

**Real-Estate Trade Centers Company**  
**K.P.S.C**  
**Kuwait**  
**Financial statements**  
**for the financial year ended**  
**December 31, 2025**  
**with**  
**Independent Auditor's Report**

**Real-Estate Trade Centers Company**  
**K.P.S.C**  
**Kuwait**  
**Financial statements**  
**For the financial year ended**  
**December 31, 2025**  
**with**  
**Independent Auditor's Report**

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## **Independent Auditor's Report**

**The Shareholders,  
Real-Estate Trade Centers Company K.P.S.C  
Kuwait**

### **Report on the Financial Statements**

#### **Opinion**

We have audited the financial statements of Real-Estate Trade Centers Company K.P.S.C ("the Company") which comprise the statement of financial position as of December 31, 2025 and the statement of profit or loss, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and its financial performance and its 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 Financial Statements section of our report. We are independent of the Company 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 these requirements. 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 financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report for each matter below, our description of how our audit addressed the matter is provided in that context.

### *Investment properties valuation*

Investment properties represent a significant part of the total assets that are carried at fair value with an amount of KD 19,000,000 (2024: KD 19,780,449).

The valuation of investment properties is important to our audit as it represents a significant judgment area and an important part of the total assets of the Company. The valuation of the investment properties is highly dependent on estimates. We therefore identified the valuation of investment properties as a significant risk. The Company's policy is to revalue investment properties once at year end. These valuations are amongst others based on assumptions, such as estimated market knowledge, developers risk and historical transactions. In estimating the fair value of investment properties, valuers had used the valuation techniques such as sales comparison for real estate outside the State of Kuwait. We further focused on the adequacy of the disclosures on the valuation of investment properties (Note 7).

### **Other information mentioned on the Board of Directors Report**

"Other information" consists of the information included in the Board of Directors' Report, other than the financial statements and the auditor report thereon. Management is responsible for the other information. The annual report is expected to be available to us after the date of the auditor report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and when it becomes available, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 the Company's management 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.

From the matters communicated with the Company's management, we determine those matters that were of most significance in the audit of the financial statements of the current period 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 Company, physical count was conducted in accordance with recognized practice and the financial statements together with the financial contents of the report of the Company's board of directors are in accordance therewith. We have obtained the information and explanations that we required for the purpose of our audit and the financial statements incorporate the information that is required by the Companies' Law no. 1 of year 2016, and related Executive Regulations, as amended, and the Company's memorandum and articles of association, as amended. According to the information available to us, there were no violations have occurred for the Law no. 7 of year 2010 concerning the establishment of the Capital Market Authority, its bylaws, and relative instructions, the Companies' Law no. 1 of year 2016, and related Executive Regulations, as amended, and the Company's memorandum and articles of association, as amended, during the year ended December 31, 2025 that might have had a material effect on the Company's business or its financial position.



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**Ali Abdul Rahman Al Hasawi**  
**License No. 30 - (A)**  
**Rödl Middle East**  
**Burgan – International Accountants**

March 26, 2026  
State of Kuwait

**Real-Estate Trade Centers Company K.P.S.C**  
Kuwait

**Statement of financial position as of December 31, 2025**  
"All Amounts are in Kuwaiti Dinar"

	Note	2025	2024
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	5	51	138
Intangible assets	6	1	1
Investment properties	7	19,000,000	19,780,449
		<u>19,000,052</u>	<u>19,780,588</u>
<b>Current assets</b>			
Receivables and other debit balances	8	18,671	19,670
Cash and cash equivalents	9	1,544,494	174
		<u>1,563,165</u>	<u>19,844</u>
<b>Total assets</b>		<u>20,563,217</u>	<u>19,800,432</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	10	15,000,000	15,000,000
Treasury share	11	(946,660)	(946,660)
Statutory reserve	12	1,574,000	1,283,988
Voluntary reserve	13	1,464,644	1,174,632
Retained earnings		<u>3,072,377</u>	<u>879,980</u>
<b>Total equity</b>		<u>20,164,361</u>	<u>17,391,940</u>
<b>Non-current liabilities</b>			
Due to related parties	14	3,025	2,175,282
End of service benefits		<u>24,194</u>	<u>21,509</u>
		<u>27,219</u>	<u>2,196,791</u>
<b>Current liabilities</b>			
Payables and accrued expenses	15	371,637	211,701
<b>Total liabilities</b>		<u>398,856</u>	<u>2,408,492</u>
<b>Total equity and liabilities</b>		<u>20,563,217</u>	<u>19,800,432</u>

Talal Abdul Hameed Dashti  
Chairman



The accompanying notes form an integral part of these financial statements.

**Real-Estate Trade Centers Company K.P.S.C**  
**Kuwait**

**Statement of profit or loss for the financial year ended December 31, 2025**

*"All Amounts are in Kuwaiti Dinar"*

	Note	2025	2024
<b>Revenue</b>			
Impairment in the value of properties under development		–	(8,466,482)
Gain from sale properties under development		–	500,000
Net change in fair value of investment property	7	739,551	1,353,721
Investment properties rental income		37,522	59,050
Related parties balances no longer required	14	2,307,343	–
Gain from sale investment property	7	30,000	–
Other credit balances no longer required		14,072	–
		<b>3,128,488</b>	<b>(6,553,711)</b>
<b>Expenses and other charges</b>			
Employees costs		(45,479)	(61,463)
General and administrative expenses	16	(182,802)	(59,643)
Depreciation property and equipment		(87)	(112)
<b>Net profit/(loss) for the year before Zakat, National Labour Support Tax and KFAS</b>		<b>2,900,120</b>	<b>(6,674,929)</b>
Zakat		(29,028)	–
National Labour Support Tax		(72,570)	–
Contribution to Kuwait Foundation for the Advancement of Science		(26,101)	–
<b>Net profit/(loss) for the year</b>		<b>2,772,421</b>	<b>(6,674,929)</b>
<b>Earnings/(loss) per share (Fils)</b>	17	<b>19.98</b>	<b>(48.11)</b>

The accompanying notes form an integral part of these financial statements.

