Real-Estate Trade Centers Company
K.P.S.C
Kuwait
Financial statements
for the financial year ended
December 31, 2024
with
Independent Auditor's Report

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Rödl
Middle East
Burgan - International Accountants

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, 2024 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, 2024 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.

Emphases of matters

Without qualifying our opinion, we draw attention that the current liabilities exceeded the current assets with an amount of KD 191,857 as of December 31, 2024 (2023: KD 398,728) Note - 2.

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 Qualified 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 19,780,449 (2023: KD 18,426,728).

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, and the method of capitalizing the monthly economic income when renting all real estate units within the State of Kuwait. We reviewed the valuation reports from the licensed valuers. We further focused on the adequacy of the disclosures on the valuation of investment properties (Note 8).

Other Information

The Management is responsible for the other information. The other information comprises the board of director's report obtained after the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon, and the Annual Report, which is expected to be made available to us after that date.

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, 2024 that might have had a material effect on the Company's business or its financial position.

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

March 17, 2025
State of Kuwait

Exhibit –A

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

Statement of financial position as of December 31, 2024
"All Amounts are in Kuwaiti Dinar"

	Note	2024	2023
Assets			
Non-current assets			
Property and equipment	5	**138**	250
Intangible assets	6	**1**	1
Properties under development	7	**-**	11,217,220
Investment properties	8	**19,780,449**	18,426,728
		19,780,588	29,644,199
Current assets			
Receivables and other debit balances	9	**19,370**	18,862
Cash and cash equivalents	10	**474**	1,044
		19,844	19,906
Total assets		**19,800,432**	29,664,105
Equity and liabilities			
Equity			
Share capital	11	**15,000,000**	15,000,000
Treasury share	12	**(946,660)**	(946,660)
Statutory reserve	13	**1,283,988**	1,283,988
Voluntary reserve	14	**1,174,632**	1,174,632
Revaluation reserve		**-**	1,106,600
Retained earnings		**879,980**	7,554,909
Total equity		**17,391,940**	25,173,469
Non-current liabilities			
Due to related parties	15	**2,175,282**	4,052,783
End of service benefits		**21,509**	19,219
		2,196,791	4,072,002
Current liabilities			
Payables and accrued expenses	16	**211,701**	418,634
Total liabilities		**2,408,492**	4,490,636
Total equity and liabilities		**19,800,432**	29,664,105

Talal Abdul Hameed Dashti
Chairman

شركة مراكز التجارة العقارية
Real Estate Trade Centers Company

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, 2024
"All Amounts are in Kuwaiti Dinar"

	Note	2024	2023
Revenue			
Impairment in the value of properties under development	7	**(8,466,482)**	-
Gain from sale properties under development	7	**500,000**	-
Net change in fair value of investment property	8	**1,353,721**	218,353
Investment properties rental income		**59,050**	65,055
		(6,553,711)	283,408
Expenses and other charges			
Employees costs		**(61,463)**	(71,770)
General and administrative expenses	17	**(59,643)**	(53,312)
Depreciation property and equipment		**(112)**	(112)
Net (loss)/profit for the period before KFAS		**(6,674,929)**	158,214
Contribution to Kuwait Foundation for the Advancement of Science		**-**	(1,424)
Net (loss)/profit for the year		**(6,674,929)**	156,790
(loss)/Earnings per share (Fils)	18	**(48.11)**	1.13

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, 2024
"All Amounts are in Kuwaiti Dinar"

	2024	2023
Net (loss)/profit for the year	(6,674,929)	156,790
Other comprehensive income for the year:		
Items that may be reclassified subsequently to the interim statement of profit or loss:		
Reverse revaluation reserve	(1,106,600)	-
Other comprehensive income for the year	(1,106,600)	-
Total comprehensive income for the year	(7,781,529)	156,790

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, 2024
"All Amounts are in Kuwaiti Dinar"

	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Revaluation reserve	Retained earnings	Total
Balance at January 1, 2023	15,000,000	(946,660)	1,268,167	1,158,811	1,106,600	7,429,761	25,016,679
Total comprehensive income for the year	–	–	–	–	–	156,790	156,790
Transfer to reserves	–	–	15,821	15,821	–	(31,642)	–
Balance at December 31, 2023	15,000,000	(946,660)	1,283,988	1,174,632	1,106,600	7,554,909	25,173,469
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	**15,000,000**	**(946,660)**	**1,283,988**	**1,174,632**	–	**879,980**	**17,391,940**

