First Real Estate Company B.S.C. (c)

REPORT OF THE BOARD OF DIRECTORS, INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

Ernst & Young - Middle East
P.O. Box 140
East Tower, 10th Floor
Bahrain World Trade Center
Manama, Kingdom of Bahrain

Tel: +973 1753 5455
Fax: +973 1753 5405
manama@bh.ey.com
www.ey.com/mena
C.R. No. 29977-1

Shape the future with confidence

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FIRST REAL ESTATE COMPANY B.S.C. (c)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of First Real Estate Company B.S.C. (c) (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

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

Responsibilities of the Board of Directors for the consolidated financial statements

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

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

Shape the future
with confidence

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FIRST REAL ESTATE COMPANY B.S.C. (c) (CONTINUED)

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

EY
Shape the future
with confidence

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FIRST REAL ESTATE COMPANY B.S.C. (c) (CONTINUED)

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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.

Report on Other Legal and Regulatory Requirements

We report that:

1) As required by the Bahrain Commercial Companies Law,

a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;

b) the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements;

c) we are not aware of any violations of the Bahrain Commercial Companies Law or the terms of the Company's memorandum and articles of association during the year ended 31 December 2025 that might have had a material adverse effect on the business of the Company or on its consolidated financial position; and

d) satisfactory explanations and information have been provided to us by Management in response to all our requests.

2) As required by Article 8 of section 2 of Chapter 1 of the Bahrain Corporate Governance Code, we report that the Company:

a) has appointed a Corporate Governance Officer; and

b) has a Board approved written guidance and procedure for corporate governance.

Ernst + Young

Auditor's Registration No. 212
12 March 2026
Manama, Kingdom of Bahrain

First Real Estate Company B.S.C. (c)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Note	*2025* BD	*2024* BD
ASSETS			
Non-current assets			
Furniture, equipment and vehicles	5	**125,683**	85,572
Investment properties	6	**67,161,502**	68,356,212
Security deposits		**85,639**	85,639
Receivable from buyers	9	**337,360**	483,949
		67,710,184	69,011,372
Current assets			
Development property	8	**6,714,278**	3,056,830
Advances to contractors	8	**512,793**	335,650
Accounts receivable and prepayments	9	**832,632**	1,112,803
Bank balances and cash	10	**4,879,506**	5,212,684
		12,939,209	9,717,967
TOTAL ASSETS		**80,649,393**	78,729,339
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**33,390,000**	33,390,000
Share premium	12	**27,241**	27,241
Reserves		**15,708,013**	15,926,805
Equity attributable to owners of the Parent		**49,125,254**	49,344,046
Non-controlling interests	25	**8,166,061**	7,641,550
Total equity		**57,291,315**	56,985,596
Non-current liabilities			
Term loans	16	**13,985,316**	15,000,000
Employees' end of service benefits	17	**100,113**	93,033
Retention payable		**338,799**	16,004
		14,424,228	15,109,037
Current liabilities			
Term loans	16	**818,550**	-
Payable to a shareholder	18	**4,494,454**	4,476,823
Accounts payable and accruals	19	**952,425**	1,335,076
Advances from buyers		**2,407,692**	664,074
Contract liabilities - advances		**260,729**	158,733
		8,933,850	6,634,706
Total liabilities		**23,358,078**	21,743,743
TOTAL EQUITY AND LIABILITIES		**80,649,393**	78,729,339

Mohammad Al Farhan
Chairman

Hamad Jasim AlSadoun
Vice Chairman

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements

First Real Estate Company B.S.C. (c)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	***2025 BD***	*2024 BD*
INCOME			
Rental revenue		**5,486,256**	5,541,136
Property operating expenses		**(1,868,870)**	(1,731,228)
Net rental income		**3,617,386**	3,809,908
Gain on sale of investment properties	6	**180,827**	297,352
Fair value loss on investment properties	6	**(458,109)**	(226,585)
Net (loss) gain on investment properties		**(277,282)**	70,767
Management fee		**374,582**	314,781
Interest and other income	21	**194,738**	225,980
Net operating income		**3,909,424**	4,421,436
EXPENSES			
Finance costs		**(1,035,566)**	(1,204,669)
Staff costs	22	**(463,258)**	(440,671)
Other expenses		**(435,369)**	(365,031)
Total expenses		**(1,934,193)**	(2,010,371)
PROFIT FOR THE YEAR		**1,975,231**	2,411,065
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,975,231**	2,411,065
Total comprehensive income attributable to:			
Shareholders of the parent		**1,450,720**	1,660,643
Non-controlling interests		**524,511**	750,422
		1,975,231	2,411,065

