

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait
Interim Condensed Financial Information for
The Six Months Ended June 30, 2023
(Unaudited)
with
Review report

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

Interim Condensed Financial Information for
The Six Months Ended June 30, 2023
(Unaudited)
with
Review report

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Rödl

Middle East

Burgan - International Accountants

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, 2023 and the related interim condensed statements of profit or loss and other 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 Auditor 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 six month period ended June 30, 2023 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

August 14, 2023
State of Kuwait

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

Interim condensed statement of financial position as of June 30, 2023
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	June 30, 2023	December 31, 2022 (audited)	June 30, 2022
Assets				
Current assets				
Cash and cash equivalents		2,403,739	2,834,746	3,773,368
Other debit balances		4,450	5,449	5,450
		<u>2,408,189</u>	<u>2,840,195</u>	<u>3,778,818</u>
Non-current assets				
Investment properties	4	6,390,000	5,170,000	3,110,000
Property and equipment		2	2	2
		<u>6,390,002</u>	<u>5,170,002</u>	<u>3,110,002</u>
Total assets		<u>8,798,191</u>	<u>8,010,197</u>	<u>6,888,820</u>
Liabilities and equity				
Current liabilities				
Ijara payables	5	2,286,000	1,411,000	-
Other credit balances	6	36,894	51,361	84,228
		<u>2,322,894</u>	<u>1,462,361</u>	<u>84,228</u>
Non - current liabilities				
Provision for end of service indemnity		49,106	46,731	45,026
Equity				
Share capital	7	6,053,025	6,053,025	6,053,025
Treasury shares	8	(74,745)	(344,990)	-
Statutory reserve		442,145	442,145	423,652
Voluntary reserve		-	165,022	146,529
Retained earnings		5,766	185,903	136,360
		<u>6,426,191</u>	<u>6,501,105</u>	<u>6,759,566</u>
Total liabilities and equity		<u>8,798,191</u>	<u>8,010,197</u>	<u>6,888,820</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 six months ended June 30, 2023

(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	The three months ended June 30		The six months ended June 30	
		2023	2022	2023	2022
Revenue					
Net properties' rental income		65,704	64,235	141,240	137,600
Expenses and other charges					
General and administrative expenses		10,895	21,575	31,414	40,991
Provisions		1,240	1,225	2,375	2,250
Total expenses and other charges		12,135	22,800	33,789	43,241
Net profit for the period before KFAS, Zakat and National Labour Support Tax					
Contribution to Kuwait Foundation for the Advancement of Science		(482)	(373)	(967)	(849)
Zakat		(548)	(427)	(1,098)	(966)
National Labour Support Tax		(1,371)	(1,066)	(2,746)	(2,415)
Net profit for the period		51,168	39,569	102,640	90,129
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		51,168	39,569	102,640	90,129
Earning per share/(Fils)	9	0.85	0.66	1.71	1.50

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, 2023
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Statutory reserve</u>	<u>Voluntary reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at January 1, 2022	6,053,025	-	423,652	146,529	46,231	6,669,437
Net profit for the period	-	-	-	-	90,129	90,129
Balance at June 30, 2022	<u>6,053,025</u>	<u>-</u>	<u>423,652</u>	<u>146,529</u>	<u>136,360</u>	<u>6,759,566</u>
Balance at January 1, 2023	6,053,025	(344,990)	442,145	165,022	185,903	6,501,105
Net profit for the period	-	-	-	-	102,640	102,640
Transferred from voluntary reserve to retained earnings	-	-	-	(165,022)	165,022	-
Bonus treasury shares (Note 8)	-	270,245	-	-	(270,245)	-
Cash Dividend (Note – 10)	-	-	-	-	(177,554)	(177,554)
Balance at June 30, 2023	<u>6,053,025</u>	<u>(74,745)</u>	<u>442,145</u>	<u>-</u>	<u>5,766</u>	<u>6,426,191</u>

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

Dalqan Real Estate Company
K.S.C. (Public)
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Interim condensed statement of cash flows for the six months ended June 30, 2023
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	The six months ended	
	June 30	
	2023	2022
Cash flows from operating activities		
Net profit for the period	102,640	90,129
Adjustments:		
Provision for end of service indemnity	2,375	2,250
Adjusted profit before the effect of changes in working capital items	105,015	92,379
Other debit balances	999	5
Other credit balances	(14,467)	4,231
Net cash generated from operating activities	<u>91,547</u>	<u>96,615</u>
Cash flows from investing activities		
Investment properties	(1,220,000)	-
Net cash used in investing activities	<u>(1,220,000)</u>	<u>-</u>
Cash flows from financing activities		
Ijara payables	875,000	-
Cash dividend	(177,554)	-
Net cash generated from financing activities	<u>697,446</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(431,007)	96,615
Cash and cash equivalents at beginning of the period	2,834,746	3,676,753
Cash and cash equivalents at end of the period	<u>2,403,739</u>	<u>3,773,368</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, 2023

(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 incorporation dated on April 21, 2003 and subsequent amendments. The legal entity of the company has been transferred from (limited liability company) to a Kuwaiti shareholding company (Public), under the name of Dalqan Real Estate Company as per the Articles of incorporation dated on July 15, 2006 by transferring all assets and liabilities to the new company based on evaluation made by an independent expert. Many changes on the company's commercial register, the last of which dated September 28, 2021.