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, 2024
"All Amounts are in Kuwaiti Dinar"

	2024	2023
Operating activities		
Net (loss)/profit for the year	**(6,674,929)**	156,790
Adjustments		
Depreciation property and equipment	**112**	112
Net change in fair value of investment property	**(1,353,721)**	(218,353)
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	**2,691**	3,080
Operating loss before changes in working capital	**(59,365)**	(58,371)
Receivables and other debit balances	**(508)**	(508)
Related parties – net	**267,499**	12,120
Payables and accrued expenses	**(206,933)**	(1,288)
End of service benefits paid	**(401)**	(1,963)
Net cash generated from/(used in) operating activities	**292**	(50,010)
Investing activities		
Properties under development	**(862)**	–
Net cash used in investing activities	**(862)**	–
Net decrease in cash and cash equivalents	**(570)**	(50,010)
Cash and cash equivalents at beginning of the year	**1,044**	51,054
Cash and cash equivalents at end of the year (Note – 10)	**474**	1,044

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, 2024
"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 subsequent amendments, the latest was for the transfer of legal form to be Kuwaiti Shareholding Company Closed in accordance with authenticated memorandum and articles of association no. 5772 Volume 1 on August 9, 2006 and subsequent amendments, , the latest was authenticated with commercial register dated May 19, 2021 to increase the share capital. The Company was listed in Boursa Kuwait on December 28, 2010.

The Company's licensed activities:
- Owning, selling and purchasing of properties and lands and developing them for the Company's favor inside the State of Kuwait and abroad. Also, property management of third parties and leasing and marketing properties. These activities should not be performed against the active laws including the prohibition for the trade in private residential units as stated in these laws.
- Owning, selling and purchasing securities and debentures of real estate companies, inside the State of Kuwait and abroad.
- Preparation of real estate feasibility studies and providing all kind of related consultations, providing that the person making such service should be qualified.
- Owning and managing hotels, health and sport clubs, private hospitals and tourist premises and leasing them.
- Maintenance works related to the buildings and real estates owned by the Company and others, including civil, mechanical, electrical, elevators and air conditioning works necessary to maintain the buildings and its safety.
- Managing, operating, investing and leasing to/from others hotels, clubs, motels, guest houses, rest houses, parks, gardens, exhibitions, restaurants, cafeterias, residential complexes, resorts, hospitals, health project, entertainment projects and shops, together with providing all kind of necessary services ad utilities..
- Organizing real estate exhibitions related to the Company's projects in accordance with the Ministry's applicable laws.
- Owning and managing the commercial markets and residential complexes.
- Real estate auctions in accordance with the Ministry's applicable laws.
- Investing the surplus funds of the Company in financial and real estate portfolios managed by specialized companies.
- Direct investment in establishing the infrastructure of residential, commercial, industrial, tourist, construction and sports projects and areas in accordance with the Building Operating and Transferring (BOT) system and management of real estate properties in accordance with (BOT) system either for the Company or others.
- Provide management services for real-Estate projects and preparing related studies.
- Real-Estate development and owning of buildings and real estate projects and preparing related studies.
- Land development and owning of buildings and real-estate, commercial, residential, industrial and tourist projects and implementing them directly or through third parties in the interest of the Company or for others.
- Permissible for the Company to buy and sell its shares of not exceeding 10% of it's issued shares.

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.

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 17, 2025 subject to the approval of general assembly which has the authority to amend these financial statements.

2- Fundamental accounting concept

The financial statements of the company have been prepared based on the going concern in conducting its activity, current liabilities exceeded current assets with an amount of KD 191,857 as of December 31, 2024 (2023: KD 398,728).

