

Dalqan Real Estate Company

K.S.C. (Public)

State of Kuwait

Financial statements

for the financial year ended December 31, 2025

with

Independent auditor's report

**Financial statements
for the financial year ended December 31, 2025
with
Independent auditor's report**

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Independent auditor's report

Kuwait, 12 August 2026

The Shareholders,

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

State of Kuwait

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Dalqan Real Estate Company K.S.C. (Public) (the “Company”), which comprise the Statement of Financial Position as at 31 December 2025, the 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 the Notes to the Financial Statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of Dalqan Real Estate Company K.S.C. (Public). Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements for the year ended 31 December 2025.

Basis for Disclaimer of Opinion

During the current financial year, as disclosed in Note 26 to the financial statements, management reclassified balances previously presented as bank balances to related party accounts and restated the comparative figures for the year ended 31 December 2024 accordingly.

Although we obtained confirmations from banks and related parties, those confirmations were limited to confirming balances and did not provide sufficient appropriate audit evidence regarding the origin of a material portion of the opening balance relating to one related party (the Parent Company), the transactions that gave rise to it, including certain transactions undertaken in prior periods and the resulting opening balances. We were also unable to obtain sufficient appropriate audit evidence to verify the economic substance and nature of related party transactions and the completeness of those transactions and related disclosures because adequate supporting documentation was not available.

As the effects of those balances and transactions extend to the current-year financial statements, we were unable to assess the effect of this matter on the financial statements or determine whether any adjustments might be necessary to related party balances, transactions or disclosures or their completeness, the comparative figures, or any other financial statement line items that may have been affected by those transactions.

Because of the materiality and potential pervasive effects of the matter described above, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements for the year ended 31 December 2025.

Emphasis of Matter

We draw attention to Note 25 to the financial statements regarding subsequent events.

Other Matter

The Company's financial statements for the year ended 31 December 2024 were audited by another auditor, who expressed an unmodified opinion thereon dated 2 March 2025. Our appointment did not include an audit, review or other assurance procedures on the financial statements for the year ended 31 December 2024. Accordingly, we do not express an opinion or conclusion on those financial statements, except in relation to the adjustments disclosed in Note-26.

Other Information Included in the Company's 2025 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2025, other than the financial statements and our independent auditor's report thereon.

Because of the significance of the matter described in the Basis for Disclaimer of Opinion section, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an opinion on the financial statements. Accordingly, we do not express any assurance conclusion as to whether the other information is consistent with the financial statements or with the knowledge obtained in the audit, or whether it otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Accounting Standards 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 intends to liquidate the Company or 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

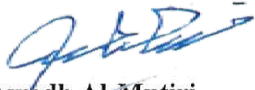
Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue our auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, together with the ethical requirements relevant to our audit of the financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company, physical counting was carried out in accordance with recognized practices, and the financial statements together with the financial information contained in the report of the Board of Directors relating to these financial statements are in agreement with the books of account, except for the possible effects of the matters described in the “Basis for Disclaimer of Opinion” section. The financial statements also incorporate all the information required by Companies Law No. 1 of 2016, as amended, and its Executive Regulations, as amended, and the Company’s Memorandum of Association and Articles of Association. According to the information available to us and to the best of our knowledge and belief, no violations of Companies Law No. 1 of 2016, as amended, and its Executive Regulations, as amended, or the Company’s Memorandum of Association and Articles of Association occurred during the year ended 31 December 2025 that might have had a material effect on the Company’s activities or financial position, except for transactions relating to balances and transactions with related parties that were not approved by the General Assembly of the shareholders, as disclosed in Note 13, and the Company’s engagement in share investment activities that are not consistent with the purposes for which the Company was established, as disclosed in Note 14.

Furthermore, during the course of our audit, nothing has come to our attention that causes us to believe that there were any material violations of the provisions of Law No. 7 of 2010, as amended, concerning the Capital Markets Authority and the related instructions during the year ended 31 December 2025 that might have had a material effect on the Company’s activities or financial position, except for the matter disclosed in Note 25 to the financial statements.


Falah Awadh Al-Mutiri
Auditor’s Licence No. 97 (A)
Al-Mustashar Al-Kuwaiti Auditing Office
Member of Daxin Global

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

” All amounts are in Kuwaiti Dinar”

	Note	2025	2024
<u>Revenue</u>			
Net properties' rental income	6	190,631	298,977
Change in Investment properties at fair value	10	917,000	142,830
Profit from sale investment properties	-	-	480,000
Total revenue		1,107,631	921,807
<u>Expenses and other charges</u>			
General and administrative and expenses	7	158,762	69,742
Finance expenses		354,608	121,698
Provisions	8	9,795	4,450
Total expenses and other charges		523,165	195,890
Net Profit before contribution		584,466	725,917
<u>Attributable to:</u>			
Zakat		(5,891)	(7,304)
Contribution to Kuwait Foundation for the Advancement of Science		(5,260)	(6,533)
National Labour Support Tax		(14,728)	(18,259)
Net profit for the year		558,587	693,821
Other comprehensive income		-	-
Total comprehensive income for the year		558,587	693,821
Earnings per share/(Fils)	9	8.44	10.49

The notes set out on pages 8 - 28 form an integral part of these financial statements.