**Real-Estate Trade Centers Company K.P.S.C**  
**Kuwait**

**Statement of profit or loss and other comprehensive income for the financial year ended  
December 31, 2025**

*"All Amounts are in Kuwaiti Dinar"*

	<u>2025</u>	<u>2024</u>
Net profit/(loss) for the year	2,772,421	(6,674,929)
<b>Other comprehensive income for the year:</b>		
<i>Items that may be reclassified subsequently to the interim statement of profit or loss:</i>		
Reverse revaluation reserve	-	(1,106,600)
<b>Other comprehensive income for the year</b>	<u>-</u>	<u>(1,106,600)</u>
<b>Total comprehensive income for the year</b>	<u>2,772,421</u>	<u>(7,781,529)</u>

The accompanying notes form an integral part of these financial statements.

**Real-Estate Trade Centers Company K.P.S.C**  
Kuwait

**Statement of changes in equity for the financial year ended December 31, 2025**

*"All Amounts are in Kuwaiti Dinar"*

	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Revaluation reserve	Retained earnings	Total
Balance at January 1, 2024	15,000,000	(946,660)	1,283,988	1,174,632	1,106,600	7,554,909	25,173,469
Total comprehensive income for the year	–	–	–	–	(1,106,600)	(6,674,929)	(7,781,529)
Balance at December 31, 2024	<u>15,000,000</u>	<u>(946,660)</u>	<u>1,283,988</u>	<u>1,174,632</u>	<u>–</u>	<u>879,980</u>	<u>17,391,940</u>
Balance at January 1, 2025	15,000,000	(946,660)	1,283,988	1,174,632	–	879,980	17,391,940
Total comprehensive income for the year	–	–	–	–	–	2,772,421	2,772,421
Transferred to reserves	–	–	290,012	290,012	–	(580,024)	–
<b>Balance at December 31, 2025</b>	<u>15,000,000</u>	<u>(946,660)</u>	<u>1,574,000</u>	<u>1,464,644</u>	<u>–</u>	<u>3,072,377</u>	<u>20,164,361</u>

The accompanying notes form an integral part of these financial statements.

**Real-Estate Trade Centers Company K.P.S.C**  
**Kuwait**

**Statement of cash flows for the financial year ended December 31, 2025**

*"All Amounts are in Kuwaiti Dinar"*

	<u>2025</u>	<u>2024</u>
<b>Operating activities</b>		
Net profit/(loss) for the year	2,772,421	(6,674,929)
<b>Adjustments</b>		
Depreciation property and equipment	87	112
Net change in fair value of investment property	(739,551)	(1,353,721)
Impairment in the value of properties under development	–	8,466,482
Gain from sale properties under development	–	(500,000)
Provision for end of service benefits	2,685	2,691
Related parties balances no longer required	(2,307,343)	–
(Gain) from sale investment property	(30,000)	–
<b>Operating loss before changes in working capital</b>	<b>(301,701)</b>	<b>(59,365)</b>
Receivables and other debit balances	999	135
Related parties – net	135,086	267,499
Payables and accrued expenses	159,936	(206,933)
End of service benefits paid	–	(401)
<b>Net cash (used in)/generated from operating activities</b>	<b>(5,680)</b>	<b>935</b>
<b>Investing activities</b>		
Proceeds from sale investment property	1,550,000	–
Properties under development	–	(862)
<b>Net cash generated from/(used in) investing activities</b>	<b>1,550,000</b>	<b>(862)</b>
Net increase in cash and cash equivalents	1,544,320	73
Cash and cash equivalents at beginning of the year	174	101
<b>Cash and cash equivalents at end of the year (Note – 9)</b>	<b>1,544,494</b>	<b>174</b>

The accompanying notes form an integral part of these financial statements.

## Real-Estate Trade Centers Company K.P.S.C

Kuwait

### Notes to the financial statements for the financial year ended December 31, 2025

*"All Amounts are in Kuwaiti Dinar unless otherwise stated"*

#### 1- Formation and activities

Real-Estate Trade Centers Company was incorporated as a Limited Liability Company in accordance with memorandum of association no. 51 Volume1 dated January 6, 1999 and the subsequent amendments, the latest of which was for the transfer of the legal entity form to be a Kuwaiti Shareholding Company Closed in accordance with authenticated memorandum and articles of association no. 5772 Volume 1 on August 9, 2006 and the subsequent amendments. The share capital increase was recorded in the commercial registered dated May 19, 2021; in addition, the company's activities amendment was recorded in the commercial registered dated June 16, 2025 to. The Company was listed in Bursa Kuwait on December 28, 2010.

According to the minutes of the Extraordinary General Assembly meeting held on December 28, 2025, the Commercial Register was notified of the approval to amend the company's commercial name in the Articles of Association, on January 20, 2026. The amendment to Article (2) of the Memorandum of Association and Article (1) of the Articles of Association, pertaining to the company's commercial name, was approved.

The Company's name before the amendment was: (Real-Estate Trade Centers Company K.P.S.C). The name after the amendment: (Real Estate Development Company – K.P.S.C).

The Company's licensed activities:

- Buying and selling land and real estate for the company's own account only.
- Buying and selling resorts.
- Real estate brokerage activities.
- Resorts.
- Managing and leasing owned or rented properties.
- Managing and operating serviced apartments.
- Managing and operating hotels.
- Owning real estate and movable assets necessary for the company's activities.
- Managing third-party properties.
- Managing and developing land and real estate.
- Providing real estate valuation services.
- Property reservation and booking services.
- Auctions outside commercial premises.
- Buying and selling shares and bonds for the company's own account.
- Providing building maintenance services.
- Project management services.
- Designing, building, operating, maintaining, and transferring projects under the Public-Private Partnership (PPP) system.
- Organizing and managing trade exhibitions.
- Organizing and managing exhibitions and conferences.
- Parks.
- Operating sports facilities.
- Managing tourism facilities.
- Sports clubs, including football, volleyball, basketball, handball, and other clubs.

The Company has the right to conduct the above activities inside and outside State of Kuwait directly or through agency and the Company may have an interest or participate with others having similar activities or assist it in accomplishing its activities inside or outside Kuwait or purchase these companies.