3- Basis of preparation and significant accounting policies

3/1) New and revised accounting standards Effective for the current year

Following standard, interpretation or amendment are effective from the current year and are adopted by the Company but however these does not have any impact on the financial statements of the year unless otherwise stated below:

- *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements*
  The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

- *Amendments to IAS 1 Classification of Liabilities as Current or Non-current*
  The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

  The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- *Amendments to IAS 1 Non-current Liabilities with Covenants*
  The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date)and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

- *Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback*
  The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

  A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

3/2) New standards not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS accounting standards that have been issued but are not yet effective:

Standard, interpretation amendments	Description	Effective date
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability	The amendments specify how to assess whether a currency is 1January 2025 exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.	January 1, 2025

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Kuwait

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Standard, interpretation amendments	Description	Effective date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	These amendments: • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	January 1, 2026
IFRS 18 Presentation and Disclosures in Financial Statements	IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share. IFRS 18 introduces new requirements to: • present specified categories and defined subtotals in the statement of profit or loss • provide disclosures on management-defined performance measures (MPMS) in the notes to the financial statements • improve aggregation and disaggregation.	January 1, 2027

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Standard, interpretation amendments	Description	Effective date
IFRS 19 Subsidiaries without Public Accountability: Disclosures	IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it. An entity is only permitted to apply IFRS 19 if, at the end of the reporting period: • it is a subsidiary (this includes an intermediate parent) • it does not have public accountability, and • its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.	January 1, 2027

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements in the period of its initial application.

4- Significant accounting policies

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

4/1) 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 (4/18).

4/2) 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.

4/3) 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.

- **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.

  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.

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.

4/4) Investment properties

Investments 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.

4/5) 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.

4/6) 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%

4/7) 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.

4/8) 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.

4/9) 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.

4/10) 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.

4/11) 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.

4/12) 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.

4/13) 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.

4/14) 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.

4/15) 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.

4/16) 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.

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 he 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.

4/17) 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.

4/18) 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.

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.

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5- Property and equipment

	Machinery, tools and equipment	Furniture and fixtures	Total
Cost			
Balance at January 1, 2024	8,299	49,041	57,340
Balance at December 31, 2024	8,299	49,041	57,340
Depreciation			
Balance at January 1, 2024	8,297	48,793	57,090
Charged for the year	-	112	112
Balance at December 31, 2024	8,297	48,905	57,202
Net Book Value			
December 31, 2024	**2**	**136**	**138**
December 31, 2023	2	248	250

6- Intangible assets

	2024	2023
Cost		
Balance at beginning year	**250,000**	250,000
Balance at end of year	**250,000**	250,000
Amortization		
Balance at beginning year	**249,999**	249,999
Balance at end of year	**249,999**	249,999
Net book value	**1**	1

7- Properties under development

	2023	2022
Revalued properties under development	**10,106,600**	10,106,600
Total additions under progress	**1,111,482**	1,110,620
Reverse revaluation reserve	**(1,106,600)**	-
Impairment in the value of properties under development	**(8,466,482)**	-
Disposals	**(1,645,000)**	-
Balance end of year	**-**	11,217,220

The properties under development is aimed to equestrian Academy and related commercial activities, which is constructed on leased land from the State of Kuwait in Northern Sabhan for a period of 20 years starting from March 11, 2007. During 2006, the properties under development had been revalued by independent external evaluator upon converting the legal form of the Company form limited liability company to Kuwaiti Shareholding Company (Closed) at the value of KD 10,106,600 whereby an amount of KD 9,000,000 was considered in-kind capital in accordance with the articles of association and an amount of KD 1,106,600 as revaluation surplus from properties under development. The surplus is included under shareholders' equity and not subject to distribution to shareholders.

During the year the company obtained an evaluation from two specialized bodies licensed to practice the real estate valuation profession, and the lower evaluation by one of the local banks was recorded. The estimated value of the usufruct amounted to KD 1,645,000 until the end of the usufruct contract on March 10, 2027, assuming that the contract is not renewed and the value of the usufruct in the property will be changed when the lease contract is renewed for a similar period in accordance with the terms of the new contract.
The estimated value of current construction costs amounted to KD 3,155,000 according to the evaluation.

The management recorded the value of the usufruct amounted to KD 1,645,000 without adding any other amounts based on the provisions of Appendix No. (1) (Valuation of Real Estate Assets) of module Eleven (Dealing in Securities) of the Executive bylaw of Law No. (7) 2010 "Regarding the establishment of the Capital Markets Authority and the regulation of securities activity and their amendments".

Accordingly, the impairment amounting to KD 9,573,082 was recognized through an impairment loss amounting to KD 8,466,482 in the statement of profit or loss, and the reverse of revaluation reserve amounting to KD 1,106,600 was included in the statement of profit or loss and other comprehensive income.