Mohammad Al Farhan
Chairman

Hamad Jasim AlSadoun
Vice Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Equity attributable to shareholders of the parent									
	Share capital BD (note 11)	***Share premium BD (note 12)***	***Statutory reserve BD (note 13)***	***General reserve BD (note 14)***	***Foreign currency translation reserve BD***	***Retained earnings BD (note 15)***	***Total reserves BD***	***Equity attributable to the owners of the parent BD***	***Non-controlling interests BD***	***Total equity BD***
At 1 January 2025	33,390,000	27,241	6,789,859	2,155,826	(13,064)	6,994,184	15,926,805	49,344,046	7,641,550	56,985,596
Total comprehensive income for the year	-	-	-	-	-	1,450,720	1,450,720	1,450,720	524,511	1,975,231
Transfer to statutory reserve	-	-	145,072	-	-	(145,072)	-	-	-	-
Dividend paid (note 15)	-	-	-	-	-	(1,669,512)	(1,669,512)	(1,669,512)	-	(1,669,512)
At 31 December 2025	**33,390,000**	**27,241**	**6,934,931**	**2,155,826**	**(13,064)**	**6,630,320**	**15,708,013**	**49,125,254**	**8,166,061**	**57,291,315**

	Equity attributable to shareholders of the parent									
	Share capital BD (note 11)	*Share premium BD* (note 12)	*Statutory reserve BD* (note 13)	*General reserve BD* (note 14)	*Foreign currency translation reserve BD*	*Retained earnings BD* (note 15)	*Total reserves BD*	*Equity attributable to the owners of the parent BD*	*Non-controlling interests BD*	*Total equity BD*
At 1 January 2024	33,390,000	27,241	6,623,795	2,155,826	(13,064)	7,169,105	15,935,662	49,352,903	6,791,128	56,144,031
Total comprehensive income for the year	-	-	-	-	-	1,660,643	1,660,643	1,660,643	750,422	2,411,065
Transfer to statutory reserve	-	-	166,064	-	-	(166,064)	-	-	-	-
Dividend paid (note 15)	-	-	-	-	-	(1,669,500)	(1,669,500)	(1,669,500)	-	(1,669,500)
Contribution from Non-controlling interests	-	-	-	-	-	-	-	-	100,000	100,000
At 31 December 2024	33,390,000	27,241	6,789,859	2,155,826	(13,064)	6,994,184	15,926,805	49,344,046	7,641,550	56,985,596

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	***2025 BD***	*2024 BD*
OPERATING ACTIVITIES			
Net profit for the year		**1,975,231**	2,411,065
Adjustments for:			
Depreciation of furniture, equipment and vehicles	5	**42,268**	43,654
Fair value loss on investment properties	6	**458,109**	226,585
Gain on sale of investment properties	6	**(180,827)**	(297,352)
Interest expense on term loans	23	**1,035,566**	1,204,669
Interest income	21	**(120,422)**	(177,764)
Provision for employees' end of service benefits	17	**31,894**	33,083
Operating profit before working capital changes		**3,241,819**	3,443,940
Working capital changes:			
Accounts receivable and prepayments		**426,760**	(310,681)
Payable to a shareholder		**17,631**	255
Advances from buyers		**1,743,618**	(59,286)
Accounts payable and accruals		**(81,590)**	251,188
Contract liabilities - advances		**101,996**	91,837
Retention payable		**322,795**	16,004
Development property	6	**(3,657,448)**	(1,547,320)
Advances to contractors		**(177,143)**	(335,650)
Net cash flows generated from operations		**1,938,438**	1,550,287
Finance costs paid	23	**(1,336,627)**	(1,208,858)
Employees’ end of service benefits paid	17	**(24,814)**	(70,692)
Net cash flows from operating activities		**576,997**	270,737
INVESTING ACTIVITIES			
Purchase of furniture, equipment and vehicles	5	**(82,379)**	-
Proceeds from sale of investment properties	6	**917,428**	1,417,317
Interest income received	21	**120,422**	177,764
Net cash flows from investing activities		**955,471**	1,595,081
FINANCING ACTIVITIES			
Repayment of borrowings	23	**(196,134)**	-
Dividend paid	15	**(1,669,512)**	(1,669,500)
Contribution by non-controlling interests		**-**	100,000
Net cash flows used in financing activities		**(1,865,646)**	(1,569,500)
NET CHANGE IN BANK BALANCES AND CASH		**(333,178)**	296,318
Bank balances and cash at 1 January		**5,212,684**	4,916,366
BANK BALANCES AND CASH AT 31 DECEMBER	10	**4,879,506**	5,212,684