Statement of financial position
as of December 31, 2025

"All amounts are in Kuwaiti Dinar"

	Note	2025	2024 (Adjusted)
Assets			
Non-current assets			
Investment properties	10	13,985,000	6,178,000
Property and equipment	11	2	2
		13,985,002	6,178,002
Current assets			
Cash and cash equivalents	12	218,408	2,849,799
Due from related parties	13	3,335,296	3,370,000
Investments at fair value through profit or loss	14	80,888	-
Other debit balances		18,176	5,450
		3,652,768	6,225,249
Total assets		17,637,770	12,403,251
Equity and liabilities			
Equity			
Share capital	15	6,658,328	6,053,025
Treasury shares	16	(74,745)	(74,745)
Statutory reserve	17	633,225	574,778
Voluntary reserve	18	189,490	132,633
Owners' contributions reserve	14	80,888	-
Retained earnings		441,694	603,714
Total equity		7,928,880	7,289,405
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	19	59,836	55,191
Current liabilities			
Ijara Payables	20	7,588,385	3,655,300
Due to related parties	13	1,523,860	1,344,700
Other liabilities	21	536,809	58,655
		9,649,054	5,058,655
Total liabilities		9,708,890	5,113,846
Total equity and liabilities		17,637,770	12,403,251

The notes set out on pages 8 - 28 form an integral part of these financial statements.



Mohammed Saud Murdi Al Mutairi
Chairman

Fahed Saud Murdi Al Mutairi
Vice Chairman

Dalqan Real Estate Company K.S.C. (Public)
State of 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	Voluntary reserve	Retained earnings	Total
Balance at January 1, 2024	6,053,025	(74,745)	502,186	60,041	-	356,899	6,897,406
Net profit for the year	-	-	-	-	-	693,821	693,821
Cash dividend	-	-	-	-	-	(301,822)	(301,822)
Transferred to reserves	-	-	72,592	72,592	-	(145,184)	-
Balance at December 31, 2024	6,053,025	(74,745)	574,778	132,633	-	603,714	7,289,405
Balance at January 1, 2025	6,053,025	(74,745)	574,778	132,633	-	603,714	7,289,405
Net profit for the year	-	-	-	-	-	558,587	558,587
Transferred from voluntary reserve to retained earnings	-	-	-	(1,590)	-	1,590	-
Bonus shares issued (Note – 15)	605,303	-	-	-	-	(605,303)	-
Transferred to reserves	-	-	58,447	58,447	-	(116,894)	-
Movement in owners' contributions reserve	-	-	-	-	80,888	-	80,888
Balance at December 31, 2025	6,658,328	(74,745)	633,225	189,490	80,888	441,694	7,928,880

The notes set out on pages 8 - 28 form an integral part of these financial statements.

Statement of cash flows

for the financial year ended December 31, 2025

“All amounts are in Kuwaiti Dinar”

	<u>Note</u>	<u>2025</u>	2024 (Adjusted)
Cash flow from operating activities			
Net profit for the year		558,587	693,821
Adjustments for:			
Change in Investment properties at fair value		(917,000)	(142,830)
Profit from sale investment properties		-	(480,000)
Finance expenses		354,608	121,698
Provision for employees' end of service benefits		4,645	4,450
Adjusted profit before calculating the effect of change in working capital items		840	197,139
Related parties (net)		213,864	(2,025,300)
Other debit balances		(12,726)	(800)
Other Liabilities		478,154	13
Net cash generated from/ (used in) operating activities		680,132	(1,828,948)
Cash flows from investing activities			
Investment properties		(2,875,000)	(3,080,170)
Proceeds from disposal of investment properties		-	3,790,000
Net cash (used in)/generated from investing activities		(2,875,000)	709,830
Cash flows from financing activities			
Ijara payables		(81,915)	2,017,300
Finance expenses paid		(354,608)	(121,698)
Cash dividend		-	(301,822)
Net cash (used in)/generated from financing activities		(436,523)	1,593,780
Net (decrease)/ increase in cash and cash equivalents		(2,631,391)	474,662
Cash and cash equivalents at beginning of the year	12	2,849,799	2,375,137
Cash and cash equivalents at end of the year	12	218,408	2,849,799

The notes set out on pages 8 - 28 form an integral part of these financial statements.

Notes to the financial statements

for the financial year ended December 31, 2025

“All amounts are in Kuwaiti Dinar”

1- Company's formation and activities

Dalqan Real Estate Company was incorporated as W.L.L Company in accordance with the Articles of incorporation dated on April 21, 2003 and subsequent amendments. The legal entity of the company has been transferred from (limited liability company) to a Kuwaiti shareholding company (Public), under the name of Dalqan Real Estate Company as per the Articles of incorporation dated on July 15, 2006 by transferring all assets and liabilities to the new company based on evaluation made by an independent expert. Many registrations on the company's commercial register, the last of which dated May. 21, 2025. The company's shares were listed on the Kuwait Stock Exchange on October 20, 2008.

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

- Owning, selling, buying and developing real estates and land on behalf of the company in the State of Kuwait and abroad as well as managing properties of others, without any violation to rules mentioned in the laws and what has been prohibited of trade in the private housing, as provided for in these laws.
- Owning, selling and buying shares and bonds of real estate companies on behalf of the company only, in Kuwait and abroad.
- Preparing studies and providing consultancies in real estate fields of all types if there are the conditions that are required to engage in providing this service.
- Carrying out maintenance works related to buildings and real estates owned to the company and to others including maintenance works and implementation of civil, mechanical and electrical works, elevators, air-conditioning to ensure the maintenance and safety of buildings.
- Organizing the real estate exhibitions related to the company's real estate projects, according to the regulations of the ministry.
- Owning, managing, operating, investing, leasing and renting hotels, health clubs, boarding houses, guest houses, rest houses, parks, gardens, exhibitions, restaurants, cafes, residential complexes, tourism and health products, recreational and sports facilities, and shops of various degrees and levels, including all original and supportive services and facilities attached thereto and other necessary services, whether inside Kuwait or outside it.
- Involved in real estate companies and building maintenance companies for civil, mechanical and electrical works.
- Owning commercial markets and residential complexes.
- Utilizing the financial surpluses that are available in the company by investing them in financial and real estate portfolios managed by specialized companies and authorities.
- Direct contribution to put the infrastructure of residential, commercial and industrial areas and projects through system of "build, operate and transfer" (BOT) and managing real estate facilities through (BOT) system.