## **Real-Estate Trade Centers Company K.P.S.C**

**Kuwait**

### **Notes to the financial statements for the financial year ended December 31, 2025**

*"All Amounts are in Kuwaiti Dinar unless otherwise stated"*

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The registered address of the Company is Salheya – Block 23 – First Floor – Entrance No. 2, and postal address is P.O. Box 26400 – Safat 13124 Kuwait.

These financial statements have been authorized for issuance in accordance with Board of Directors meeting held on March 26, 2026 subject to the approval of general assembly which has the authority to amend these financial statements.

#### **2- Applications of new, amendments and improvements to standards**

##### **2/1) Amendments and improvements to standards that are effective for the current year:**

- The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2024, except for the adoption of amendments and improvement standards that become effective from January 1, 2025.
- The following amendments to existing standards have been applied by the Company in preparation of these financial statements. The adoption of the below amendments to standards do not have significant impact are previously reported net profit or equity of the Company.

##### **IAS 21 Amendments – Lack of Exchangeability**

The amendments to IAS 21 address the determination of the exchange rate when there is a long-term lack of exchangeability. The amendments are as follows:

- Define when a currency is exchangeable and when it is not - A currency is considered exchangeable when an entity can convert it into another currency through markets or exchange mechanisms that establish enforceable rights and obligations without undue delay at the measurement date and for a specified purpose. A currency is deemed not exchangeable if the entity can obtain only an insignificant amount of the other currency.
- Prescribe how an entity determines the exchange rate when a currency is not exchangeable - In such cases, the entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date, faithfully reflecting the prevailing economic conditions.
- Require disclosure of additional information when a currency is not exchangeable - Entities must disclose information that enables users of the financial statements to evaluate how the lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position, and cash flows.

The adoption of these amendments did not have a significant impact on the Company's financial statements.

##### **2/2) Standards and amendments to standards issued but not yet effective:**

- The standards and amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.
- The Company currently evaluating the impact of these new standards, amendments and interpretations.
- The Company intends to adopt these standards and amendments to standards, if applicable, when they become effective.

**Real-Estate Trade Centers Company K.P.S.C**  
Kuwait

**Notes to the financial statements for the financial year ended December 31, 2025**

*"All Amounts are in Kuwaiti Dinar unless otherwise stated"*

<u>Effective date</u>	<u>Description</u>
January 1, 2026	<ul style="list-style-type: none"> <li>Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures :Amendments to the Classification and Measurement of Financial Instruments.</li> </ul>
January 1, 2026	<ul style="list-style-type: none"> <li>Annual Improvements to IFRS Accounting Standards – Volume 11: Amendments to five following standards: IFRS 1: First-time Adoption of International Financial Reporting Standards. IFRS 7: Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7. IFRS 9: Financial Instruments. IFRS 10: Consolidated Financial Statements. IAS 7: Statement of Cash Flows.</li> </ul>
January 1, 2026	<ul style="list-style-type: none"> <li>Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures :Contracts Referencing Nature-dependent Electricity.</li> </ul>
January 1, 2027	<ul style="list-style-type: none"> <li>IFRS 18: Presentation and Disclosure in Financial Statements</li> </ul>
January 1, 2027	<ul style="list-style-type: none"> <li>IFRS 19: Subsidiaries without Public Accountability: Disclosures.</li> </ul>

**3- Significant accounting policies**

The significant accounting policies applied in the preparation of these financial statements are set out below:

**3/1) Basis of the financial statements preparation**

- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Boards (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and State of Kuwait Companies' Law requirements and subsequent amendments.
- The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the last financial period.
- These financial statements are prepared under the historical cost basis of following the accrual basis. These financial statements have been presented in Kuwaiti Dinars.
- The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to these financial statements are disclosed in Note (3/18).

## Real-Estate Trade Centers Company K.P.S.C

Kuwait

Notes to the financial statements for the financial year ended December 31, 2025

*"All Amounts are in Kuwaiti Dinar unless otherwise stated"*

### 3/2) Recognition, initial measurement and derecognition of financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by directly attributable transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

A financial asset (or, where applicable a part of financial asset or part of group of similar financial assets) is derecognised when:

- Rights to receive cash flows from the assets have expired;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and either
  - (a) The Company has transferred substantially all the risks and rewards of the asset.
  - (b) The Company has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

If the Company recognised the above conditions but retains control, this results in recognition of a new asset to the extent that the Company continues to participate in the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of profit or loss.

### 3/3) Financial instruments

#### ▪ Classification of financial assets

The classification is based on both:

- The entity's business model for managing the financial asset and
- The contractual cash flow characteristics of the financial asset.

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Financial assets at amortised cost
- Financial assets at fair value through Other Comprehensive Income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

At initial recognition, the Company may irrevocably designate a financial asset as measured at FVTPL that otherwise meets the requirements to be measured at amortised cost or at FVTOCI, if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise.

At initial recognition, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in fair value of an equity instrument that is measured at FVTPL, if certain criteria are met.

**Real-Estate Trade Centers Company K.P.S.C**  
**Kuwait**

**Notes to the financial statements for the financial year ended December 31, 2025**

*"All Amounts are in Kuwaiti Dinar unless otherwise stated"*

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▪ **Subsequent measurement of financial assets**

• **Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest rate method, less allowance for impairment. Discounting is omitted where the effect of discounting is immaterial.

Gains or losses recognized on other comprehensive income will be recycled through the statement of profit or loss upon derecognition of the asset (except for investments in equity instruments at fair value through other comprehensive income).

The following financial assets are classified within this category:

❖ **Cash and cash equivalents**

Cash and cash equivalents for the purpose of preparing cash flow statement comprise cash on hand, balances with banks and other financial institutions and short term deposits that are due within three months from the date of placement.

❖ **Receivables**

These are non-derivative financial assets with fixed or determinable amounts to be collected that are not quoted in an active market. They arise when the Company provides goods and services directly to debtors with no intention of trading the receivables.

❖ **Due from related parties**

These are non-derivative financial assets with fixed or determinable amounts to be collected from related parties. They arise when the Company provides goods, services or/and financial funding directly to the related parties.