On December 30, 2024, the usufruct was waived for an amount of K.D 1,654,000 pursuant to a preliminary usufruct waiver contract in favor of a related party for an amount of KD 2,145,000, resulting in a gain of KD 500,000, as the waiver consideration was settled from the company's debt to a related party (the buyer). The effect of this transaction was excluded from the statement of cash flows as it is a non-cash transaction.

Till the date, the ownership has not been transferred to the buyer, legal procedures are being taken to transfer the ownership of the usufruct from the company to the buyer.

8- Investment properties

	2024	2023
Balance at beginning of the year	**18,426,728**	18,208,375
Net change in fair value	**1,353,721**	218,353
Balance at end of the year	**19,780,449**	18,426,728

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

The Company obtained revaluation for two properties in the Syrian Arab Republic from certified independent evaluator as at December 31, 2024 with a fair value amount to SYP 770,411,758,000 equivalent to KD 19,780,449 that has been recognized in the financial statements as at December 31, 2023 resulting in net change at fair value amount gain of KD 1,353,721 (2024: gain KD 218,353).

Property in the State of Kuwait have been revalued by two independent evaluators, one of them is a bank, as of December 31, 2024 and the lowest fair value was used amount to KD 1,520,000 resulting in change at fair value amount of KD Nile as of December 31, 2024 (2023: gain KD Nile) which was recognized in the financial statements.

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9- Receivables and other debit balances

	2024	2023
Advances to suppliers	**20,431**	20,431
Expected credit loss	**(20,431)**	(20,431)
	-	-
Prepaid expenses	**1,556**	1,953
Refundable deposits	**17,304**	16,140
Others	**510**	769
	19,370	18,862

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.

10- Cash and cash equivalents

	2024	2023
Cash at banks	**174**	101
Petty cash	**300**	943
	474	1,044

11- 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:

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

12- Treasury shares

	2024	2023
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)	**671,625**	500,625
Percentage of issuing shares	**%7.5**	%7,5

13- 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.

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14- 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.

15- 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:

	2024	2023
Statement of financial position		
Due to related parties	**2,175,282**	4,052,783

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

	2024	2023
Statement of profit or loss and other comprehensive income		
CEO salaries and benefits	-	6,000

16- Payables and accrued expenses

	2024	2023
Contribution to Kuwait Foundation for the Advancement of Science*	**68,744**	70,168
Zakat	**88,826**	88,826
National Labor Support Tax	**18,090**	18,090
Provision for legal claims**	**2,062**	211,742
Provision for leave	**6,438**	4,641
Accrued expenses	**26,991**	24,617
Insurance for others	**550**	550
	211,701	418,634

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

	2024	2023
Balance at beginning of the year	**70,168**	68,744
Charged during the year	-	1,424
Paid during the year	**(1,424)**	-
Balance at end of the year	**68,744**	70,168

**During the current financial year, the company paid an amount of KD 209,680 as a result of judgment from the court of cassation in favor of a local company (Note – 21).

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17- General and administrative expenses

	2024	2023
Legal and professional fees	**16,131**	13,650
Rent	**19,656**	17,955
Fees and subscriptions	**16,194**	14,896
Advertising and promotion	**480**	719
Bank charges	**546**	592
Printing and stationery	**427**	306
Other expenses	**6,209**	5,194
	59,643	53,312

18- (Loss)/earnings per share

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

	2024	2023
Net (loss)/profit for the year	**(6,674,929)**	156,790
Weighted average number of ordinary shares outstanding during the year (shares)	**138,750,000**	138,750,000
(Loss)/earnings per share (fils)	**(48.11)**	1.13

19- Segment information

a) 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.

b) The assets, liabilities and equity of the Company are distributed over the following geographical regions:

	2024	2023
	Assets	Assets
State of Kuwait	**1,539,983**	12,757,377
Syrian Arab Republic	**18,260,449**	16,906,728
	19,800,432	29,664,105

	2024	2023
	Liabilities and equity	Liabilities and equity
State of Kuwait	**19,800,432**	29,664,105
	19,800,432	29,664,105