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

The company has the right to participate and subscribe in any way, in other firms or institutions which operate in the same field or those which would assist in achieving its objectives in Kuwait or abroad and to construct, participate or purchase these institutions or join them.

The registered address of the company is: Qibla – Block 13 – Plot 19 – Floor 26 – Unit No. 3 – Building Name: Ribal Real Estate Company – Fahad Al-Salem Street – State of Kuwait.

The financial statements were authorized for issue by the Company's Board of Directors on 12 August 2026.

The General Assembly of the Company's shareholders have the power to amend these financial statements at the Annual General Assembly meeting of the Company's shareholders.

2. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board and the applicable requirements of the Kuwait Companies Law, as amended.

3. Application of new and amended standards

3.1 New and amended standards effective for the current year

The accounting policies applied in preparing these financial statements are consistent with those applied in the previous annual financial statements, except for new and amended standards effective for annual periods beginning on or after 1 January 2025.

The new and amended standards are set out below:

Standard or interpretation	Issue date	Effective date (Early application is permitted unless otherwise stated)	New/amended standards and interpretations
Lack of Exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	August 2023	1 January 2025	IAS 21

Lack of Exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

Under IAS 21 The Effects of Changes in Foreign Exchange Rates, an entity uses the spot exchange rate when translating foreign currency transactions.

However, in rare circumstances a currency may not be exchangeable into another currency. This may arise, for example, when a government imposes restrictions on capital imports and exports or establishes an official exchange rate while limiting the volume of foreign currency transactions that can be undertaken at that rate.

Although only a limited number of jurisdictions are affected, the accounting impact on affected entities can be significant. In August 2023, the IASB amended IAS 21 to clarify:

- when a currency is exchangeable into another currency; and
- how an entity estimates the spot exchange rate when a currency is not exchangeable.

The application of these amendments had no material impact on the Company's financial statements.

3.2 New and amended standards issued but not yet effective

Management expects to adopt all relevant standards and amendments when they become effective.

Standards and amendments not expected to have a material effect on the Company's financial statements are not described in detail.

Dinars"

Notes to the financial statements

for the financial year ended December 31, 2025

“All amounts are in Kuwaiti Dinar”

Management expects to adopt all relevant standards and amendments when they become effective. Standards and amendments not expected to have a material effect on the Company's financial statements are not described in detail.

Standard or interpretation	Effective date	New/amended standards and interpretations
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	1 January 2026	IFRS 9
Annual Improvements to IFRS Accounting Standards	1 January 2026	IFRS 1,7,9,10 / IAS 7
IFRS 18: Presentation and Disclosure in Financial Statements	1 January 2027	IFRS 18
IFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027	IFRS 19
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures	To be determined	IFRS 28, 10

Classification and Measurement of Financial Instruments - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

The IASB issued amendments to the classification and measurement of financial instruments in response to feedback received during the post-implementation review of IFRS 9 and the related requirements in IFRS 7.

The IASB amended the requirements relating to:

- settlement of financial liabilities using an electronic payment system; and
- assessing the contractual cash flow characteristics of financial assets, including those with environmental, social and governance-linked features.

The IASB also amended disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.

Annual Improvements to IFRS Accounting Standards - amendments to:

- IFRS 1 - First-time Adoption of International Financial Reporting Standards.
- IFRS 7 - Financial Instruments: Disclosures and the accompanying guidance on implementing IFRS 7.
- IFRS 9 - Financial Instruments.
- IFRS 10 - Consolidated Financial Statements; and
- IAS 7 - Statement of Cash Flows.

The Annual Improvements process is intended to enhance the clarity and internal consistency of IFRS Accounting Standards. In this volume, the IASB made minor amendments to IFRS 9 Financial Instruments and four other IFRS Accounting Standards.

The amendments to IFRS 9 address the following:

- an inconsistency between IFRS 9 and IFRS 15 Revenue from Contracts with Customers regarding the initial measurement of trade receivables; and
- how a lessee accounts for derecognition of a lease liability under paragraph 23 of IFRS 9.

Notes to the financial statements

for the financial year ended December 31, 2025

“All amounts are in Kuwaiti Dinar”

The amendment relating to trade receivables may require some entities to change their accounting policy.

IFRS 18: Presentation and Disclosure in Financial Statements

IFRS 18 sets out general requirements for presentation and disclosure in financial statements. It requires an entity to present a complete set of financial statements at least annually, with comparative information for the preceding year, including comparative information in the notes.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. In developing IFRS 18, the IASB focused primarily on the statement of profit or loss and carried forward certain requirements from IAS 1 into IFRS 18.

- IFRS 18 aims to improve financial reporting by:
- requiring an entity to present two new defined subtotals in the statement of profit or loss: operating profit and profit before financing and income taxes;
- requiring an entity to disclose management-defined performance measures, being subtotals of income and expenses not specified by IFRS Accounting Standards that are used in public communications to convey management's view of an aspect of the entity's financial performance; and
- adding new principles for aggregation and disaggregation of information.

IFRS 19: Subsidiaries without Public Accountability: Disclosures

Under IFRS 19, eligible subsidiaries of groups applying IFRS Accounting Standards may significantly reduce their disclosures and focus more closely on users' needs. A subsidiary without public accountability whose parent prepares consolidated financial statements under IFRS Accounting Standards may elect to apply IFRS 19.

Subsidiaries currently applying the IFRS for SMEs Accounting Standard or local GAAP in their statutory financial statements would no longer need to maintain two sets of accounting records for group reporting purposes if they apply IFRS 19.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

On 11 September 2014, the IASB issued narrow-scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011). The amendments were originally effective for annual periods beginning on or after 1 January 2016; in December 2015 the IASB deferred the effective date indefinitely.