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements

1 CORPORATE INFORMATION AND ACTIVITIES

First Real Estate Company B.S.C. (c) (the "Company”) was incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under Commercial Registration (CR) number 49288 on 10 September 2002. The Company is engaged in buying, selling, managing, developing and leasing of flats, offices and houses. The Company primarily operates in the Kingdom of Bahrain. The address of the Company's registered office is Catamaran Tower, Office 13, Building 3132, Road 4653, Block 346, Seef District, Kingdom of Bahrain.

The Group comprises of the Company and the following subsidiaries incorporated in the Kingdom of Bahrain and associate companies incorporated in the United Arab Emirates as at 31 December 2025 (2024: same).

Subsidiaries:

Company name	*Shareholding*	*Year of incorporation*	*Activity*
Al Yal Real Estate Company W.L.L.	*50%*	*2008*	*Real estate*
Al Yal Seef Residence W.L.L. (under liquidation)	*50%*	*2013*	*Real estate*
Urban Quarters Co. W.L.L.	*50%*	*2017*	*Management of real estate*

The Company is exposed, or has rights, to variable returns from its involvement with the above entities; and has the ability to affect those returns through its power over these companies.

Associates:

Company name	*Shareholding*	*Year of incorporation*	*Activity*
Al-Sanbook R.E. Co. L.L.C. (under liquidation)	*25%*	*2006*	*Real estate*
Asdaf Real Estate Company L.L.C. (under liquidation)	*50%*	*2009*	*Real estate*

The Company has a significant influence i.e. the power to participate in the financial and operating policies of Asdaf Real Estate Company L.L.C. but does not have control or joint control over those policies. Hence, Asdaf is classified as an associate of the Company.

The consolidated financial statements were approved by the Board of Directors on 16 February 2026 and were authorised for issuance on 12 March 2026.

2 BASIS OF PREPERATION

2.1 Accounting convention

The consolidated financial statements are prepared under the historical cost convention except for investment properties that have been measured at fair value.

2.2 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in conformity with the applicable requirements of the Bahrain Commercial Companies Law (BCCL).

2.3 Functional and presentation currency

The consolidated financial statements have been presented in Bahraini Dinars (BD), being the functional of the Company and reporting currency of the Group.

3 MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in consolidated statement of comprehensive income. Any investment retained is recognised at fair value.

New and amended standards effective as of 1 January 2025

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025. The adoption of these amendments did not have any material effect on the Group's financial position, financial performance or disclosures. The Group has not early adopted any other standard, or amendment that has been issued but is not yet effective.

- Lack of exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

3 MATERIAL ACCOUNTING POLICIES (continued)

Standards and amendments issued but not yet effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards, if applicable, when they become effective.

- In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. The amendments will be effective for annual reporting periods beginning on or after 1 January 2027.

- On 9 May 2024, IASB issued IFRS 19 Subsidiaries without Public Accountability: Disclosure, which allows eligible entities to apply IFRS 19's reduced disclosure requirements while still applying recognition, measurement and presentation in other IFRS accounting standards. The application of standard is optional for eligible entities. The standard will be effective for reporting period beginning on or after 1 January 2027, with early application permitted.

  Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - In December 2015, the IASB issued these amendments which clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The effective date for adoption of these amendments has been deferred indefinitely.

- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments – In May 2024, the IASB issued these amendments which:

  - Clarify that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  - Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.

  - Clarify the treatment of non-recourse assets and contractually linked instruments.

  - Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that refer a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

  The amendments will be effective for annual reporting periods beginning on or after 1 January 2026.

3 MATERIAL ACCOUNTING POLICIES (continued)

Standards and amendments issued but not yet effective (continued)

- Annual Improvements to IFRS Accounting Standards - Volume 11. In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS Accounting Standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows. The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7. In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

  - Clarify the application of the ‘own-use’ requirements for in-scope contracts;
  - Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts; and
  - Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

  The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

Management is currently assessing the impact of the above standards and amendments on the consolidated financial statements of the Group.

