

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait
Interim Condensed Financial Information for
The Three Months Ended March 31, 2024
(Unaudited)
With
Review report

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

Interim Condensed Financial Information for
The Three Months Ended March 31, 2024
(Unaudited)
With
Review report

Contents

Review report on the interim condensed financial information

Interim condensed statement of financial position (Unaudited)

Interim condensed statement of profit or loss and other comprehensive income (Unaudited)

Interim condensed statement of changes in equity (Unaudited)

Interim condensed statement of cash flows (Unaudited)

Notes to the interim condensed financial information (Unaudited)

Exhibit

A

B

C

D

Page

1 - 5

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 March 31, 2024 and the related interim condensed statement 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 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 three month period ended March 31, 2024 that might have had a material effect on the business of the Company or on its interim condensed financial position.



Ali A. Al-Hasawi
Licence No. 39 (A)
Rödl Middle East
Burgan International Accountants

May 12, 2024
Kuwait

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

Interim condensed statement of financial position as of March 31, 2024
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	March 31, 2024	December 31, 2023 (audited)	March 31, 2023
Assets				
Current assets				
Cash and cash equivalents		2,093,421	2,375,137	2,878,797
Other debit balances		6,850	4,650	4,850
		<u>2,100,271</u>	<u>2,379,787</u>	<u>2,883,647</u>
Non-current assets				
Investment properties	4	6,570,300	6,265,000	5,170,000
Property and equipment		2	2	2
		<u>6,570,302</u>	<u>6,265,002</u>	<u>5,170,002</u>
Total assets		<u>8,670,573</u>	<u>8,644,789</u>	<u>8,053,649</u>
Liabilities and equity				
Current liabilities				
Ijara payables	5	1,638,000	1,638,000	1,411,000
Various credit balances	6	29,095	58,642	42,206
		<u>1,667,095</u>	<u>1,696,642</u>	<u>1,453,206</u>
Non - current liabilities				
Provision for end of service indemnity		<u>51,986</u>	<u>50,741</u>	<u>47,866</u>
Equity				
Share capital	7	6,053,025	6,053,025	6,053,025
Treasury shares	8	(74,745)	(74,745)	(344,990)
Statutory reserve		502,186	502,186	442,145
Voluntary reserve		60,041	60,041	165,022
Retained earnings		410,985	356,899	237,375
		<u>6,951,492</u>	<u>6,897,406</u>	<u>6,552,577</u>
Total liabilities and equity		<u>8,670,573</u>	<u>8,644,789</u>	<u>8,053,649</u>



Muhammed Saud Murdy Al Mutairy
Chairman

Fahed Saud Murdy Al Mutairy
Vice Chairman and Chief Executive Officer

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, 2024
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	The three months ended March 31	
		2024	2023
Revenue			
Net rental income		101,335	75,536
Expenses and other charges			
General and administrative expenses		17,789	20,519
Finance expenses		25,679	-
Provisions		1,245	1,135
Total expenses and other charges		44,713	21,654
Net profit for the period before KFAS, Zakat and National Labour Support Tax		56,622	53,882
Contribution to Kuwait Foundation for the Advancement of Science		(510)	(485)
Zakat		(579)	(550)
National Labour Support Tax		(1,447)	(1,375)
Net profit for the period		54,086	51,472
Other comprehensive income for the period		-	-
Total comprehensive income for the period		54,086	51,472
Earning per share/(Fils)	9	0.90	0.86

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

Interim condensed statement of changes in equity for the three months ended March 31, 2024
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Retained earnings	Total
Balance at January 1, 2023	6,053,025	(344,990)	442,145	165,022	185,903	6,501,105
Net profit for the period	-	-	-	-	51,472	51,472
Balance at March 31, 2023	6,053,025	(344,990)	442,145	165,022	237,375	6,552,577
Balance at January 1, 2024	6,053,025	(74,745)	502,186	60,041	356,899	6,897,406
Net profit for the period	-	-	-	-	54,086	54,086
Balance at March 31, 2024	6,053,025	(74,745)	502,186	60,041	410,985	6,951,492

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, 2024
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	The three months ended	
	March 31	
	2024	2023
Cash flows from operating activities		
Net profit for the period	54,086	51,472
Adjustments:		
Provision for end of service indemnity	1,245	1,135
Adjusted profit before calculating the effect of change in working capital items	55,331	52,607
Other debit balances	(2,200)	599
Various credit balances	(29,547)	(9,155)
Net cash generated from operating activities	23,584	44,051
Cash flows from investing activities		
Investment properties	(305,300)	-
Net cash used in investing activities	(305,300)	-
Net (decrease)/increase in cash and cash equivalents	(281,716)	44,051
Cash and cash equivalents at beginning of the period	2,375,137	2,834,746
Cash and cash equivalents at end of the period	2,093,421	2,878,797

Dalqan Real Estate Company**K.S.C. (Public)****Kuwait****Notes to the interim condensed financial information for the three months ended March 31, 2024****(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 registrations on the company's commercial register, the last of which dated May 2, 2024.

