



FIRST  
DUBAI

REAL ESTATE DEVELOPMENT CO.

رأسمال المسجل المدفوع به والمدفوع 100,000,000 د.ف. سجل تجاري 94032 تاريخ التأسيس 2003

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التاريخ: 2018/01/28  
المرجع: FDC-FI-01-2018-0010

المحترمين

السادة / بورصة الكويت

تحية طيبة و بعد ،،،

الموضوع: البيانات المالية المجمعة للسنة المالية المنتهية  
في 2017/12/31 لشركة دبي الأولى للتطوير العقاري

**Subject: Annual Consolidated Financial Statements for the Year**  
**Ended at 31/12/2017 For First Dubai Real Estate Development Co.**

بالإشارة الى الموضوع أعلاه، تجدون مرفق طيه الآتي:

- افصاحات البيانات المالية المجمعة حسب نموذج بورصة الكويت.
- بيان المركز المالي المجمع.
- بيان الدخل المجمع.
- تقرير مراقبي الحسابات حول البيانات المالية المجمعة للسنة المالية المنتهية في 2017/12/31.

In reference to the above subject, kindly find attached as follow:

- Annual Consolidated Financial Statements disclosures according to Boursa Kuwait templates.
- Consolidated statement of financial position.
- Consolidated statement of income.
- Independent Auditors' Report on the Annual Consolidated Financial Statements for the year ended at 31/12/2017.

شاكرين لكم حسن تعاونكم،،،  
وتفضلوا بقبول فائق الاحترام،،،

عبدالعزیز اللوغاني  
رئيس مجلس الإدارة



Handwritten signature and initials in blue ink.

Annual Financial Statements form for Kuwaiti companies

نموذج نتائج البيانات المالية السنوية للشركات الكويتية

Annual Financial Statements for the Year Ended 31/12/2017 - Form in KD			نموذج نتائج البيانات المالية السنوية المنتهية في 2017/12/31 - (د.ك.)
شركة دبي الأولى للتطوير العقاري			اسم الشركة
First Dubai Real Estate Development Co.			Company's Name
2018/01/28			تاريخ اجتماع مجلس الإدارة
			The Date of Board of Directors Meeting
نسبة التغير Change Percentage	السنة المقارنة Comparative Year 2016/12/31	السنة الحالية Current Year 2017/12/31	البيان Statement
267%	1,536,583	5,643,011	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (loss) represents the amount attributable to the owners of the parent Company
267%	1.54	5.65	ربحية / (خسارة) السهم الأساسية والمخففة - فلس Diluted Earnings per share- Fils
(43%)	16,258,006	9,336,593	الموجودات المتداولة Current Assets
2%	94,335,512	96,563,835	إجمالي الموجودات Total Assets
(27%)	5,627,238	4,086,185	المطلوبات المتداولة Current Liabilities
(12%)	23,212,976	20,481,207	إجمالي المطلوبات Total Liabilities
7%	67,057,737	71,587,032	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
(23%)	10,976,071	8,409,365	إجمالي الإيرادات التشغيلية Total Operating Revenue
(25%)	3,007,130	2,267,683	صافي الربح / (الخسارة) التشغيلي Net Operating Profit (Loss)
267%	1.54%	5.64%	صافي الربح (الخسارة) / رأس المال المدفوع Net Profit (Loss)/ Paid-up Share Capital

- يعود سبب الارتفاع في صافي الربح بشكل رئيسي إلى:
  - ❖ زيادة التغيير في القيمة العادلة للعقارات الاستثمارية بقيمة 2.1 مليون دينار كويتي في السنة المنتهية في 31 ديسمبر 2017 مقارنة بالسنة السابقة.
  - ❖ زيادة الإيرادات الأخرى بقيمة 1.2 مليون دينار كويتي في السنة المنتهية في 31 ديسمبر 2017 مقارنة بالسنة السابقة.
  - ❖ زيادة حصة الأرباح في نتائج الشركة الزميلة بقيمة 396,287 دينار كويتي في السنة المنتهية في 31 ديسمبر 2017 مقارنة بالسنة السابقة.


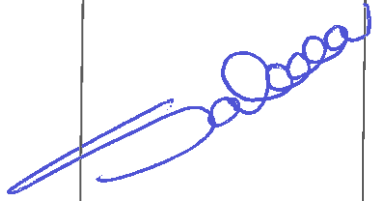
• **The increase in the net profit is mainly due to the followings:**

- ❖ Increase in the change in fair value of investment properties by KD 2.1 million in 31 December 2017 compared to the comparative year.
- ❖ Increase in the other income by KD 1.2 Million in 31 December 2017 compared to the comparative year.
- ❖ Increase in the share of results from an associate by KD 396,287 in 31 December 2017 compared to the comparative year.
- ❖ بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة مبلغ 413,885 دينار كويتي.
- Total revenues realized from dealing with related parties amounted to KD 413,885
- ❖ بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة مبلغ 171,030 دينار كويتي.
- Total expenditures incurred from dealing with related parties amounted to KD 171,030