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.
- Owning, managing, operating, investing, leasing and renting hotels, health clubs, boarding houses, guest houses, rest houses, parks, gardens, exhibitions, restaurants, cafes, residential complexes, tourism and health products, recreational and sports facilities, and shops of various degrees and levels, including all original and supportive services and facilities attached thereto and other necessary services, whether inside Kuwait or outside it.
- Involved in real estate companies and building maintenance companies for civil, mechanical and electrical works.
- Owning commercial markets and residential complexes.
- 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.

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(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

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, 2023 has been approved for issuance by the Board of Directors on August 14, 2023.

2- 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, 2022.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2023 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, 2023.

For further information, refer to the annual audited financial statements and notes thereto for the year ended December 31, 2022.

This interim condensed financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Company.

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 profit or loss and other comprehensive income

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

Dalqan Real Estate Company
K.S.C. (Public)
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Notes to the interim condensed financial information for the six months ended June 30, 2023

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

4- Investment properties

	June 30, 2023	December 31, 2022 (audited)	June 30, 2022
Balance at beginning of the period/year/period	5,170,000	3,110,000	3,110,000
Additions during the period/year/period	1,220,000	2,060,000	-
Balance at end of the period/year/period	6,390,000	5,170,000	3,110,000

The above-mentioned additions were acquired under lease contracts with a promise to purchase at end of the lease term by a local Islamic bank (note - 5).

5- Ijara payables

	June 30, 2023	December 31, 2022 (audited)	June 30, 2022
The total value of the obligation	2,423,160	1,478,022	-
Future interests	(137,160)	(67,022)	-
The present value of the obligation	2,286,000	1,411,000	-

This item represents a facility contract granted by a local Islamic bank in exchange for ijara contracts due at the end of the contract period with an effective yield rate by 2% above the discount rate announced by the Central Bank of Kuwait.

6- Various credit balances

	June 30, 2023	December 31, 2022 (audited)	June 30, 2022
KFAS	16,102	13,484	12,669
Zakat	6,341	5,243	22,886
National Labour Support Tax	14,451	32,634	48,673
	36,894	51,361	84,228

7- Share capital

The authorized, issued and full paid-up capital is KD 6,053,025 distributed on 60,530,250 shares with nominal value 100 Kuwaiti Fils of each share and all shares are in cash.

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Notes to the interim condensed financial information for the six months ended
June 30, 2023
(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

8- Treasury shares

	June 30, 2023	December 31, 2022 (audited)	June 30, 2022
Number of Shares	365,775	1,545,456	-
Ownership percentage (relative to total capital)	%0.60	%2.55	-
Market value	63,279	355,455	-
Cost	74,745	344,990	-

On June 5, 2023, 1,210,605 treasury shares were distributed to the shareholders, as a bonus shares, equivalent to 2 shares for every 100 shares (Note - 10).

The company is obligated to maintain reserves of capital shares and retained earnings equivalent to the cost of purchased treasury shares, and considers them non-distributable throughout the period of their ownership by the company, in accordance with the instructions of the relevant regulatory authorities.

9- 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(excluding treasury shares) as follows:

	The three months ended June 30		The six months ended June 30	
	2023	2022	2023	2022
Net profit for the period	51,168	39,569	102,640	90,129
Weighted average number of outstanding shares during the period(excluding treasury shares)	60,164,475	60,164,475	60,164,475	60,164,475
Earning per share/(Fils)	0.85	0.66	1.71	1.50

On June 5, 2023, 1,210,605 treasury shares were distributed to the shareholders, as a bonus shares, equivalent to 2 shares for every 100 shares (Note - 10). Earnings per share for the prior period have been restated to reflect that distribution.

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K.S.C. (Public)
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Notes to the interim condensed financial information for the six months ended June 30, 2023

(Unaudited)

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10- General Assembly of shareholders

On May 3, 2023 the ordinary General Assembly shareholders meeting was held and proposed the following:

- Approved the financial statements for the financial year ended December 31, 2022.
- Non distribution of any remuneration for the Board of Directors members for the financial year ended December 31, 2022.
- Distributing cash dividends to shareholders in the amount of 3% of the paid-up capital (3 fils per share of the paid-up capital).for those shareholders registered in the company records at the end of the Due date.
- It also recommended the distribution of bonus treasury shares to shareholders at a rate of 2% of the total company's shares at the rate of 2 shares for every 100 shares. With a proportionate to shareholders according to their ownership percentage in the company's share capital and the authorization of the board of directors to take the necessary procedures.

11- 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	
	30, 2023	31, 2022	June
Financial assets		(audited)	30, 2022
Cash and cash equivalents	<u>2,403,739</u>	2,834,746	3,773,368
Other debit balances	<u>4,450</u>	5,449	5,450
	<u>2,408,189</u>	<u>2,840,195</u>	<u>3,778,818</u>
	June	December	
	30, 2023	31, 2022	June
Financial liabilities		(audited)	30, 2022
Ijara payables	<u>2,286,000</u>	1,411,000	-
Various credit balances	<u>36,894</u>	51,361	84,228
	<u>2,322,894</u>	<u>1,462,361</u>	<u>84,228</u>

12- Comparative figures

Certain comparative figures for the previous financial year have been reclassified to conform with current financial period classification.