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

- Owning, selling, buying and development of real estate 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 estate 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 to 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 by system of "build, operate and transfer" (BOT) and managing real estate facilities by (BOT) system.

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

The company has the right to participate or subscribe in any way, in other 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.

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

Notes to the interim condensed financial information for the three months ended March 31, 2024

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

The company is directly owned by % 51 in favor of Dalqan Holding Group (k.S.C.C) (Holding)

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, 2024 has been approved for issue by the Board of Directors on May 12, 2024.

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, 2023.

Other amendments to IFRSs which are effective for annual accounting period starting from January 1, 2024 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, 2023.

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 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 does not include any balances or transactions with related parties.

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

Notes to the interim condensed financial information for the three months ended March 31, 2024

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

4- Investment properties

	March 31, 2024	December 31, 2023 (audited)	March 31, 2023
Balance at beginning of the period/year/period	6,265,000	5,170,000	5,170,000
Additions during the period/year/period	305,300	2,095,357	-
Disposals during the period/year/period	-	(1,285,357)	-
Change at fair value during the period/year/period	-	285,000	-
Balance at end of the period/year/period	6,570,300	6,265,000	5,170,000

5- Ijara payables

	March 31, 2024	December 31, 2023 (audited)	March 31, 2023
The total value of the obligation	1,681,412	1,681,412	1,478,022
future interests	(43,412)	(43,412)	(67,022)
The present value of the obligation	1,638,000	1,638,000	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 actual return rate by 2% above the discount rate announced by the Central Bank of Kuwait.

6- Various credit balances

	March 31, 2024	December 31, 2023 (audited)	March 31, 2023
KFAS	5,914	18,888	13,969
Zakat	6,623	11,287	5,793
National Labour Support Tax	16,558	28,467	22,444
	29,095	58,642	42,206

7- Share capital

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

Dalqan Real Estate Company**K.S.C. (Public)****Kuwait****Notes to the interim condensed financial information for the three months ended March 31, 2024****(Unaudited)***"All amounts are in Kuwaiti Dinar unless stated otherwise"***8- Treasury shares**

	March 31, 2024	December 31, 2023 (audited)	March 31, 2023
Number of Shares	395,530	395,530	1,545,456
Ownership percentage (relative to total capital)	%0.65	%0.65	%2.55
Market value	52,210	57,747	296,728
Cost	74,745	74,745	344,990

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 as follows:

	The three months ended March 31	
	2024	2023
Net profit for the period	54,086	51,472
Weighted average number of outstanding shares during the period	60,530,250	60,530,250
Weighted average number of Treasury shares/(share)	(395,530)	(395,530)
Weighted average number of shares outstanding during the period/(share)	60,134,720	60,134,720
Earning per share/(Fils)	0.90	0.86

The weighted average number of shares for the comparative period has been recalculated.

10- General Assembly of shareholders

At a later date for the condensed interim financial position (April 17, 2024), the ordinary and extraordinary General Assembly shareholders meeting was held and approved the following:

- The financial statements for the financial year ended December 31, 2023.
- Non distribution of any remuneration for the Board of Directors members for the financial year ended December 31, 2023
- Distributing cash dividends to shareholders at the rate of 5% of the paid-up capital (at 5 fils for each share of the paid-up capital) for the financial year ending on December 31, 2023 to the shareholders registered in the company's records at the end of the maturity day, after excluding treasury shares and authorizing the Board of Directors. To determine the due date as well as amending the confirming

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

Notes to the interim condensed financial information for the three months ended March 31, 2024

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

- The increase in the company's authorized issued and paid-up capital from KD 6,053,025 to KD 10,053,025 with a cash increase of KD 4,000,000 by issuing 40,000,000 new shares at a nominal value of 100 fils per share. Without a share premium, while the shareholders of the Company have to the priority to subscribe in the increase share, each according to their percentage in the capital, and the Board of Directors is authorized to dispose of fractional shares, if any. This increase was recorded in the commercial register on May 2, 2024. It shall be amended later based on the results of subscription in the increase shares.

11- 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 31, 2024	December 31, 2023 (audited)	March 31, 2023
Financial assets			
Cash and cash equivalents	2,093,421	2,375,137	2,878,797
Other debit balances	6,850	4,650	4,850
	2,100,271	2,379,787	2,883,647
	March 31, 2024	December 31, 2023 (audited)	March 31, 2023
Financial liabilities			
Ijara payables	1,638,000	1,638,000	1,411,000
Various credit balances	29,095	58,642	42,206
	1,667,095	1,696,642	1,453,206

12- Comparative figures

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