

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
And review report for the three month period ended 31 March 2020

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
And review report for the three month period ended 31 March 2020

Contents	Pages
Independent Auditor's Report on Review of Interim Condensed Consolidated Financial Information	1
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	2
Interim Condensed Consolidated Statement of Income and Other Comprehensive Income (Unaudited)	3
Interim Condensed consolidated Statement of Changes in Equity (Unaudited)	4
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	5
Notes to the Interim Condensed Consolidated Financial Information (Unaudited)	6 - 12

Review Report on the Interim Condensed Consolidated Financial Information
Messrs. Board of Directors
Dar Al-Thuraya Real Estate Company K.S.C. (Public)
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated financial information of Dar Al-Thuraya Real Estate Co. K.S.C. (Public) ("The Parent Company") and its subsidiaries (together referred to as "the Group") which comprise the interim condensed consolidated statement of financial position as at 31 March 2020, and the related interim condensed consolidated statements of income and other comprehensive income, changes in equity and cash flows for the three month period then ended. The preparation and fair presentation of this interim condensed consolidated financial information is the responsibility of the Parent Company's management in accordance with IAS 34: (Interim Financial Reporting). Our responsibility is to express a conclusion on this interim condensed consolidated 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 consolidated 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 consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that nothing has come to our attention indicating occurrence of contraventions during the three month period ended 31 March 2020, of the Companies' Law No. 1 of 2016 and its executive regulations, as amended, or of the Parent Company's and memorandum of incorporation and articles of association, as amended, during the three month period ended 31 March 2020 that might have had a material effect on business of the Group or on its interim condensed consolidated financial position.



Faisal Saqer Al Saqer
License No. 172 "A"
BDO Al Nisf & Partners

Kuwait: 11 August 2020

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As at 31 March 2020

	Notes	31 March 2020 KD	31 December 2019 (audited) KD	31 March 2019 KD
Assets				
Non-current assets				
Property, plant and equipment		867	941	293,895
Right of use		-	-	150
Intangible assets		-	-	251,250
Investment properties	3	3,885,000	3,885,000	18,304,000
Financial assets at fair value through other comprehensive income		-	-	1
Due from a related party	4	-	401,380	-
		<u>3,885,867</u>	<u>4,287,321</u>	<u>18,849,296</u>
Current assets				
Inventories		-	-	469,396
Trade receivables and other debit balances	5	9,921,110	10,234,409	1,766,792
Financial assets at fair value through profit or loss	6	645,572	487,606	-
Cash and bank balances	7	2,388,648	569,542	1,143,954
		<u>12,955,330</u>	<u>11,291,557</u>	<u>3,380,142</u>
Total assets		<u>16,841,197</u>	<u>15,578,878</u>	<u>22,229,438</u>
Equity and liabilities				
Equity				
Share capital		14,650,000	14,650,000	14,650,000
Statutory reserve		866,845	866,845	866,845
Voluntary reserve		866,845	866,845	866,845
Fair value reserve from financial assets at fair value through other comprehensive income		-	-	(705)
Accumulated losses		(1,034,778)	(960,025)	(1,269,402)
Equity attributable to the Parent Company's shareholders		<u>15,348,912</u>	<u>15,423,665</u>	<u>15,113,583</u>
Non-controlling interests		(133)	1,078	24,245
Total equity		<u>15,348,779</u>	<u>15,424,743</u>	<u>15,137,828</u>
Liabilities				
Non-current liabilities				
Employees' end of service indemnity		23,035	25,034	136,098
Due to related parties	4	1,305,551	-	4,873,592
		<u>1,328,586</u>	<u>25,034</u>	<u>5,009,690</u>
Current liabilities				
Ijara payables		-	-	1,880,772
Other credit balances		163,832	129,101	201,148
		<u>163,832</u>	<u>129,101</u>	<u>2,081,920</u>
Total liabilities		<u>1,492,418</u>	<u>154,135</u>	<u>7,091,610</u>
Total equity and liabilities		<u>16,841,197</u>	<u>15,578,878</u>	<u>22,229,438</u>

The notes on pages 7 to 12 form an integral part of this interim condensed consolidated financial information.