The amendments address a recognised inconsistency between IFRS 10 and IAS 28 (2011) concerning the sale or contribution of assets between an investor and its associate or joint venture. The main effect is that a full gain or loss is recognised when a transaction involves a business, while a partial gain or loss is recognised when the transaction involves assets that do not constitute a business. The effective date has been deferred indefinitely, although early application remains permitted.

Notes to the financial statements

for the financial year ended December 31, 2025

“All amounts are in Kuwaiti Dinar”

4. Summary of significant accounting policies

The significant accounting policies used in preparing the financial statements are as follows:

4.1 Basis of preparation

- These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board and the applicable requirements of the Kuwait Companies Law, as amended.
- The accounting policies applied in preparing these financial statements are consistent with those applied in the previous annual financial statements, except for new and amended standards effective for annual periods beginning on or after 1 January 2025.
- These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board and the applicable requirements of the Kuwait Companies Law, as amended.
- The preparation of financial statements in accordance with IFRS Accounting Standards requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the reporting date, and reported income and expenses during the reporting period. It also requires management to exercise judgement in applying the accounting policies. Areas involving a higher degree of judgement or complexity, or where estimates and assumptions are significant to the financial statements, are disclosed in Note 5.

4.2 Revenue recognition

- Revenue is recognized when the Company satisfies its performance obligations by transferring the promised services to customers. The transaction price is allocated to the performance obligations based on relative stand-alone selling prices.
- Rental income from investment properties is recognized on a straight-line basis over the term of the respective lease agreements. Advances are recognized as income over time and refundable deposits are returned in accordance with the lease terms.
- Other revenue is recognized when earned as the related services are rendered and/or in accordance with the contractual terms applicable to each activity.

4.3 Borrowing costs

- Finance costs are recognized on an accrual basis in profit or loss in the period in which they are incurred. Borrowing costs directly attributable to qualifying assets are capitalized as part of the cost of those assets.
- Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Capitalization begins when expenditures and borrowing costs are incurred and activities necessary to prepare the asset are in progress, and ceases when substantially all activities necessary to prepare the qualifying asset for its intended use or sale are complete.
- Borrowing costs not directly attributable to the acquisition, construction or production of a qualifying asset are recognized as an expense in the period in which they are incurred.

4.4 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, an outflow of resources is probable and the amount can be estimated reliably.

4.5 Taxation

4.5.1 National Labour Support Tax (NLST)

The Company calculates National Labour Support Tax (NLST) in accordance with Law No. 19 of 2000 and Ministry of Finance Resolution No. 24 of 2006 at 2.5% of taxable profit for the year. In accordance with the law, cash dividends received from listed companies subject to NLST are deducted from profit for the year.

4.5.2 Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to the Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the Company's taxable profit in accordance with the amended calculation based on the resolution of the Foundation's Board, which provides that income from associates and subsidiaries, directors' remuneration and transfers to the statutory reserve are excluded from profit for the year in determining the contribution.

4.5.3 Zakat

Zakat is calculated at 1% of the Company's profit in accordance with Ministry of Finance Resolution No. 58/2007 effective from 10 December 2007. Under the Zakat regulations, losses may not be carried forward or carried back.

4.6 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and management intends to settle on a net basis or realise the asset and settle the liability simultaneously.

4.7 Investment properties

Investment properties comprise properties held to earn rentals and/or for capital appreciation and are accounted for using the fair value model.

Investment properties are initially measured at cost and subsequently remeasured annually at fair value. Fair values are determined by external professional valuers with relevant experience and supported by market evidence.

Any gains or losses arising from changes in fair value or from disposal of investment property are recognised directly in the Statement of Profit or Loss and Other Comprehensive Income under “Change in fair value of investment properties” and “Gain/loss on sale of investment properties”, respectively.

Transfers to or from investment property are made only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied property becomes an investment property, the Company accounts for the property in accordance with the policy for property and equipment up to the date of change in use.

4.8 Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Management reviews their recoverable amounts at the reporting date. If the recoverable amount is below the carrying amount, the carrying amount is reduced immediately. Changes in estimated useful lives are accounted for prospectively from the beginning of the year in which the change occurs.

Notes to the financial statements

for the financial year ended December 31, 2025

“All amounts are in Kuwaiti Dinar”

Gains or losses on disposal of property and equipment are recognised in the Statement of Profit or Loss and Other Comprehensive Income as the difference between sale proceeds and the net carrying amount. Property and equipment are depreciated on a straight-line basis to their residual values over estimated useful lives of five years.

Properties under construction for production, rental, administrative or as-yet-undetermined purposes are carried at cost less any recognised impairment losses. Cost includes professional fees. Depreciation commences when the properties are ready for their intended use.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand and term deposits with original maturities of three months or less, net of bank overdrafts for cash flow statement purposes.

4.10 Receivables

Receivables are stated at nominal value less an allowance for doubtful amounts. The Company continuously measures the impairment allowance for receivables at an amount equal to expected credit losses.

4.11 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value, adjusted for transaction costs except for instruments measured at fair value through profit or loss.

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

- the rights to receive cash flows from the asset 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.
- a) the Company has transferred substantially all the risks and rewards of the asset.
- b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company transfers its rights to receive cash flows from financial assets and enters into a pass-through arrangement but neither transfers substantially all the risks and rewards nor transfers control, a new asset is recognized to the extent of the Company's continuing involvement in the asset.

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

Classification of financial assets

For subsequent measurement purposes, financial assets are classified into the following categories on initial recognition:

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)
- The classification is determined by both:

Notes to the financial statements

for the financial year ended December 31, 2025

"All amounts are in Kuwaiti Dinar"

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

On initial recognition of a financial asset, the Company may make the following irrevocable elections/designations:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if specified criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortized cost or FVOCI criteria
- as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Subsequent measurement of financial assets

• Financial assets at amortised cost

Financial assets are measured at amortized cost if they meet the following conditions and are not designated at FVTPL:

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

After initial recognition, such assets are measured at amortized cost using the effective interest method, less impairment allowance. Discounting is omitted where its effect is immaterial.