The Company shall directly reduce the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

• **Financial assets at FVTOCI**

At initial recognition, the Company may make an irrevocable election (on an instrument by instrument basis) to designate an investments in equity instruments as financial assets at FVTOCI. Such designation is not permitted if the investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

**Real-Estate Trade Centers Company K.P.S.C**  
**Kuwait**

**Notes to the financial statements for the financial year ended December 31, 2025**

*"All Amounts are in Kuwaiti Dinar unless otherwise stated"*

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A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short term profit earning; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments measured at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income under "fair value reserve". Dividends are recognised in the statement of profit or loss, except for dividends that constitute redemption of portion of the financial asset's cost which then will be recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss is transferred to retained earnings within the statement of changes in equity. The equity instruments at FVTOCI are not subject to impairment test.

- **Financial assets at FVTPL**

Financial assets that do not meet the criteria for measurement at amortised cost or FVOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments. The category also contains investments in equity shares.

Assets in this category are measured at fair value with gains or losses recognised in statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

- **Impairment of financial assets**

The adoption of IFRS 9 has significantly changed the calculation methodology of impairment loss from incurred loss model to be in accordance with Expected Credit Loss model ("ECL"). All financial assets are subject to ECL, except for financial assets at FVTPL.

Expected Credit Loss ("ECL")

The measurement of ECL as follows:

- (1) 12 month ECL, consist of financial instruments that are determined to have a low credit risk at the reporting date. Accordingly, the ECL is calculated for the possible default events over a period of 12 months after the reporting date.
- (2) Lifetime ECL, consist of financial instruments financial instruments with a significant increase in credit risk since initial recognition with objective evidence of impairment. ECL is calculated for the possible default events over the lifetime of the financial instrument.

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The ECL is calculated either on an individual or collective basis depending on the nature of the underlying portfolio of financial instruments and represents the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. Then the ECL is discounted at the effective interest rate of the financial instrument.

The ECL on financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Company applied the simplified method on receivables and bank balances for the calculation of ECL.

The Company recognizes a loss allowance for ECL by reducing the allowance from the carrying value of the financial asset that is measured at amortized cost with a charge to statement of profit or loss. For financial asset measured at FVTOCI, the allowance is recognized in other comprehensive income without reducing the carrying amount of the financial asset in the statement of financial position.

#### **3/4) Investment properties**

Investment properties consist of lands and properties held by the Company for capital appreciation or rental income. Investment properties are initially stated at cost which represents the fair value against the consideration given including possession fees for the investment properties. After preliminary recognitions, the investment properties are re-measured at fair value as of financial position date based on actual valuation from independent and registered evaluator. Gains or losses arising on change in fair value are recognized in the statement of profit or loss.

#### **3/5) Property under development**

Property under development is recognized at cost in addition to development expenses. When development process is completed, the property is classified either as investment property or as property and equipment for the purpose of the Company's use according to the intention of the management for the future use of these properties.

#### **3/6) Property and equipment**

Property and equipment are stated at the historical cost less accumulated depreciation. The recoverable values of property and equipment are reviewed at financial position date. If the recoverable value of property and equipment decreased from the book value, the book value is written down to the recoverable value. If the useful lives are different from the estimated lives of those assets, then the useful lives are adjusted prospectively without retroactive effect.

Property and equipment are depreciated on a straight-line method to reduce the cost of assets to their residual value according to the following:

Machinery, tools and equipment	15% - 20%
Furniture and fixtures	15% - 20%

#### **3/7) Intangible assets**

Intangible assets represents key money recorded at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their estimated useful life.

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**3/8) Impairment of tangible and intangible assets**

At each financial position date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the impairment is recorded in the statement of profit or loss. The impairment loss represents the difference between the carrying value of the asset and the estimated recoverable amount of the asset. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use represents the estimated future cash flows discounted at an appropriate discount rate.

An impairment loss recognized in prior periods for an asset, other than goodwill, shall be reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The carrying amount of the asset shall be increased to its recoverable amount. Reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

**3/9) Revenue recognition**

- Revenue from rendering services is recognized when the outcome of a transaction involving that rendering of services can be estimated reliably and when the following conditions are satisfied:
  - The amount of revenue can be measured reliably.
  - It is probable that the economic benefits associated with the transaction will flow to the Company.
  - The stage of completion of the transaction at the financial position date can be measured reliably.
  - The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- Dividend income is recognized when the right to receive payment is established.
- Revenue is recognized for sales when the significant risks and rewards are transferred to the buyer, and no significant uncertainties remain regarding the derivation of consideration, associated or the possible return of goods.
- Other categories of income are recognized when earned, at the time the related services are rendered and/ or on the basis of the terms of the contractual agreement of each activity.

**3/10) Treasury shares**

Treasury shares consist of the Company's own shares that have been issued and subsequently reacquired by the Company and not yet reissued, sold or cancelled. Gain or loss from acquiring, selling, reissuing or cancelling treasury shares is not recognized in the statement of profit or loss. Proceeds on sale or payments on purchase of treasury shares are recorded directly under equity. Gain on sale of treasury shares is recognized separately in the shareholders' equity under "Gain on sale of treasury shares", which is not available for distribution. Loss on sale is charged to the same account to the extent of the available credit balance. Any excess losses are charged to retained earnings then to reserves. Gains realized subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the gain on sale of treasury shares account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares with the same percentage and reduces the average cost per share without affecting the total cost of treasury shares.

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**3/11) Lease liabilities**

**Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of real estate (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**3/12) Payables and accrued expenses**

These are non-derivative financial liabilities. Liabilities are recognized for amounts to be paid in the future for goods or services received/rendered, whether billed by the supplier or not. Measured at amortized cost.

**3/13) Provisions**

Provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of the resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each financial position date and adjusted to reflect the current best estimate.

**3/14) End of services benefits**

End of service benefits for employees is computed as per Kuwait labor law in the private sector and the signed contracts and on the assumption of ending the services of all employees at the financial position date. This obligation is not funded. The management expects that based on this method of calculation a reasonable estimate is made of the obligation of the Company towards employees benefits for past and current periods.

**3/15) Foreign currencies translation**

The functional currency of the Company is the Kuwaiti Dinar ("KD"). Accordingly, the financial statements are presented in KD. Transactions denominated in foreign currencies are translated into KD at the average rates of exchange prevailing during the year. Monetary assets and liabilities denominated in foreign currencies are retranslated into KD at rates of exchange prevailing at the financial position date. The resultant exchange differences are taken to the statement of profit or loss.