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

	December 31, 2024		
	State of Kuwait	**Syrian Arab Republic**	**Total**
Income	**(7,907,432)**	**1,353,721**	**(6,553,711)**
Expenses and other charges	**(121,218)**	**-**	**(121,218)**
	(8,028,650)	**1,353,721**	**(6,674,929)**

	December 31, 2023		
	State of Kuwait	Syrian Arab Republic	Total
Income	65,055	218,353	283,408
Expenses and other charges	(126,618)	-	(126,618)
	(61,563)	218,353	156,790

20- General assembly

As of May 15, 2024, the ordinary general assembly for the year ended December 31, 2023, has been held and approved the following:

- Approval of the financial statements for the year ended December 31, 2023.
- No dividend distribution to shareholders for the year ended December 31, 2023.
- No payment of remuneration to the board of directors for the year ended December 31, 2023.

21- Legal case

During the last years, a judgment was issued against the Company by the Court of Cassation in favor of a local Company, to pay an amount of KD 100,000 (One Hundred Thousand Kuwaiti Dinar) in addition to the legal interest, during the current financial year the company paid the accrued and required amounts as a result of judgment (Note – 16).

22- 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.

  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:

		Net effect on profit or loss	
Currency	**Change in currency rate**	**2024**	2023
US Dollar	**(±) 2%**	**(±) 1,191,359**	(±) 338,135

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:

	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**
	211,701	**2,196,791**	**2,408,492**

	December 31, 2023		
	Within 1 year	More than 1 year	Total
Payables and accrued expenses	418,634	–	418,634
Due to related parties	–	4,052,783	4,052,783
End of service benefits	–	19,219	19,219
	418,634	4,072,002	4,490,636

23- 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.

24- Significant events

- On September 18, 2024, the Board of Commissioners of the Capital Markets Authority decided in its meeting No. (30) of 2024 the following:

  First: Suspension of trading in the shares of Real Estate Trade Centers Company (K.P.S.C), listed in the Kuwait Stock Exchange, in accordance with the provisions of Clause No. (1) and Clause No. (3) of the provisions of Article 1-20 of Module Twelve (Listing Rules) of the Executive Regulations of Law No. (7) of 2010 regarding the Capital Markets Authority and the Regulation of Securities Activities and their amendments.

  Suspension of trading will be effective until the company takes the necessary procedures to evaluate its real estate asset, represented by a usufruct contract, listed in the item "Real Estate Under Development" in a manner consistent with the provisions of Appendix No. (1) (Valuation of Real Estate Assets) of Module Eleven (Dealing in Securities) of the executive regulations of Law No. (7) of 2010 regarding the Capital Markets Authority and Regulating Securities Activities and their amendments, provided that the balance of this asset is recorded and the remaining balances of the financial statements are recorded fairly and properly.

  Second: Considering the continuation of listing the shares of the Real Estate Trade Centers Company (K.P.S.C) on the Kuwait Stock Exchange in the event that the company does not comply with meeting the requirements of the regulatory authority.

- On November 21, 2024, the re-issuance of the interim condensed financial information for the nine-month period ending on September 30, 2024 was approved by the Board of Directors to demonstrate the impact of the Capital Markets Authority's instructions, which consist of recording "properties under development" in the amount of KD 1,645,000 -the value of the usufruct -without adding any other amounts in accordance with the provisions of Appendix No. (1) (Valuation of Real Estate Assets) of module Eleven (Dealing in Securities) of the Executive Bylaw of Law No. (7) 2010 "Regarding the establishment of the Capital Markets Authority and the regulation of securities activity and their amendments".

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

Notes to the financial statements for the financial year ended December 31, 2024
"All Amounts are in Kuwaiti Dinar unless otherwise stated"

- On November 27, 2024, the Board of Commissioners of the Capital Markets Authority decided in its meeting No. (37) of 2024 as follows:

  First: Re-listing the shares of Real Estate Trade Centers Company (K.S.C.P.) for trading on the Kuwait Stock Exchange, given that the company has fulfilled the requirements contained in Resolution No. (126) of 2024, issued on September 18, 2024, unless there are other reasons that require the continued suspension of the company's shares from trading on the Stock Exchange.

  Second: The concerned bodies shall implement this resolution, each within its jurisdiction, and it shall be effective as of Monday, December 2, 2024, and shall be published in the Official Gazette.