

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait
Interim Condensed Financial Information for
The nine months Ended September 30, 2021
(Unaudited)
with
Independent auditors' review report

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait
Interim Condensed Financial Information for
The nine months Ended September 30, 2021
(Unaudited)
with
Independent auditors' review report

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Independent auditors' review report on the interim condensed financial information

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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 September 30, 2021 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine month period then ended. The Company's 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

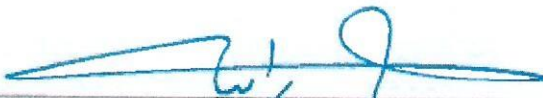
We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review of interim condensed financial information consists of making inquiries, primarily of persons responsible 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 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 nine month period ended September 30, 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

November 3, 2021
State of Kuwait



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

Interim condensed statement of financial position as of September 30, 2021
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	September 30, 2021	December 31, 2020 (Audited)	September 30, 2020
Assets				
Current assets				
Cash and cash equivalents		3,614,010	3,505,966	3,450,373
Other debit balances		6,125	6,455	8,450
		<u>3,620,135</u>	<u>3,512,421</u>	<u>3,458,823</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>6,860,137</u>	<u>6,752,423</u>	<u>6,808,825</u>
Liabilities and equity				
Current liabilities				
Various credit balances	4	<u>82,989</u>	<u>79,217</u>	<u>81,701</u>
Non - current liabilities				
Provision for end of service indemnity		<u>42,381</u>	<u>39,026</u>	<u>38,626</u>
Equity				
Share capital	5	6,053,025	6,053,025	6,053,025
Statutory reserve		419,950	419,950	417,503
Voluntary reserve		142,827	142,827	140,380
Retained earnings		118,965	18,378	77,590
		<u>6,734,767</u>	<u>6,634,180</u>	<u>6,688,498</u>
Total liabilities and equity		<u>6,860,137</u>	<u>6,752,423</u>	<u>6,808,825</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 nine months ended September 30, 2021
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	The three months ended September 30		The nine months ended September 30	
		2021	2020	2021	2020
Revenue					
Net properties' rental income		<u>51,577</u>	<u>52,880</u>	<u>165,422</u>	<u>142,877</u>
Expenses and other charges					
General and administrative expenses		<u>8,000</u>	<u>15,752</u>	<u>56,728</u>	<u>58,483</u>
Provisions		<u>1,030</u>	<u>1,010</u>	<u>3,355</u>	<u>3,120</u>
Total expenses and other charges		<u>9,030</u>	<u>16,762</u>	<u>60,083</u>	<u>61,603</u>
Net profit for the period before KFAS, Zakat and National Labour Support Tax		<u>42,547</u>	<u>36,118</u>	<u>105,339</u>	<u>81,274</u>
Contribution to Kuwait Foundation for the Advancement of Science		<u>(383)</u>	<u>(325)</u>		<u>(731)</u>
Zakat		<u>(436)</u>	<u>(371)</u>	<u>(1,087)</u>	<u>(844)</u>
National Labour Support Tax		<u>(1,089)</u>	<u>(927)</u>	<u>(2,717)</u>	<u>(2,109)</u>
Net profit for the period		<u>40,639</u>	<u>34,495</u>	<u>100,587</u>	<u>77,590</u>
Other comprehensive income for the period		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>40,639</u>	<u>34,495</u>	<u>100,587</u>	<u>77,590</u>
Earnings per share/(Fils)	6	<u>0.67</u>	<u>0.57</u>	<u>1.66</u>	<u>1.28</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 nine months ended September 30, 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
Issue bonus shares	550,275	-	(59,929)	(490,346)	-
Net profit for the period	-	-	-	77,590	77,590
Balance at September 30, 2020	6,053,025	417,503	140,380	77,590	6,688,498
Balance at January 1, 2021	6,053,025	419,950	142,827	18,378	6,634,180
Net profit for the period	-	-	-	100,587	100,587
Balance at September 30, 2021	6,053,025	419,950	142,827	118,965	6,734,767

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 nine months ended September 30, 2021
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	The nine months ended	
	September 30	
	2021	2020
Cash flows from operating activities		
Net profit for the period	100,587	77,590
Adjustments:		
Provision for end of service indemnity	3,355	3,120
Adjusted profit before the effect of changes in working capital items	103,942	80,710
Other debit balances	330	(3,595)
Various credit balances	3,772	3,684
Net cash generated from operating activities	108,044	80,799
Net increase in cash and cash equivalents	108,044	80,799
Cash and cash equivalents at beginning of the period	3,505,966	3,369,574
Cash and cash equivalents at end of the period	3,614,010	3,450,373

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 nine months ended September 30, 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 Article 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 Article of incorporation dated on July 15, 2006 through 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 as indicated in detail in Note (7).

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, tourist and health resorts, 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 or outside Kuwait.
- Participates 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.

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

The interim condensed financial information for the nine months ended September 30, 2021 has been approved for issue by the Board of Directors on November 3, 2021.

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

Notes to the interim condensed financial information for the nine months ended September 30, 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 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 September 30, 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.

Dalqan Real Estate Company
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Kuwait

Notes to the interim condensed financial information for the nine months ended September 30, 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 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.

4- Various credit balances

	September 30, 2021	December 31, 2020 (Audited)	September 30, 2020
KFAS	12,435	11,487	11,998
Zakat	22,599	21,792	22,356
National Labour Support Tax	47,955	45,938	47,347
	<u>82,989</u>	<u>79,217</u>	<u>81,701</u>

5- 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.

6- Earnings per share/(Fils)

Earnings per share are 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 September 30		The nine months ended September 30	
	2021	2020	2021	2020
Net profit for the period	<u>40,639</u>	34,495	<u>100,587</u>	77,590
Weighted average number of outstanding shares during the period	<u>60,530,250</u>	60,530,250	<u>60,530,250</u>	60,530,250
Earnings per share/(Fils)	<u>0.67</u>	0.57	<u>1.66</u>	1.28

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K.S.C. (Public)
Kuwait

Notes to the interim condensed financial information for the nine months ended September 30, 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.
- On June 17, 2021 the Extraordinary General Assembly of shareholders was held and approved the amendment of the company's activities, and this was recorded in the commercial register on June 29, 2021.
- On September 13, 2021 the Extraordinary General Assembly of shareholders was held and approved the amendment of the company's activities, and this was recorded in the commercial register on September 28, 2021

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:

	September	December	September
	30, 2021	31, 2020	30, 2020
		(Audited)	
Financial assets			
Cash and cash equivalents	<u>3,614,010</u>	<u>3,505,966</u>	<u>3,450,373</u>
Other debit balances	<u>6,125</u>	<u>6,455</u>	<u>8,450</u>
	<u>3,620,135</u>	<u>3,512,421</u>	<u>3,458,823</u>
	September	December	September
	30, 2021	31, 2020	30, 2020
		(Audited)	
Financial liabilities			
Various credit balances	<u>82,989</u>	<u>79,217</u>	<u>81,701</u>