النسبة	البيان	Dividend	توزيعات الأرباح
-	لا يوجد	cash dividend	توزيعات نقدية
-	لا يوجد	stock dividend	أسهم منحة
-	لا يوجد	Other dividend	توزيعات أخرى
-	لا يوجد	No dividend	عدم توزيع أرباح

-	لا يوجد	Capital Increase	زيادة رأس المال
مبلغ العلاوة:			
-	لا يوجد	Capital Decrease	تخفيض رأس المال

لا يوجد	Record Date	تاريخ الاستحقاق
لا يوجد	Payment Date	تاريخ التوزيع

ختم الشركة	التوقيع	المسمى الوظيفي	الاسم
		نائب رئيس مجلس الإدارة	سلوى نبيل ملحس

First Dubai Real Estate Development Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 KD	2016 KD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in an associate	9	11,928,354	11,042,551
Investment properties	10	50,666,898	49,434,304
Financial assets available-for-sale	11	9,976,060	10,100,835
Advances to purchase properties		14,655,930	7,499,816
		<u>87,227,242</u>	<u>78,077,506</u>
<b>Current assets</b>			
Properties held for trading	12	602,095	6,015,600
Accounts receivable and other debit balances	13	977,800	473,424
Due from related parties	14	6,581,046	8,603,943
Cash and bank balances	15	1,175,652	1,165,039
		<u>9,336,593</u>	<u>16,258,006</u>
<b>TOTAL ASSETS</b>		<u><b>96,563,835</b></u>	<u><b>94,335,512</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	100,000,000	100,000,000
Share premium	16	2,760	2,760
Statutory reserve	17	1,206,469	1,206,469
Voluntary reserve	17	1,206,469	1,206,469
Fair value reserve		811,777	739,466
Employees' share option reserve		66,140	66,140
Other reserves		(320,567)	(320,567)
Treasury share reserve		1,319	1,319
Treasury shares	18	(664,834)	(664,834)
Group's share in associate's reserve		28,737	24,666
Foreign currency translation reserve		3,338,258	4,528,356
Accumulated losses		(34,089,496)	(39,732,507)
Equity attributable to equity holders of the Parent Company		<u>71,587,032</u>	<u>67,057,737</u>
Non-controlling interests		<u>4,495,596</u>	<u>4,064,799</u>
<b>Total equity</b>		<u><b>76,082,628</b></u>	<u><b>71,122,536</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits		120,824	-
Ijara payable	19	16,274,198	17,585,738
		<u>16,395,022</u>	<u>17,585,738</u>
<b>Current liabilities</b>			
Tawarruq payable		-	1,039,204
Ijara payable	19	1,315,200	1,168,208
Accounts payable and other credit balances	21	2,647,463	2,582,443
Advances from customers		123,522	837,383
		<u>4,086,185</u>	<u>5,627,238</u>
<b>Total liabilities</b>		<u><b>20,481,207</b></u>	<u><b>23,212,976</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>96,563,835</b></u>	<u><b>94,335,512</b></u>

Abdulaziz Basem Al Loughani  
Chairman

The attached notes 1 to 28 form part of these consolidated financial statements.

First Dubai Real Estate Development Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2017

	<i>Notes</i>	<b>2017</b> <b>KD</b>	<b>2016</b> <b>KD</b>
<b>REVENUE</b>			
Revenue from sale of properties held for trading		4,932,972	7,972,059
Rental income		3,247,816	2,946,459
Net management fees and commission income		228,577	57,553
		<u>8,409,365</u>	<u>10,976,071</u>
<b>COST OF REVENUE</b>			
Cost of sale of properties held for trading	12	(5,350,002)	(7,330,097)
Cost of rental		(791,680)	(638,844)
		<u>(6,141,682)</u>	<u>(7,968,941)</u>
<b>GROSS PROFIT</b>			
		<b>2,267,683</b>	<b>3,007,130</b>
General and administrative expenses		(794,946)	(542,616)
Loss on disposal of investment property		-	(198,515)
Share of results from an associate	9	881,732	485,445
Net investment income		199,646	116,722
Other income	22	2,530,750	1,315,844
Change in fair value of investment properties	10	1,967,081	(159,813)
Impairment of properties held for trading	12	-	(1,294,565)
Finance costs		(841,708)	(881,764)
		<u>6,210,238</u>	<u>1,847,868</u>
<b>PROFIT FOR THE YEAR BEFORE BOARD OF DIRECTOR'S REMUNERATION, NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT</b>			
Board of Director's remuneration	16	(30,000)	(30,000)
NLST		(78,555)	(39,452)
Zakat		(27,875)	(4,142)
		<u>6,073,808</u>	<u>1,774,274</u>
<b>PROFIT FOR THE YEAR</b>			
<b>Attributable to:</b>			
Equity holders of the Parent Company		5,643,011	1,536,583
Non-controlling interests		430,797	237,691
		<u>6,073,808</u>	<u>1,774,274</u>
<b>PROFIT FOR THE YEAR</b>			
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>			
	8	<u>5.65 fils</u>	<u>1.54 fils</u>