Ahmad Abdurazzaq Albahr
Chairman

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Interim condensed consolidated statement of income and other comprehensive income (unaudited)
For the three month period ended 31 March 2020

	Notes	Three months ended 31 March	
		2020 KD	2019 KD
Operating income		-	142,553
Operating cost		-	(104,462)
Gross profit		-	38,091
Net rental income	8	69,908	394,158
Other income		1,670	218
Loss from sale of investment properties		-	(19,000)
Unrealized losses from financial assets at fair value through profit or loss		(153,701)	-
Realized profits on sale of financial assets at fair value through profit or loss		32,560	-
General and administrative expenses		(26,327)	(119,728)
Finance costs		-	(27,891)
Depreciation and amortization		(74)	(11,514)
(Loss) / profit for the period before NLST and Zakat		(75,964)	254,334
National Labor Support Tax		-	(4,919)
ZAKAT		-	(1,968)
Net (loss)/profit for the period		(75,964)	247,447
Other comprehensive income		-	-
Total comprehensive (loss)/income for the period		(75,964)	247,447
Attributable to:			
Shareholders of the Parent Company		(74,753)	246,354
Non-controlling interests		(1,211)	1,093
Total comprehensive (loss)/income for the period		(75,964)	247,447
Basic and diluted (loss) / earnings per share for the period attributable to the Parent Company's shareholders / (fils)	9	(0.51)	1.682

The notes on pages 7 to 12 form an integral part of this interim condensed consolidated financial information.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the three month period ended 31 March 2020

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Fair value reserve from financial assets at fair value through other comprehensive income KD	Accumulated losses KD	Equity attributable to the Parent Company's shareholders KD	Non- controlling interests KD	Total equity KD
At 1 January 2020	14,650,000	866,845	866,845	-	(960,025)	15,423,665	1,078	15,424,743
Total comprehensive loss for the period	-	-	-	-	(74,753)	(74,753)	(1,211)	(75,964)
At 31 March 2020	14,650,000	866,845	866,845	-	(1,034,778)	15,348,912	(133)	15,348,779
At 1 January 2019	14,650,000	866,845	866,845	(705)	(1,515,756)	14,867,229	23,152	14,890,381
Total comprehensive income for the period	-	-	-	-	246,354	246,354	1,093	247,447
At 31 March 2019	14,650,000	866,845	866,845	(705)	(1,269,402)	15,113,583	24,245	15,137,828

The notes on pages 7 to 12 form an integral part of this interim condensed consolidated financial information.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the three month period ended 31 March 2020

	Three months ended	
	31 March	
	2020	2019
	KD	KD
Operating activities		
Net (loss) / profit for the period	(75,964)	247,447
<i>Adjustments for:</i>		
Depreciation and amortization	74	11,514
Finance costs	-	27,891
Loss from sale of investment properties	-	19,000
Unrealized losses from financial assets at fair value through profit or loss	153,701	-
Realized profits on sale of financial assets at fair value through profit or loss	(32,560)	-
Employees' end of service indemnity	(1,298)	9,849
	<u>43,953</u>	<u>315,701</u>
<i>Changes in working capital:</i>		
Due from/to related parties - net	1,706,931	(1,134,781)
Inventories	-	(736)
Trade and other receivables	313,299	(77,039)
Financial assets at fair value through profit or loss	(279,107)	-
Other credit balances	34,731	(4,849)
Cash generated from / (used in) operations	<u>1,819,807</u>	<u>(901,704)</u>
Payment of employees' end of service indemnity	(701)	(67,429)
Net cash flows resulting from (used in) operating activities	<u>1,819,106</u>	<u>(969,133)</u>
Investing activities		
Paid for the acquisition of property, plant and equipment	-	(57)
Proceeds from sale of investment properties	-	120,000
Net cash flows from investing activities	<u>-</u>	<u>119,943</u>
Net increase / (decrease) in cash and bank balances	1,819,106	(849,190)
Cash and bank balances at the beginning of the period	569,542	1,993,144
Bank balances and cash at end of the period (Note 7)	<u>2,388,648</u>	<u>1,143,954</u>

The Group has the following non-cash transactions during the period which are not presented in the statement of interim condensed consolidated statement of cash flows.