Non-monetary assets and liabilities measured at fair value in a foreign currency are translated to KD at the exchange rates prevailing at the date of determining fair value. For non-monetary assets where the related change in fair value is recognized directly in equity, all foreign exchange differences are recognized directly in equity. In addition, for non-monetary assets where the related change in fair value is recognized in the statement of profit or loss, all foreign exchange differences are recognized in the statement of profit or loss.

**3/16) Taxation**

**Zakat**

The Zakat is computed in accordance with law no. 46/2006 and Ministerial Decree no. 58/2007 related to Zakat imposed on the public and closed shareholding companies for the year at 1% of net profit before deducting the Company's provisions and reserves.

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*National Labor Support Tax*

The National Labor Support Tax ("NLST") is computed in accordance with law no. 19/2000 and Ministerial Decree no. 24/2006 related to the NLST imposed on listed shareholding companies in Bursa Kuwait for the year at 2.5% of net profit before deducting the Company's provisions and reserves.

*Kuwait Foundation for Advancement of Science*

The contribution to Kuwait Foundation for Advancement of Science ("KFAS") is computed at 1% of net profit after deducting the current year appropriation to statutory reserve.

**3/17) Contingencies**

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying Economic benefits is remote. Contingent assets are not recognized but disclosed when an inflow of economic benefits is probable.

**3/18) Significant accounting judgments and estimates and uncertainties**

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported balances of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of current events, actual results may differ for those estimates.

**Accounting judgments**

The Company has used the following significant judgments and estimates, regardless of other estimates, upon applying the accounting policies which has significantly affected the reported amounts in the financial statements.

*Classification of financial assets*

Management decides on acquisition of financial assets whether it should be classified at amortized cost, FVTPL or FVTOCI.

Classification of financial assets at FVTPL depends on business model and how management monitors the performance of these financial assets. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of statement of profit or loss in the management accounts, they are classified at FVTPL. All other financial assets are classified at FVTOCI.

*Classification of property*

Upon acquisition of a land, the management classifies the land into one of the following categories, based on the intention of the management for the use of the land.

- Properties under development

When the intention of the management is to develop a land in order to use, lease or sell in the future, both the land and the construction costs are classified as properties under development till the properties are ready for intended use.

- Investment properties

When the intention of the management is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land by Company.

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#### *Impairment of financial assets*

Management determines the adequacy of the allowance for impairment loss based upon periodical reviews on individual basis, current economic conditions, past experience and other pertinent factors.

#### *Useful lives of tangible assets*

As described under the significant accounting policies note 4, the Company reviews the estimated useful lives over which its tangible assets are depreciated and amortized. The Company's management is satisfied that the estimates of useful lives are appropriate.

#### **Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial statements date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Valuation of unquoted equity investments*

Valuation of unquoted equity instrument is normally based on one of the following:

- Recent arm's length market transactions
- Fair value of other similar instruments that is substantially the same
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Other valuation models.

The determination of the cash flows and discount factors for financial assets requires significant estimation.

#### 4- **Investment in a Non-consolidated subsidiary**

Company Name	Country	Activity	Ownership Percentage 100%	
			2025	2024
Madain Marketing Company	Kuwait	Marketing	100%	-

On August 7, 2025, the Company established a subsidiary (Madain Marketing Company) in Kuwait, fully owned 100% with a capital of KD 150,000. The main activity of the subsidiary is marketing, aimed at supporting the marketing activities of the parent company.

The capital of the subsidiary (Madain Marketing Co.) has not been paid as of the reporting date, and the parent company, Real-Estate Trade Centers Company K.P.S.C, has not consolidated the financial statements of the subsidiary, as no financial statements have been issued by the subsidiary due to its recent incorporation and the fact that it has not yet commenced operations.

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**5- Property and equipment**

	<b>Machinery, tools and equipment</b>	<b>Furniture and fixtures</b>	<b>Total</b>
<b>Cost</b>			
Balance at January 1, 2025	8,299	49,041	57,340
<b>Balance at December 31, 2025</b>	<b>8,299</b>	<b>49,041</b>	<b>57,340</b>
<b>Depreciation</b>			
Balance at January 1, 2025	8,297	48,905	57,202
Charged for the year	-	87	87
<b>Balance at December 31, 2025</b>	<b>8,297</b>	<b>48,992</b>	<b>57,289</b>
<b>Net Book Value</b>			
<b>December 31, 2025</b>	<b>2</b>	<b>49</b>	<b>51</b>
December 31, 2024	2	136	138

**6- Intangible assets**

	<b>2025</b>	<b>2024</b>
<b>Cost</b>		
Balance at beginning year	250,000	250,000
<b>Balance at end of year</b>	<b>250,000</b>	<b>250,000</b>
<b>Amortization</b>		
Balance at beginning year	249,999	249,999
<b>Balance at end of year</b>	<b>249,999</b>	<b>249,999</b>
<b>Net book value</b>	<b>1</b>	<b>1</b>

**7- Investment properties**

	<b>2025</b>	<b>2024</b>
Balance at beginning of the year	19,780,449	18,426,728
Disposals	(1,520,000)	-
Net change in fair value	739,551	1,353,721
<b>Balance at end of the year</b>	<b>19,000,000</b>	<b>19,780,449</b>

These investment properties represent the value of lands and buildings owned by the Company located in the Syrian Arab Republic.

The Company obtained revaluation for two properties in the Syrian Arab Republic from certified independent evaluator as at December 31, 2025 with a fair value amount to USD 62,213,491 equivalent to KD 19,000,000 that has been recognized in the financial statements as at December 31, 2025 resulting in net change at fair value amount gain of KD 739,661(2024: gain KD 1,353,721).

During the current financial year, the company sold an investment property in the Mangaf area for KD 1,550,000, resulting in a gain of KD 30,000, which has been recognized in the statement of profit or loss.

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**8- Receivables and other debit balances**

	<u>2025</u>	<u>2024</u>
Advances payment to suppliers	20,431	20,431
Expected credit loss	(20,431)	(20,431)
	-	-
Prepaid expenses	5,207	1,556
Refundable deposits	12,804	17,304
Petty cash	150	300
Others	510	510
	<u>18,671</u>	<u>19,670</u>

The maximum exposure to credit risks at the statement of financial position date is disclosed. The other classes within the other receivables are neither past due nor impaired.

