u> | <u>25,758</u> |
| Weighted average number of outstanding shares during the period | <u>60,530,025</u> | <u>60,530,025</u> |
| Earning per share/(Fils) | <u>0.35</u> | <u>0.43</u> |

The weighted average number of outstanding shares has been recomputed as well as the comparative period.

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Notes to the interim condensed financial information for the three months ended March 31, 2021

(Unaudited)

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7- General Assembly of shareholders

On April 4, 2021 The Ordinary General Assembly of Shareholders was held and approved the financial statements for the financial year ended December 31, 2020 and non remuneration for the Board of Directors for the financial year ended December 31, 2020 and non distribution of dividends for the financial year ended December 31, 2020.

8- Financial instruments

Categories of financial instruments

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

| | March | December | March |
|------------------------------|-------------------------|------------------|------------------|
| | 31, 2021 | 31, 2020 | 31, 2020 |
| | | (audited) | |
| Financial assets | | | |
| Cash and cash equivalents | 5,530,784 | 3,505,966 | 3,396,089 |
| Other debit balances | 4,850 | 6,455 | 6,455 |
| | <u>3,535,634</u> | <u>3,512,421</u> | <u>3,402,544</u> |
| | | | |
| | March | December | March |
| | 31, 2021 | 31, 2020 | 31, 2020 |
| | | (audited) | |
| Financial liabilities | | | |
| Various credit balances | 80,228 | 79,217 | 79,244 |
| | <u>80,228</u> | <u>79,217</u> | <u>79,244</u> |

9- Comparative figures

Certain comparative figures for the previous period have been reclassified to conform to current period presentation.