		Three months ended	
		31 March	
		2020	2019
		KD	KD
Non-cash transactions			
	Note		
Amounts due from sale of investment properties	5	-	1,080,000

The notes on pages 7 to 12 form an integral part of this interim condensed consolidated financial information.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the three month period ended 31 March 2020

1. General Information

Dar Al-Thuraya Real Estate Co. K.S.C. (Public) (the "Parent Company") was incorporated on 30 May 2004 in accordance with provisions of Kuwait Companies Law, and was registered at the commercial register on 5 June 2004 under No. 101003.

The objectives for which the Company is established in accordance with the Islamic Sharia are as follows:

- Owning, selling, purchasing, developing real estate and land plots for the Company's account in the State of Kuwait or abroad in addition to third party management, without violation of the provisions stipulated in the applicable laws, and their restriction on trading in private housing plots as stated there in.
- Acquiring, selling and purchasing shares and bonds of the real estate companies only in favour of the Company inside and outside Kuwait.
- Preparing studies and providing consultancy in real estate sector in all its types provided that meeting the required terms as for who carries out this profession.
- Carrying out maintenance works related to the buildings and properties owned by the Company and others, including maintenance works and carrying out civil, mechanical and electrical works, elevators and air conditioning works in such a way that maintains buildings and their safety.
- Organizing real estate exhibitions for the Company's real estate projects in accordance with the regulations applied in the Ministry.
- Arranging real estate auctions as per the Ministry regulations.
- Acquisition and management of commercial and residential complexes.
- Using the financial surplus available with the Company via investing the same in portfolios managed by specialized companies and entities.
- Direct contribution in the infrastructure of residential, commercial and industrial areas and projects through (B.O.T) system and management of real estate facilities under the same system.

The Parent Company carries out the above activities directly in the State of Kuwait and abroad, for itself or through agency. The Company may have interest or participate in entities with similar activities or that may help the Company achieving its objectives inside Kuwait or abroad. The Company may also establish, participate in, or purchase these entities or affiliate them.

The Parent Company's shares were listed on Boursa Kuwait on 18 August 2009.

The address of the Company's registered office is P.O. Box, 1376, Safat 13014, State of Kuwait.

The interim condensed consolidated financial information includes the financial statements of the Parent Company and its subsidiaries (together referred to as "the Group").

The Parent Company is a subsidiary of Al Madar Finance and Investment Company K.S.C. (Public) (the "Parent Company") which is listed on the Boursa Kuwait, and is a subsidiary of Al Thekair General Trading and Contracting Company S.P.C. ("Ultimate Parent Company").

The interim condensed consolidated financial information of Dar Al-Thuraya Real Estate Co. K.S.C. (Public) and its subsidiaries ("the Group") for the three month period ended 31 March 2020 were authorized for issue by the Parent Company's board of directors on 11 August 2020.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the three month period ended 31 March 2020

2. Basis of preparation

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The interim condensed consolidated financial information does not include all the information and notes required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included.

Operating results for the three month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2020. For further information, please refer to the Company's annual audited consolidated financial statements for the year ended 31 December 2019.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD), which is the functional currency.

2.1 Significant accounting policies

The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in the preparation of annual financial statements for the year ended 31 December 2019. Certain amendments are effective from 1 January 2020 but do not have a material effect on the Company's interim condensed financial information. The details of such amendments are as follows:

- Amendments to IFRS 3: Definition of a Business.
- Amendments to IFRS 7, IFRS 9, IAS 39: Interest Rate Benchmark Reform.
- Amendments to IAS 1 and IAS 8: Definition of Material.
- Conceptual Framework for Financial Reporting.