**9- Cash and cash equivalents**

	<u>2025</u>	<u>2024</u>
Cash at banks	1,534,664	174
Cash on hand	9,830	-
	<u>1,544,494</u>	<u>174</u>

**10- Share capital**

The authorized, issued and fully paid-up share capital of the Company amount to KD 15,000,000 divided into 150,000,000 shares of fils 100 each. The paid-up share capital consists of:

	<u>No. of shares (Share)</u>	<u>Value</u>
In-kind shares	90,000,000	9,000,000
Paid-up in cash shares	60,000,000	6,000,000
	<u>150,000,000</u>	<u>15,000,000</u>

**11- Treasury shares**

	<u>2025</u>	<u>2024</u>
Number of treasury shares (shares)	11,250,000	11,250,000
Cost of treasury shares (KD)	946,660	946,660
Market value of total shares (KD)	4,725,000	671,625
Percentage of issuing shares	%7.5	%7.5

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**12- Statutory reserve**

In accordance with the requirements of the Companies' Law and the Company's articles of association, 10% of annual profit to be transferred to the statutory reserve. The shareholders may discontinue such transfer when the reserve reaches 50% of share capital. This reserve is not available for distribution except in cases stipulated by law and the Company's articles of association.

**13- Voluntary reserve**

As required by the Company's articles of association, 10% of annual profit to be transferred to voluntary reserve. Such a transfer may be discontinued by the approval of general assembly based on the recommendation of board of directors.

**14- Transactions with related parties**

Related parties ordinarily comprise shareholders, directors, executive officers and senior management members of the Company, their families and companies of which they are the principal owners or over which they are able to exercise significant influence. The Company's management decides on the terms and conditions of the transactions and services received/rendered from/to related parties besides other expenses. Amounts due from/to related parties are interest free.

The balances and significant transactions with related parties consist of:

	<u>2025</u>	<u>2024</u>
<b>Statement of financial position</b>		
Due to related parties	3,025	2,175,282

The due to related parties have been classified under non-current liabilities based on confirmation in writing that the payment will not be called within one year. The related parties provide funding to the Company to settle its liabilities and expenses

	<u>2025</u>	<u>2024</u>
<b>Statement of profit or loss</b>		
CEO salaries and benefits	2,307,343	-

During the current financial period, certain related parties waived their entire credit balances with the company, amounting to a total of KD 2,307,343, as a form of support for the company.

**15- Payables and accrued expenses**

	<u>2025</u>	<u>2024</u>
Contribution to Kuwait Foundation for the Advancement of Science*	94,845	68,744
Zakat	117,854	88,826
National Labor Support Tax	90,660	18,090
Provision for legal claims	2,062	2,062
Provision for leave	6,813	6,438
Accrued expenses	59,403	26,991
Insurance for others	-	550
	<u>371,637</u>	<u>211,701</u>

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\*The movement in the share of the Kuwait Foundation for the Advancement of Sciences during the year is as follows:

	<u>2025</u>	<u>2024</u>
Balance at beginning of the year	68,744	70,168
Charged during the year	26,101	-
Paid during the year	-	(1,424)
Balance at end of the year	<u>94,845</u>	<u>68,744</u>

**16- General and administrative expenses**

	<u>2025</u>	<u>2024</u>
Legal and professional fees	24,431	16,131
Social Insurance	38,932	-
Market Maker Consultancy Fees	38,750	-
Penalties	38,000	-
Rent	18,756	19,656
Fees and subscriptions	16,765	16,194
Advertising and promotion	380	480
Bank charges	301	546
Printing and stationery	168	427
Other expenses	6,319	6,209
	<u>182,802</u>	<u>59,643</u>

**17- Earnings/(loss) per share**

Earnings/(loss) per share is calculated by dividing net profit/(loss) for the year by the weighted average number of ordinary shares outstanding less weighted average during the year as follows:

	<u>2025</u>	<u>2024</u>
Net profit/(loss) for the year	2,772,421	(6,674,929)
Weighted average number of ordinary shares outstanding during the year (shares)	138,750,000	138,750,000
Earnings/(loss) per share (fils)	<u>19.98</u>	<u>(48.11)</u>

**18- Segment information**

- The Company's different divisions are considered one operating segment as the operations of those divisions are inter-related and of similar nature. Segment information is based on the geographic regions.
- The assets, liabilities and equity of the Company are distributed over the following geographical regions:

	<u>2025</u>	<u>2024</u>
	<u>Assets</u>	<u>Assets</u>
State of Kuwait	1,563,217	1,539,983
Syrian Arab Republic	19,000,000	18,260,449
	<u>20,563,217</u>	<u>19,800,432</u>

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	<u>2025</u>	<u>2024</u>
	<b>Liabilities and equity</b>	<b>Liabilities and equity</b>
State of Kuwait	<u>20,563,217</u>	<u>19,800,432</u>
	<u>20,563,217</u>	<u>19,800,432</u>

c) The geographic distribution for the main activities of the Company are as follows:

	<u>December 31, 2025</u>		
	<u>State of Kuwait</u>	<u>Syrian Arab Republic</u>	<u>Total</u>
Income	<u>2,388,937</u>	<u>739,551</u>	<u>3,128,488</u>
Expenses and other charges	<u>(356,067)</u>	<u>-</u>	<u>(356,067)</u>
	<u>2,032,870</u>	<u>739,551</u>	<u>2,772,421</u>
	<u>December 31, 2024</u>		
	<u>State of Kuwait</u>	<u>Syrian Arab Republic</u>	<u>Total</u>
Income	<u>(7,907,432)</u>	<u>1,353,721</u>	<u>(6,553,711)</u>
Expenses and other charges	<u>(121,218)</u>	<u>-</u>	<u>(121,218)</u>
	<u>(8,028,650)</u>	<u>1,353,721</u>	<u>(6,674,929)</u>

**19- General assembly**

- As of June 1, 2025 the ordinary general assembly for the year ended December 31, 2024 has been held and approved the following:
  - Approval of the financial statements for the year ended December 31, 2024.
  - No dividend distribution to shareholders for the year ended December 31, 2024.
  - No payment of remuneration to the board of directors for the year ended December 31, 2024.
- On June 1, 2025, the Extraordinary General Assembly of Shareholders was held, which approved amending the text of Article No. (5) of the Articles of Association and Article (4) of the Bylaws related to the company's purposes in accordance with Ministerial Resolution No. (167) of 2022 regarding the regularization of the status of companies and commercial establishments in accordance with the United Nations classification of business activities.
- On December 21, 2025, the Ordinary General Assembly was held, and the election of a new Board of Directors for the next three years was approved.
- On December 28 2025, the Extraordinary General Assembly was held, and the amendment of the company's commercial name to "Real Estate Development Co. – Public Kuwaiti Shareholding Company" was approved.