Current vs non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on a current/ non-current classification.

An asset is classified as current when:

- It is expected to be realised or intended to sold or consumed in a normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in a normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

3 MATERIAL ACCOUNTING POLICIES (continued)

Current vs non-current classification (continued)
The Group classifies all other liabilities as non-current.

Fair value measurement
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 measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or

b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

c) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of investment properties. Involvement of external valuers is decided upon annually by management. The selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group’s external valuers, which valuation techniques and inputs to use for each case.

Furniture, equipment and vehicles
Furniture, equipment and vehicles are stated at cost less accumulated depreciation and any impairment in value.

3 MATERIAL ACCOUNTING POLICIES (continued)

Furniture, equipment and vehicles (continued)
Expenditure incurred to replace a component of an item of vehicles, furniture and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the related item of furniture, equipment and vehicles. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Furniture and fixtures	6 years
- Equipment	4 - 6 years
- Vehicles	6 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. An item of furniture, equipment and vehicles is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amounts of the assets) is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

Investment in associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group’s investment in associate is accounted for using the equity method.

Under the equity method, the investment in associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of comprehensive income reflects the Group’s share of the results of operations of the associate or joint venture. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognised directly in the equity of the associate and joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associates.

The aggregate of the Group’s share of profit or loss of associates are shown on the face of the consolidated statement of comprehensive income.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3 MATERIAL ACCOUNTING POLICIES (continued)

Investment in associates (continued)
After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and joint venture and its carrying value, then recognises the loss as 'Share of loss of associates' in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associates upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of comprehensive income.

Investment properties
Investment properties comprise completed properties and properties under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a finance lease is classified as an investment property when the definition of an investment property is met.

Investment properties are measured initially at cost, including transaction costs. Transaction costs include professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of comprehensive income in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in consolidated statement of comprehensive income in the period of derecognition.

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

Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Development property
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as development property and is measured at the lower of cost and net realisable value (NRV).

Principally, this is residential property that the Group develops and intends to sell before, or on completion of, development.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for development
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs

NRV of development property is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

When a development property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of development property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets

Initial recognition

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of comprehensive income when the asset is derecognised, modified or impaired.

The Group's financial assets include rent receivables, amount due from related parties, receivables from buyers, cash and bank balances, other receivables and security deposits.

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or
- the Group 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 Group has transferred substantially all the risks and rewards of the asset, or

    (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises a allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents consist of bank balances, cash and deposits with an original maturity of three months or less.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include term loans, accounts payable, accruals, amount due to related parties and payable to shareholder, which are subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

3 MATERIAL ACCOUNTING POLICIES (continued)

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

As of 31 December 2025, no borrowing costs have been capitalised under development property, as the term loan does not finance this asset (2024: same).

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employees' end of service benefits
The Group makes contributions to the Social Insurance Organisation (SIO) scheme for its national employees calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

The Group also provides end of service benefits to its non-Bahraini employees in accordance with the Bahrain Labour Law. The entitlement to these benefits is based upon the employees' final salaries and length of service. The expected cost of these benefits are accrued over the period of employment.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties. The Group has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks. The following specific recognition criteria as described below, must also be met before revenue is recognised:

Rental revenue
The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Rental income received in advance is recognised as unearned income and released to the consolidated statement of comprehensive income over the lease period.

Management fee
Revenue from management of properties is recognised on an accrual basis.

Other income
Other income is recognised on an accrual basis when earned.

3 MATERIAL ACCOUNTING POLICIES (continued)

Contract liabilities
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract. (i.e., transfers control of the related goods or services to the customer).

Foreign currencies
The Group's consolidated financial statements are presented in Bahraini Dinars ("BD"), which is the Group's functional currency and the currency of the primary economic environment in which the Group operates.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Contribution from shareholders
Contributions represent funds provided by the shareholders to fund the Group's operations. Contribution from shareholders are classified as equity as it is repayable only at the discretion of the Group.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires the Board of Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

In the process of applying the Group's accounting policies, the Board of Directors has made the following judgements, which has the most significant effect on the amounts recognised in the consolidated financial statements:

Judgements
Going concern
The Board of Directors has made an assessment of the Group’s ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast a significant doubt upon the Group's ability to continue as a going concern.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions considering the future and other key sources of estimation uncertainty at the reporting 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. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions as they occur.