3. Investment properties

	31 March 2020	31 December 2019 (Audited)	31 March 2019
	KD	KD	KD
Investment properties			
Balance at beginning of the period / year/ period	3,885,000	19,523,000	19,523,000
Additions	-	3,885,000	-
Disposals	-	(13,928,000)	(1,219,000)
Impact of disposal of a subsidiary	-	(5,595,000)	-
Balance at end of the period/ year/ period	<u>3,885,000</u>	<u>3,885,000</u>	<u>18,304,000</u>

An investment property was recognized based on the initial purchase contract and special power of attorney. Transfer of shares is in process during the subsequent period.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the three month period ended 31 March 2020

3. Investment properties (Continued)

An investment property was recognized based on final title deed that is mortgaged to a local bank.

During the financial year ended 31 December 2019, the Group sold an investment property at carrying value of KD 2,272,000. Ownership of such property was not transferred until issuance date of the interim condensed consolidated financial information ended 31 March 2020.

4. Related party transactions

Related parties comprise of the Group's shareholders who are members of the Board of Directors, key management personnel, and subsidiaries in which the Parent Company has representatives in their board. In the normal course of business, and subject to the approval of the Group's management, transactions were made with such parties during the period ended 31 March 2020. Balances and transactions between the Parent Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

Balances due from/to related parties and related party transaction are as follows:

	31 March 2020	31 December 2019 (Audited)	31 March 2019
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Interim condensed consolidated statement of financial position:			
Due from a related party (the Ultimate Parent Company)	-	401,380	-
Due to related parties	<u>1,305,551</u>	<u>-</u>	<u>4,873,592</u>
		Three months ended 31 March	
		2020	2019
		<u>KD</u>	<u>KD</u>
Interim condensed consolidated statement of income:			
Senior management benefits and salaries		<u>5,389</u>	<u>17,644</u>

- Amounts due to related parties do not carry any interest.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the three month period ended 31 March 2020

5. Trade receivables and other debit balances

	31 March 2020	31 December 2019 (Audited)	31 March 2019
	KD	KD	KD
Trade receivables	127,741	148,960	597,127
Less: provision for ECLs - Trade receivables	(17,000)	(17,000)	(329,389)
	110,741	131,960	267,738
Accrued rentals	857,266	840,805	764,896
Less: provision for expected credit loss - accrued rentals	(764,444)	(764,444)	(750,292)
	92,822	76,361	14,604
Amount due from sale of investment properties			
(a)	2,460,000	2,500,000	1,080,000
Due from sale of subsidiary (b)	6,720,000	7,000,000	-
Advance payments for projects	-	-	43,219
Advance payments for purchase of investment properties	480,000	480,000	84,128
Staff receivables	500	500	30,715
Prepaid expenses	20,757	9,298	150,446
Refundable deposits	36,290	36,290	52,843
Other debit balances	-	-	43,099
	<u>9,921,110</u>	<u>10,234,409</u>	<u>1,766,792</u>

- a) It represents the amounts due from transaction of the Group when it sold an investment property during the year ended 31 December 2019 (Note 3).
- b) This represents the amounts due from transaction of the Group when it sold one of its subsidiaries during the year ended 31 December 2019. Subsequent to date of the interim condensed consolidated financial information for the period ended 31 March 2020, the amount was received in full.

6. Financial assets at fair value through profit or loss

	31 March 2020	31 December 2019 (Audited)	31 March 2019
	KD	KD	KD
Investments in quoted local shares - investment portfolio	<u>645,572</u>	<u>487,606</u>	<u>-</u>

Valuation techniques of the financial assets at fair value through profit or loss are disclosed in Note 12.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the three month period ended 31 March 2020

7. Cash and bank balances

	31 March 2020	31 December 2019 (Audited)	31 March 2019
	KD	KD	KD
Bank balances	2,388,048	569,442	1,125,809
Cash on hand	600	100	18,145
	<u>2,388,648</u>	<u>569,542</u>	<u>1,143,954</u>

Bank balances represent unrestricted current and saving accounts.

8. Net rental income

	Three months ended 31 March	
	2020	2019
	KD	KD
Rental income	72,530	430,367
Rental costs	(2,622)	(36,209)
	<u>69,908</u>	<u>394,158</u>

9. Basic and diluted (loss) / earnings per share for the period attributable to the Parent Company's shareholders (fils)

Basic and diluted (loss) / earnings per share is computed by dividing net (loss) / profit for the period attributable to the Parent Company's shareholders by the weighted average number of ordinary shares outstanding during the period.