The Company measures financial assets at FVOCI if the following conditions are met:

- they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income (OCI) are reclassified to profit or loss upon derecognition of the asset, except for equity investments designated at FVOCI as described below. Equity investments at fair value through other comprehensive income (FVOCI)

On initial recognition, the Company may make an irrevocable election, on an instrument-by-instrument basis, to designate investments in equity instruments at FVOCI. Such designation is not permitted if the equity investment is held for trading or represents contingent consideration recognized 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 managed together for which there is evidence of a recent actual pattern of short-term profit-taking; 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 FVOCI 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 and accumulated in the fair value reserve. The cumulative gain or loss is transferred to retained earnings within the Statement of Changes in Equity.

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Dividends on these equity investments are recognized in profit or loss.

- **Financial assets at fair value through profit or loss**

Financial assets that do not meet the criteria for measurement at amortized cost or FVOCI are measured at FVTPL. In addition, financial assets whose contractual cash flows are not solely payments of principal and interest are measured at FVTPL regardless of the business model. Derivative financial instruments are included in this category except for designated and effective hedging instruments. The category also includes investments in equity instruments.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. Fair value is determined by reference to active market transactions or, where no active market exists, using an appropriate valuation technique.

The Company's financial assets at fair value through profit or loss comprise:

- Investment in equity shares

- **Financial assets at fair value through profit or loss**

Financial assets that do not meet the criteria for measurement at amortized cost or FVOCI are measured at FVTPL. In addition, financial assets whose contractual cash flows are not solely payments of principal and interest are measured at FVTPL regardless of the business model. Derivative financial instruments are included in this category except for designated and effective hedging instruments. The category also includes investments in equity instruments.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. Fair value is determined by reference to active market transactions or, where no active market exists, using an appropriate valuation technique.

- **Impairment of financial assets**

The application of IFRS 9 fundamentally changed the impairment model from an incurred-loss approach to a forward-looking expected credit loss model. All financial assets are subject to expected credit loss assessment except assets measured at FVTPL.

Expected credit losses (if any)

Expected credit losses are measured as follows:

- (1) 12-month expected credit losses apply to financial instruments with low credit risk at the reporting date and represent expected credit losses arising from possible default events within 12 months after the reporting date.
- (2) Lifetime expected credit losses apply to financial instruments for which credit risk has increased since initial recognition and for which there is objective evidence of impairment. Expected credit losses are measured for possible defaults over the expected life of the financial instrument.

Expected credit losses are calculated individually or collectively based on shared credit risk characteristics and represent the difference between contractual cash flows due and all cash flows expected to be received, discounted using the effective interest rate of the financial instrument.

4.12 Treasury shares

Treasury shares represent the Company's own shares that were issued and subsequently repurchased and had not been reissued or cancelled as at the reporting date. Treasury shares are accounted for using the cost method and their cost is presented as a deduction from equity. On reissue, gains are credited to a separate non-distributable equity account for gains on sale of treasury shares, while losses are charged against that account to the extent of its credit balance and any excess is charged to retained earnings and then reserves. Subsequent gains on sale of treasury shares are used to offset losses previously charged to reserves and retained earnings and gains on sale of treasury shares.

No cash dividends are distributed on treasury shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

4.13 Equity and reserves

Share capital represents the nominal value of shares issued and paid.

The statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the Companies Law and the Company's Articles of Association.

Retained earnings include all profits and losses of the current and prior periods. All transactions with the Company's shareholders are recorded separately within equity.

4.14 Provision for employees' end of service benefits

Management expects to adopt all relevant standards and amendments when they become effective.

Standards and amendments not expected to have a material effect on the Company's financial statements are not described in detail.

4.15 Payables and liabilities

Payables and liabilities are stated at their nominal amounts.

4.16 Foreign currencies

Foreign currency transactions are recorded in Kuwaiti Dinars at exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated at rates prevailing when fair value was determined, while non-monetary items measured at historical cost are not retranslated.

4.17 Contingent liabilities and assets

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

5. Significant accounting judgements and key sources of estimation uncertainty

Preparing financial statements in accordance with IFRS Accounting Standards requires management to make estimates and assumptions that may affect the amounts reported in these financial statements, and actual results may differ from those estimates. Management also applies judgement and estimates in applying the Company's accounting policies. Significant judgements and estimates are as follows:

Notes to the financial statements

for the financial year ended December 31, 2025

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Estimates

Contingent obligations/liabilities

Contingent obligations arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control. Provisions are recognised when a loss is considered probable and can be reasonably estimated. Determining whether a provision should be recognised for a contingent obligation is based on management judgement.

Classification of properties

Management is required to determine whether a property should be classified as property held for trading or as investment property.

The Company classifies a property as held for trading if it is acquired principally for sale in the ordinary course of business.

The Company classifies a property as investment property if it is held to earn rentals, for capital appreciation, or for undetermined future use.

Key sources of estimation uncertainty

Impairment of tangible assets and useful lives

Management annually tests tangible assets for impairment in accordance with the accounting policies set out in Note 4. The recoverable amount of an asset is determined using a value-in-use method based on estimated future cash flows over the estimated useful life of the asset, discounted using market rates.

Management determines the estimated useful lives and related depreciation charges. The depreciation expense for the year would change significantly if actual useful lives differ from expected useful lives.

Valuation of investment properties

The Company carries investment properties at fair value, with changes in fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income. Three principal methods are used to determine fair value:

- A- Discounted cash flow method, under which expected future cash flows from the asset based on existing contracts and lease terms are discounted to present value using a discount rate reflecting risks specific to the asset.
- B- Income capitalization method, under which the value of a property is estimated based on the income it generates, calculated by dividing the property's net operating income by the market-based expected rate of return, known as the capitalization rate.
- C- Comparable analysis, based on estimates by independent valuers with reference to recent arm's-length transactions for similar properties in terms of location and condition, together with the valuers' knowledge and experience.