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**Notes to the financial statements for the financial year ended December 31, 2025**

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### **20- Financial instruments and risks management**

#### **A) Financial instruments:**

##### **Significant accounting policies**

Details of the significant accounting policies, including the criteria for measurement and recognition of revenue and expenses, in respect of each class of financial assets and liabilities, are disclosed in note (4) to the financial statements.

##### **Categories of financial instruments**

The Company's financial assets and financial liabilities are categorized in the statement of financial position consist of cash and cash equivalents, receivables and other debit balance, payables and other credit balances and due from/to related parties.

##### **Fair value of financial instruments**

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in force or liquidation sale. The Company used recognized assumptions and methods to estimate the fair value of the financial instruments. The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and trade on active liquid markets is determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar financial instruments.
- The fair values of financial instruments carried at amortized cost are not significantly different from their carrying values.

#### **B) Financial risks management**

The Company uses financial instruments, which exposes it to a variety of financial risks such as credit risks, market risks, liquidity risks and cash flow interest rate risks. The management of the Company continuously reviews its risk exposures to minimize the risks to acceptable levels.

The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risks, interest rate risks, credit risks and investment of excess liquidity.

The significant risks that the Company is exposed to are discussed below:

- **Market risks**

Market risk results from the fluctuation of its components such as equity prices, interest rates and foreign currency rates. Management evaluates these risks periodically in order to minimize its effects on the Company's financial instruments.

##### *Foreign currency risks*

Foreign currency risks arise from transactions in foreign currencies other than the functional currency of the Company. The Company manages these risks by setting policy parameters on transactions in foreign currencies.

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The table below summarizes the net effect on the Company's profit or loss as a result of estimated changes in foreign currency rates of major currencies handled by the Company, with all other variables held constant:

<u>Currency</u>	<u>Change in currency rate</u>	<u>Net effect on profit or loss</u>	
		<u>2025</u>	<u>2024</u>
US Dollar	(±) 2%	(±) 1,244,270	(±) 1,191,359

*Cash flow interest rate risks*

Interest rate risks arise from fluctuation in interest rates associated with assets and liabilities exposing the Company's profit or loss and operating cash flows substantially to changes.

The Company analysis it's interest rate exposure on a dynamic basis to minimize the significant undesirable future cash flow effects.

Currently, the Company is not significantly exposed to interest rate risk, since there are no floating interest-bearing assets and liabilities as at reporting date.

*Equity price risks*

Equity price risk is the risk that the fair values of equity securities decrease as a result of the changes in the level of equity indices and the value of the individual stocks. Equity price risk arises from changes in the fair values of equity investments and other managed investments. Currently, the Company is not exposed to such risk.

- **Credit risks**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Company to credit risk, consist principally of bank balances and receivables. The cash deposited at local banks. The receivables are presented net of allowance for expected credit loss, if any.

- **Liquidity risks**

Liquidity risk is the risk that the Company will be unable to meet its obligations when due. To minimize liquidity risk, management monitors liquidity periodically by forecasting future cash flow.

The maturity of liabilities stated below based on the period from the financial position date to the contractual maturity date. In case the liabilities do not have a contractual maturity date, the maturity is based on management's estimate for liquidating assets to settle liabilities:

	<u>December 31, 2025</u>		
	<u>Within 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
Payables and accrued expenses	371,637	–	371,637
Due to related parties	–	3,025	3,025
End of service benefits	–	24,194	24,194
	<u>371,637</u>	<u>27,219</u>	<u>398,856</u>

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Kuwait

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	December 31, 2024		
	Within 1 year	More than 1 year	Total
Payables and accrued expenses	211,701	-	211,701
Due to related parties	-	2,175,282	2,175,282
End of service benefits	-	21,509	21,509
	<u>211,701</u>	<u>2,196,791</u>	<u>2,408,492</u>

**21- Capital risk management**

The boards of director's objectives in managing the capital are:

- To safeguard the Company ability to continue as a going concern to be able to provide returns to shareholders and benefits to other beneficiaries.
- To maintain optimal returns to shareholders by pricing products and services commensurately with risk level.

The Company determines share capital that is adequate for risks, manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

**22- Significant events**

- At the date July 7, 2025, and based on the announcement of Capital Markets Authority on the issuance of the decision resolution of the Capital Markets Authority Disciplinary Board related to the violation registered under No. (13/2025 Disciplinary Board) (10/2025 CMA) to impose a financial penalty against:  
Real Estate Trade Centers Company  
Chairman

Vice Chairman

Board Member - Member of the Audit Committee

Board Member - Member of the Audit Committee

Board Member - Chairman of the Audit Committee

Audit Committee Member (resigned)

Audit Committee Member (resigned)

Audit Committee Member (resigned)

Audit Committee Member (resigned)

For violating the rules of corporate governance.

The resolution concluded as follows:

**First: Real Estate Trade Centers Company, for its proven violation of the following:**

Article (6-2) of Module Fifteen (Corporate Governance) of the Executive Bylaw of Law No. 7 of 2010 and its amendments, as the Authority found that the company sold shares of Entrados Tourism Development Company without having any comprehensive studies to assess the viability of the sale on the company's business efficiency, in addition to its failure to assess the risks that the company may face as a result of undertaking the aforementioned transaction.