	Three months ended 31 March	
	2020	2019
Net (loss) / profit for the period attributable to the shareholders of the Parent Company (KD)	(74,753)	246,354
Weighted average number of outstanding shares during the period (share)	146,500,000	146,500,000
Basic and diluted (loss) / earnings per share for the period attributable to the Parent Company's shareholders / (fils)	<u>(0.51)</u>	<u>1.682</u>

10. General assembly of shareholders

The annual general assembly meeting of shareholders held on 5 April 2020, approved the annual consolidated financial statements of the Group for the year ended 31 December 2019 and approved not to distribute dividends to shareholders or directors' remuneration for such year.

The annual general assembly meeting of the shareholders was held on 8 April 2019 and approved the Group's annual consolidated financial statements for the year ended 31 December 2018. It also approved not to distribute dividends and not to distribute board of directors' remuneration for the financial year ended 31 December 2018.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the three month period ended 31 March 2020

11. Segmental information

The management has classified the significant operating segments and services of the Group into the following operating segments under IFRS 8 as follows:

Operating Segments

The Group has determined the following three major business segments for internal reporting purposes:

- Investment property sector.
- Financial investment sector.
- Trading and contracting sector.

Financial information about business segments for the period ended 31 March is as follows:

	Investment properties	Financial investments	Trading and contracting	Total
	KD	KD	KD	KD
31 March 2020				
Total revenue	72,530	(121,141)	1,670	(46,941)
Segment results	69,908	(121,141)	(24,731)	(75,964)
Segment assets	6,358,172	9,754,221	728,804	16,841,197
Segment liabilities	1,305,551	-	186,867	1,492,418
31 March 2019				
Total revenue	411,374	-	142,771	554,145
Segment results	339,568	-	(92,121)	247,447
Segment assets	18,353,345	1,143,954	2,732,139	22,229,438
Segment liabilities	4,880,479	1,880,772	330,359	7,091,610

12. Fair value disclosures

The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (inputs relating to prices).
- Level 3: inputs are unobservable inputs for the asset or liability.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the three month period ended 31 March 2020

12. Fair value disclosures (Continued)

31 March 2020	Level 1	Level 2	Total
	KD	KD	KD
<i>Non-financial assets:</i>			
Investment properties	-	3,885,000	3,885,000
<i>Financial assets:</i>			
Financial assets at fair value through profit or loss	645,572	-	645,572
	<u>645,572</u>	<u>3,885,000</u>	<u>4,530,572</u>
31 December 2019 (audited)	Level 1	Level 2	Total
	KD	KD	KD
<i>Non-financial assets:</i>			
Investment properties	-	3,885,000	3,885,000
<i>Financial assets:</i>			
Financial assets at fair value through profit or loss	487,606	-	487,606
	<u>487,606</u>	<u>3,885,000</u>	<u>4,372,606</u>
31 March 2019	Level 1	Level 2	Total
	KD	KD	KD
<i>Non-financial assets:</i>			
Investment properties	-	18,304,000	18,304,000
<i>Financial assets:</i>			
Financial assets at fair value through other comprehensive income	1	-	1
	<u>1</u>	<u>18,304,000</u>	<u>18,304,001</u>

13. The economic situation due to Coronavirus

Due to the current major events resulted in spread of Novel Coronavirus (COVID-19), which affected the global economic situation, local and international financial markets have been affected by decline in market prices. Consequently, the Group has been materially affected by these events, which resulted in unrealized material losses to the financial assets at fair value through profits or losses for the financial period ended 31 March 2020. Accordingly, it is difficult to compare the results of the Group's business for the financial period ended 31 March 2020 with the comparison period.

The Group considers that the time period for this event is not specified and it is difficult to anticipate any future results that might arise therefrom. Therefore, the financial impact cannot be reasonably determined on the Group's future results until the reporting date.