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6- Net properties' rental income

	<u>2025</u>	<u>2024</u>
properties' rental income	205,075	330,085
Real estate Expenses	(14,444)	(31,108)
Total	190,631	298,977

7- General and administrative expenses

	<u>2025</u>	<u>2024</u>
Staff costs	35,688	33,215
Rentals	9,600	-
Stationery	-	209
Other	113,474	36,318
Total	158,762	69,742

8- Provisions

	<u>2025</u>	<u>2024</u>
End of service gratuity	4,645	4,450
Employee vacation	5,150	-
Total	9,795	4,450

9- Earnings per share/(Fils)

Earnings per share is calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year (excluding treasury shares), as follows:

	<u>2025</u>	<u>2024</u>
Net profit for the year	558,587	693,821
Weighted average number of outstanding shares during the year (excluding treasury shares)	66,148,192	66,148,192
Earnings per share/(Fils)	8.44	10.49

The weighted average number of ordinary shares outstanding during the financial year ended 31 December 2025 and the comparative year has been retrospectively adjusted to reflect the bonus shares of 6,053,025 shares, which were approved by the Extraordinary General Assembly of the shareholders on 28 April 2025 (Note 22).

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for the financial year ended December 31, 2025

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10- Investment properties

	2025	2024 (Adjusted)
Balance at beginning of the year	6,178,000	6,265,000
Additions	6,890,000	3,080,170
Disposal	-	(3,310,000)
Change at fair value	917,000	142,830
Balance at end of the year	13,985,000	6,178,000

- The additions referred to above include additions acquired under Ijara agreements with a promise to purchase at the end of the lease term from a local Islamic bank (Note 20). The effect of the non-cash transaction amounting to KD 4,015,000 has been excluded from the statement of cash flows.

- Investment properties were stated at fair value as at 31 December 2025 based on valuations performed by two independent valuers, one of whom is a local bank. Management adopted the lower of the two valuations.

- Investment properties include properties amounting to KD 7,588,385 acquired under Ijara agreements with a promise to purchase from a local Islamic bank (Note 20).

11- Property and equipment

	Furniture and decorations	Vehicles	Total
Cost			
Balance at January 1, 2025	1,550	1,500	3,050
Balance at December 31, 2025	1,550	1,500	3,050
Accumulated depreciation			
Balance at January 1, 2025	1,549	1,499	3,048
Balance at December 31, 2025	1,549	1,499	3,048
Net book value			
At December 31, 2025	1	1	2
At December 31, 2024	1	1	2

12- Cash and cash equivalents

	2025	2024 (Adjusted)
Cash on hand	860	65,958
Current accounts at banks	217,548	2,783,841
	218,408	2,849,799

13- Related parties transactions

- Related parties in the Company represent members of the Board of Directors, senior management personnel of the Company, other related parties, major shareholders, and companies in which members of the Board of Directors and senior management personnel hold major shares or over which they can exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Company’s management. The following are the significant transactions and balances with related parties:

<u>Balances included in financial position:</u>	2025	2024 (Adjusted)
Due from related parties	3,335,296	3,370,000
Investments at fair value through profit or loss	80,888	-
Due to related parties	1,523,860	1,344,700

**Transactions included in the statement of profit or loss
and other comprehensive income:**

Salaries	43,185	24,025
Rent	9,600	9,600

- Transactions with related parties are subject to the approval of the General Assembly of shareholders.

14- Investments at fair value through profit or loss

	2025	2024
Additions during the year	1,815,908	-
Disposals during the year	(1,735,020)	-
Balance at end of the year	80,888	-

During the current financial year, the Company received, for no consideration, shares representing 17% of the share capital of Dalqan Holding Group Company K.S.C. (closed) from one of the Company’s shareholders, who is also a related party, for distribution to the Company’s shareholders. Accordingly, the shares were recognized within equity under “Owners’ Contributions Reserve”.

On 21 July 2025, the Ordinary General Assembly of Shareholders approved the distribution of such shares as a distribution in specie to the Company’s shareholders, each in proportion to their respective ownership interest in the Company’s share capital. The distribution was affected and the related procedures were completed. Accordingly, such shares were derecognized from the financial statements, with a corresponding reduction in the “Owners’ Contributions Reserve”, as disclosed in Note 22.

The effect of this transaction was excluded from statement of cash flows, as it represents a non-cash transaction.

The Company engages in investment activities in shares, which are not consistent with the purposes for which the Company was established.

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for the financial year ended December 31, 2025

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15- Share Capital

The authorized, issued, and paid-up share capital is KD 6,658,328 distributed over 66,583,275 shares with a nominal value of 100 Kuwaiti Fils per share, and all shares are in cash.

On 28 April 2025, the Extraordinary General Assembly of the shareholders was held and approved an increase in the Company's share capital from KD 6,053,025 to KD 6,658,327.500, representing an increase of KD 605,302.500, through the issuance of bonus shares equivalent to 10% of the share capital, at a rate of 10 shares for every 100 shares held. The increase in share capital was registered in the Commercial Register on 21 May 2025.

16- Treasury shares

	2025	2024
Number of Shares	435,083	395,530
Ownership percentage (relative to total capital)	%0.65	%0.65
Market value	75,704	77,524
Cost	74,745	74,745

The Company is required to maintain reserves from share capital and retained earnings equivalent to the cost of treasury shares purchased. Such reserves are considered non-distributable throughout the period the treasury shares are held by the Company, in accordance with the instructions of the relevant regulatory authorities.