The attached notes 1 to 28 form part of these consolidated financial statements.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY K.S.C.P**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of the First Dubai Real Estate Development Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with the *IESBA Code*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We identified the following key audit matters:

##### *a) Valuation and impairment of investment securities*

Investment securities primarily consist of available for sale investments. These instruments are measured at fair value with the corresponding fair value change recognised in other comprehensive income.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY K.S.C.P (continued)**

**Report on the Audit of Consolidated Financial Statements (continued)**

**Key Audit Matters (continued)**

*a) Valuation and impairment of investment securities (continued)*

The valuation of investment securities is inherently subjective, most predominantly for the instruments classified under level 3 as these are valued using inputs other than quoted prices in an active market. Key inputs used in the valuation of individual level 3 investments are expected cash flows, risk free rates and credit spreads. In addition, the Group determines whether objective evidence of impairment exists for individual investments which includes assessment of significant or prolonged decline in the value of investment. In these cases, the difference between carrying value and fair value is transferred from other comprehensive income to the consolidated statement of income. Given the significance of investment securities and related estimation uncertainty of these investment securities, we considered this to be a key audit matter.

Our audit procedures comprised, amongst others, assessment of the methodology and the appropriateness of the valuation models and inputs used for valuation of investment securities. As part of these audit procedures we assessed the appropriateness of key inputs used in the valuation such as the expected cash flows, risk free rates and credit spreads by benchmarking them with external data. We also evaluated the Group's assessment whether objective evidence of impairment exists for individual investments. Finally, we assessed the appropriateness of disclosures relating to investment securities, as shown in Note 12 of the consolidated financial statements.

*b) Valuation of investment properties*

Investment properties of the Group represent a significant portion of the total assets as at 31 December 2017 and are carried at fair value. The management determined the fair value of its investment properties and used external appraisers to support the valuation at year end. The valuation of the investment properties at fair value is highly dependent on estimates and assumptions such as rental value, occupancy rates, discount rates, financial stability of tenants, market knowledge and historical transactions. Given the size of investment properties and significance of assumptions and related estimation uncertainty used in the valuation, we considered this as a key audit matter. The accounting policies and the estimation uncertainty relating to valuation of investment properties are given in Note 2 to the consolidated financial statements.

As part of our audit procedures, we have reviewed the assumptions and estimates made by the management and the external appraisers, appropriateness of the valuation technique and reasonableness of data used in the valuation. We further evaluated the management's sensitivity analysis to ascertain the impact of reasonably possible changes to key assumptions on the fair value of properties such as rental value, occupancy rates, discount rates, financial stability of tenants, market knowledge and historical transactions. We further assessed that the significant assumptions and related uncertainties are appropriately reflected in the sensitivity disclosure in Note 9 of the consolidated financial statements.



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY K.S.C.P (continued)**

**Report on the Audit of Consolidated Financial Statements (continued)**

**Key Audit Matters (continued)**

*c) Properties held for trading*

Properties held for trading represent a significant part of total assets and is carried at the lower of cost or net realisable value, which requires management's judgement in determining the appropriate costing basis and provision for write down of properties held for trading since they are based on forecast of estimated selling price less costs to sell and reviewing whether the provision is adequate. Given the size and complexity of determining the net releasable value of properties held for trading, we addressed this as a key audit matter.

We have tested a sample of properties held for trading to assess the cost basis and challenged the estimates made by management by assessing whether the estimates regarding sales forecasts and sales prices are based on the existing contracts and whether these are in line with historical revenues to date. Further, we reviewed the determination of the net realisable value by verifying recent sales transactions and the related costs necessary to make the sale. Further, we compared the properties held for trading provision to the Group's policy and evaluated management's judgement on the adequacy of this by performing a review of the overall level of provisions on an aggregate as well as understanding the levels of demand for properties. Finally, we reviewed the appropriateness of disclosures relating to properties held for trading, as shown in Note 13 of the consolidated financial statements.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

**Other Information Included in the Group's 2017 Annual Report**

Management is responsible for the other information. Other information consists of information included in the Group's 2017 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY K.S.C.P (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Other Information Included in the Group's 2017 Annual Report (continued)**

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information we obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY K.S.C.P (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY K.S.C.P (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016 ,as amended, and its executive regulations ,as amended, or by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016 ,as amended, and its executive regulations ,as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2017 that might have had a material effect on the business of the Parent Company or on its financial position.

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BADER A. AL-ABDULJADER  
LICENCE NO. 207 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

2018  
Kuwait