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The ruling of Paragraph (e) of Clause No. (4) of Article (9-9) of Module Fifteen (Corporate Governance) of the Executive Bylaw of Law No. 7 of 2010 and its amendments, where the Authority has proven that the company didn't present the resolution issued by the Disciplinary Board of the Capital Markets Authority to the shareholders at the General Assembly meeting, as follows:

No.	Date of Disciplinary Board Decision	Financial year	General Assembly date
1	May 25, 2021	December 31, 2021	April 27, 2022
2	July 4, 2022	December 31, 2022	May 8, 2023

**Second: The members of the Board of Directors of the Real Estate Trade Centers Company as follows:**

- 1- Chairman
- 2- Vice Chairman
- 3- Member of the Board of Directors
- 4- Member of the Board of Directors
- 5- Member of the Board of Directors

This is due to their proven violation of the provisions of Clause No. (3) of Article (3-7) of Module Fifteen (Corporate Governance) of the Executive Bylaw of Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities and their amendments.

**Third: The executive management of Real Estate Trade Centers Company, represented by the company's CEO**

For having violated the provisions of Clause (5) of Article (3-10) of Module Fifteen (Corporate Governance) of the Executive Bylaw of Law No. 7 of 2010 Establishing the Capital Markets Authority and Regulating Securities Activities and their amendments. The Authority has ensured the following:

- a) The failure of the Board of Directors and the Executive Management of the Company to take any appropriate and suitable measures to manage the Company's resources in an optimal manner with regard to the Equestrian Resort and Academy project, given that it is located on land rented from the State for a period of (20) years starting from the year 2007 and ending in the year (2027), despite the above, the property has been under development for (17) years without collecting any revenues based on the usufruct of the contract.
- b) The failure of the Board of Directors and the Executive Management of the Company to take any appropriate and suitable measures to manage the Company's resources in an optimal manner, as it became clear through examining the Company's financial statements for the period ending on December 31, 2023 that the item of investment properties outside the State of Kuwait consists of two properties with a value of approximately (16,906,728 Kuwaiti dinars), but the Company did not provide the inspection team with any legal documents attested and officially certified by the Ministry of Foreign Affairs in the State of Kuwait proving its ownership of the aforementioned assets, noting that the two aforementioned properties represent (57%) of its total assets according to the financial statements for the period ending on December 31, 2023.

**Real-Estate Trade Centers Company K.P.S.C**  
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**Fourth: The following are the members of the Internal Audit Committee of the Real Estate Trade Centers Company:**

- 1- Chairman.
2. Member of the Audit Committee.
3. Member of the Audit Committee.
4. Member of the Audit Committee (resigned).
5. Member of the Audit Committee (resigned).
6. Member of the Audit Committee (resigned).
7. Member of the Audit Committee (resigned).

This is due to the proven violation of the provisions of Clause No. (11) of Article (5-7) of Module Fifteen (Corporate Governance) of the Executive Bylaw of Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and regulating of securities activity and their amendments, as it was proven to the Authority that the Audit Committee did not carry out one of the tasks assigned to them in their aforementioned capacity, which is to review the resolutions of the Disciplinary Board at the Capital Markets Authority according to the minutes of the Audit Committee meeting, as follows:

No.	Date of Disciplinary Board Decision
1	May 25, 2021
2	July 4, 2022
3	July 13, 2023
4	January 15, 2024

**The resolution included the imposition of the following penalty:**

**First:** Imposing a financial penalty on the Real Estate Trade Centers Company in the amount of KD 5,000 (Five Thousand Kuwaiti dinars) for the first violation, and an amount of KD 2,000 (Two Thousand Kuwaiti dinars) for the second violation attributed to it.

**Second:** Imposing a financial penalty on the Chairman of the Board of Directors in the amount of KD 3,000 (Three Thousand Kuwaiti Dinars) for the first violation, and being satisfied with a warning penalty for the second violation attributed to him, and considering not to repeat what has been committed in the future.

**Third:** Imposing a financial penalty on each of the following:

1. The member of the Board of Directors in his capacity as the Company's Chief Executive Officer.
2. The member of the Board of Directors in his capacity as Chairman of the Company's Audit Committee.
3. The member of the Board of Directors in his capacity as a member of the Company's Audit Committee.
4. The member of the Board of Directors in his capacity as a member of the Company's Audit Committee.

An amount of KD 5,000 (Five Thousand Kuwaiti dinars) for each of them for the alleged connection, and a warning penalty will suffice for the second violation attributed to them as members of the Board of Directors.

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**Fourth:** Imposing a financial penalty on each of the following:

1. The member of the company's audit committee (previously).
2. The member of the company's audit committee (previously).
3. The member of the company's audit committee (previously).
4. The former member of the company's audit committee (previously).

An amount of KD 2,000 (Two Thousand Kuwaiti dinars) shall be imposed on each of them for the violations attributed to them.

- On August 25, 2025, the Kuwait Stock Exchange announced the suspension of trading in the shares of Real Estate Trade Centers Company (Centers) effectively on Monday, August 25, 2025, till the news is verified.
- On August 26, 2025, the Kuwait Stock Exchange announced the resuming the trading in the shares of Real Estate Trade Centers Company (Centers) effective Tuesday, August 26, 2025.
- On November 10, 2025, and based on the announcement by the Capital Markets Authority the CMA Disciplinary Board Decision No. (35/2025 Disciplinary Board) – (67/2025 CMA) on the issuance of imposing a financial penalty of KD 5,000 on Real-Estate Trade Centers Company. The penalty was imposed due to the company's violation of Clauses (4) and (5) of Article 4-6-3 of Book Ten (Disclosure and Transparency) of the Executive Regulations of Law No. 7 of 2010 regarding the establishment of capital markets and the regulation of securities activities, as amended.

**23- Subsequent events**

According to the minutes of the Extraordinary General Assembly meeting held on December 28, 2025, the Commercial Register was notified of the approval to amend the company's commercial name in the Articles of Association on January 20, 2026. The amendment to Article (2) of the Memorandum of Association and Article (1) of the Articles of Association, pertaining to the company's commercial name, was approved.

The Company's name before amendment: (Real-Estate Trade Centers Company K.P.S.C). The Company's name after amendment: (Real Estate Development Company – K.P.S.C).

**24- Comparative figures**

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