17- Statutory reserve

In accordance with the requirements of Companies' Law and the company's Memorandum of Association, 10% of the annual net profit before Board of Directors' remuneration, contribution to Kuwait Foundation for the Advancement of Science, Zakat and National Labor Support Tax is transferred to the statutory reserve. The company may resolve to discontinue such transfer when the reserve totals 50% of share capital. Statutory reserve is not available for distribution except in cases stipulated by law.

18- Voluntary reserve

As required by the company's Memorandum of Association, 10% of the annual net profit before Board of Directors' remuneration, contribution to Kuwait Foundation for the Advancement of Science, Zakat and National Labor Support Tax has been transferred to the voluntary reserve. Such annual transfers may be discontinued with a resolution from the shareholders' General Assembly upon a recommendation from the Board of Directors.

19- Provision for employees' end of service benefits

	2025	2024
Balance at January 1, 2025	55,191	50,741
Charged during the year	4,645	4,450
Balance at December 31, 2025	59,836	55,191

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20- Ijara payables

	2025	2024 (Adjusted)
Total obligation	7,846,976	3,807,600
Future interests	(258,591)	(152,300)
Present value of the obligation	7,588,385	3,655,300

This item represents a facility contract granted by a local Islamic bank against Ijara contracts due at the end of the contract period at an effective profit rate of 2% above the discount rate announced by the Central Bank of Kuwait.

21- Other liabilities

	2025	2024
Account Payables	430,000	-
Kuwait Foundation for the Advancement of Sciences Share	17,207	11,947
Zakat	13,195	13,348
National labor Support Tax	32,977	33,360
Provision for employees' leave	5,150	-
Deposits payable	25,520	-
Prepaid Revenue	12,760	-
	536,809	58,655

The movement in the amount payable to the Kuwait Foundation for the Advancement of Sciences Share is as follows:

	2025	2024
Balance at January 1, 2025	11,947	18,888
Charge during the year	5,260	6,533
Paid during the year	-	(13,474)
Balance at December 31, 2025	17,207	11,947

22- General Assembly of Shareholder's

On 28 April 2025 the Ordinary and Extraordinary General Assembly of shareholders convened and approved the following:

- Approval of the financial statements for the financial year ended 31 December 2024.
- Non-distribution of remuneration to the members of the Board of Directors for the financial year ended 31 December 2024.
- Approval to increase the Company's authorized, issued, and paid-up share capital from KD 6,053,025 to KD 6,658,327.500 through bonus shares amounting to KD 605,302.500, representing 10% for shareholders registered in the Company's records as at the end of the entitlement date.
- Approval to transfer an amount of KD 1,590 from the voluntary reserve account to the retained earnings account.

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The Ordinary General Assembly of Shareholders was held on 21 July 2025 and approved the recommendation of the Board of Directors regarding the distribution of in-kind assets to the shareholders of Dalqan Real Estate Company. These assets represent shares owned by Dalqan Real Estate Company, representing approximately 17% of the share capital of Dalqan Group Holding Company. The distribution is executed pro-rata to each shareholder's ownership interest in the capital of Dalqan Real Estate Company. Furthermore, the Board of Directors was authorized to undertake all necessary legal procedures with the relevant authorities to complete the shares distribution process to the company's shareholders. This includes determining and adjusting the key dates for record, entitlement, distribution, and announcing them to the Kuwait Stock Exchange for the eligible shareholders to receive the company's shares.

On July 28, 2025, the Board of Directors, based on the authorization issued by the Ordinary General Meeting of Shareholders held on July 21, 2025, approved the distribution of the Company's in-kind assets to its shareholders, and all procedures related to the distribution have been completed.

On 11 May 2026, the Ordinary General Assembly of the shareholders was held and approved the appointment of a new external auditor for the Company to complete the audit procedures.

23- Financial instruments**a) financial instruments:****Material accounting policies**

Details of the material accounting policies, including the measurement bases and the recognition of income and expenses, in respect of each class of financial assets and financial 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 interim condensed statement of financial position as follows:

	2025	2024 (Adjusted)
Financial assets		
Cash and cash equivalents	218,408	2,849,799
Due from related parties	3,335,296	3,370,000
Investments at fair value through profit or loss	80,888	-
Other debit balances	18,176	5,450
	<u>3,652,768</u>	<u>6,225,249</u>
Financial liabilities		
Ijara payables	7,588,385	5,485,300
Due to related parties	1,523,860	1,354,410
Other credit balances	536,809	40,335
	<u>9,649,054</u>	<u>6,880,045</u>

Fair value measurement of financial assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. The fair values of all financial instruments are not materially different from their carrying values. The carrying values of financial assets and liabilities that are liquid or have short-term maturities (less than three months) approximate their fair values. The Group uses the following hierarchy to determine and disclose the fair value of financial assets by valuation technique:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The carrying values of financial assets and liabilities carried at amortized cost are not materially different from their fair values as most of the financial assets and liabilities have short maturities or have been repriced directly based on market movements in interest rates. The valuation method and techniques used to measure fair value have not changed compared to the previous year.

The following table shows the analysis of financial instruments carried at fair value by level in the fair value hierarchy:

31 December 2025	Level 1	Level 2	Level 3	Total
Investments at fair value through profit or loss:				
Local unquoted funds	-	-	80,888	80,888
	-	-	80,888	80,888

b) financial risks management

The company uses financial instruments that are exposed to variety of financial risks such as credit risks, liquidity risks and market risks.

The company continuously reviews its risks exposure and takes the necessary procedures to limit these risks to acceptable levels.

- **Credit risks**

Credit risks are the risks that one party to a financial instrument will fail to pay an obligation causing the other party to bear a financial loss. Financial assets, which potentially expose the Company to credit risks, consist principally of cash and cash equivalents. Cash and cash equivalents of the Company are placed in financial institutions with high credit repute.

- **Liquidity risks**

Liquidity risks are the risks that the company will be unable to meet its cash obligations. The management of liquidity risks consists of keeping sufficient cash and arranging financing sources through enough facilities, retaining highly liquid assets and monitoring liquidity on a periodical basis through the method of future cash flows.

The maturity of liabilities stated below is based on the period from the financial position date to the contractual maturity date. In the case of financial instruments that do not have a contractual maturity date, the maturity is based on management's estimate of time period in which the asset will be collected or disposed and the liability settled.

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The maturity analysis of liabilities as of December 31, 2025 is as follows:

	Within one year	More than 5 years	Total
Ijara payables	7,588,385	-	7,588,385
Due to related party	1,523,860	-	1,523,860
Other liabilities	536,809	-	536,809
Provision for end of service indemnity	-	59,836	59,836
	<u>9,649,054</u>	<u>59,836</u>	<u>9,708,890</u>

The maturity analysis of liabilities as of December 31, 2024 (Adjusted) is as follows:

	Within one year	More than 5 years	Total
Ijara payables	3,655,300	-	3,655,300
Due to related party	1,344,700	-	1,344,700
Other liabilities	58,655	-	58,655
Provision for end of service indemnity	-	55,191	55,191
	<u>5,058,655</u>	<u>55,191</u>	<u>5,113,846</u>

• **Market risks**

Market risks, comprise of foreign currency risks, interest rate risks and equity price risks these risks arise due to changes in market prices of equities, interest rates and foreign currencies rates.

Foreign currencies risks

Foreign currency risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currencies risks arise from transactions in foreign currencies. The company manages these risks by setting limits on transactions in foreign currencies and counterparties and limiting its transaction business in major currencies with reputable counterparties.

Interest rate risks

Interest rate risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes in interest rates in the market.

Interest rate risks arise from long-term borrowings. Borrowings at variable interest rates expose the company to cash flow interest rate risks. Borrowings at fixed interest rates expose the company to fair value risks due to changes in interest rates.

Currently, the company has no significant interest-bearing assets or long-term borrowings, the company's profit or loss and other comprehensive income and operating cash flows are substantially not affected by the changes in market interest rates.

Equity price risks

Equity price risks are the risks that the fair values of equities fluctuate as the result of changes in the levels of equity indices and the value of individual stocks. This risks results due to the changes in the fair value of the investments in stocks.

Currently, the company is not exposed to equity price risks as the company does not deal or retain financial investments.

24- Capital risks management

A. The Company’s objectives when managing capital are:

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

B. The debt-to-equity ratio is as follows:

	2025	2024 (Adjusted)
Debts	7,588,385	3,655,300
Less: Cash and cash equivalents	(218,408)	(2,849,799)
Net debts	7,369,977	805,501
Add: total equity	7,928,880	7,289,405
Total adjusted equity	15,298,857	8,094,906
Gearing ratio	48%	10%

25- Subsequent Event

- On 13 May 2026, the Kuwait Capital Markets Authority (“CMA”) issued a decision against the Company concerning the suspension of the Company’s shares from trading on Boursa Kuwait. The decision included, among other matters, the reissuance of the condensed interim financial information for the financial periods ended 31 March 2025, 30 June 2025 and 30 September 2025. Accordingly, the Company’s Board of Directors convened on 10 June 2026 and approved the implementation of the CMA’s decision to reissue the condensed interim financial information for the financial periods ended 31 March 2025, 30 June 2025 and 30 September 2025.

- On 4 August 2026, acknowledgements and debt settlement agreements were executed between the Company and a number of related parties to settle the balances due from/to those related parties, as referred to in Note 13 Pursuant to these acknowledgements and settlements, Dalqan Holding Group Company (the “Parent Company”) assumed the net indebtedness due from related parties with debit balances in favor of related parties with credit balances. Accordingly, Dalqan Holding Group Company (the “Parent Company”) acknowledged an amount of KD 1,811,436 as due and payable to Dalqan Real Estate Company pursuant to the acknowledgements and debt settlement agreements entered into with other related parties.

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The Parent Company also undertook to settle the full amount no later than 31 December 2026, without the need for prior notice or any preceding action, while Dalqan Real Estate Company retains its full legal right to claim the amount and any consequences arising from non-payment. Pursuant to these acknowledgements, Dalqan Real Estate Company was also released from its obligations towards related parties with credit balances amounting in aggregate to KD 1,523,860, in consideration for deducting such amount from the amounts due to Dalqan Holding Group Company (the "Parent Company").

Under these acknowledgements, the parties agreed that Dalqan Holding Group Company (the "Parent Company") would replace the original parties in the financial relationship with Dalqan Real Estate Company, effective from the date of signing such acknowledgements.

26- Prior Year Adjustment

During the current financial year, the Company's management corrected accounting errors relating to the presentation and disclosure of the financial statements for the prior financial year. These represented the non-disclosure of material transactions with related parties (Note 13), which were included within bank balances, in addition to recognizing certain investment properties and their related liabilities (Ijara payables) in a period prior to meeting the accounting recognition criteria, whereas those criteria were met during the financial year ended December 31, 2025. Accordingly, disclosures related to those transactions were restated retrospectively within the comparative figures to correctly reflect the presentation of the financial statements for the financial year ended 31 December 2024, and in compliance with International Accounting Standard (8) "Accounting Policies, Changes in Accounting Estimates and Errors.

The following is a statement of the adjustments made to correct these errors:

	Before adjustment as at 31 December 2024	After adjustment as at 31 December 2024
Cash and cash equivalents	4,289,799	2,849,799
Due from related parties	-	3,370,000
Due to related parties	-	1,344,700
Investment properties	8,108,000	6,178,000
Ijara payables	5,000,000	3,655,300

27- Comparative Figures

Certain comparative figures for the prior year have been reclassified and regrouped to conform with the current period's presentation and classification.