Estimate of fair value of investment properties

The fair value of investment properties are determined by independent real estate specialists using recognised valuation techniques. The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgment, the Group considers information from a variety of sources including:

a) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

b) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

c) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Allowance for expected credit losses

The Group recognises an allowance for expected credit losses (ECLs) for all its financial assets. There is no history of default and forward looking factors also do not indicate any default. Based on the assessment done by the Board of Directors, no allowance for expected credit losses has been recognised as of 31 December 2025 and as of 31 December 2024.

5 FURNITURE, EQUIPMENT AND VEHICLES

2025	***Vehicles BD***	***Furniture, fixture and equipment BD***	***Total BD***
Cost:			
At 1 January 2025	62,009	347,343	409,352
Additions	-	82,379	82,379
At 31 December 2025	**62,009**	**429,722**	**491,731**
Accumulated depreciation:			
At 1 January 2025	48,712	275,068	323,780
Depreciation charge for the year	4,438	37,830	42,268
At 31 December 2025	**53,150**	**312,898**	**366,048**
Net carrying amount:			
At 31 December 2025	**8,859**	**116,824**	**125,683**

2024	*Vehicles BD*	*Furniture, fixture and equipment BD*	*Total BD*
Cost:			
At 1 January 2024 and at 31 December 2024	62,009	347,343	409,352
Accumulated depreciation:			
At 1 January 2024	43,067	237,059	280,126
Depreciation charge for the year	5,645	38,009	43,654
At 31 December 2024	48,712	275,068	323,780
Net carrying amount:			
At 31 December 2024	13,297	72,275	85,572

6 INVESTMENT PROPERTIES

	Land BD	***Buildings BD***	***Total BD***
At 1 January 2025	**6,668,276**	**61,687,936**	**68,356,212**
Disposals	**-**	**(736,601)**	**(736,601)**
Fair value changes	**-**	**(458,109)**	**(458,109)**
At 31 December 2025	**6,668,276**	**60,493,226**	**67,161,502**

6 INVESTMENT PROPERTIES (continued)

	Land *BD*	*Buildings* *BD*	*Total* *BD*
At 1 January 2024	6,668,276	63,034,486	69,702,762
Disposals	-	(1,119,965)	(1,119,965)
Fair value changes	-	(226,585)	(226,585)
At 31 December 2024	6,668,276	61,687,936	68,356,212

The Group's investment properties consist of vacant plots of land, residential and commercial properties leased to third parties in the Kingdom of Bahrain and the United Arab Emirates.

At 31 December 2025 and 31 December 2024, the fair values of the properties are based on valuations performed by independent surveyors. The surveyors are industry specialists in valuing these types of investment properties. The valuations undertaken are based the income and comparable approaches. The fair value measurement has been categorised as Level 3 fair value based on the inputs to the valuation technique of income and comparable approaches. Refer note 24 for key variables used in the valuation of the investment properties.

Included in investment properties are certain plots of land and buildings having carrying value of BD 35,696,215 as at 31 December 2025 (2024: BD 35,895,784) which are mortgaged against the Group's term loan facilities (note 16).

Included in investment properties are certain plots of land and a building having carrying value of BD 5,059,250 as at 31 December 2025 (2024: BD 5,059,250) which are registered in the name of the shareholders for a 50% joint beneficial interest of the Group.

During the year ended 31 December 2025, the Group sold investment properties with a net carrying value of BD 736,601 (2024: BD 1,119,965) for a cash consideration of BD 917,428 (2024: BD 1,417,317), net of attributable expenses. The resulting gain on disposals of BD 180,827 (2024: BD 297,352) is recognised in the consolidated statement of comprehensive income.

7 INVESTMENT IN ASSOCIATES

The Group holds equity interests in Al-Sanbook R.E. Co. L.L.C. and Asdaf Real Estate Company L.L.C., which are accounted for using the equity method in accordance with IAS 28: Investments in Associates and Joint Ventures.

In prior years, management identified indicators of impairment related to these investments due to recurring losses and a deterioration in the associates' financial positions. Consequently, an impairment loss was recognised, reducing the carrying amount of the investments to nil.

During the current year, management performed its annual impairment assessment of these investments. Based on the most recent financial information available from the associates including their financial performance and cash flow projections, management concluded that no reversal of the previously recognised impairment is required.

8 DEVELOPMENT PROPERTY

	2025	*2024*
	BD	*BD*
At 1 January	**3,056,830**	1,509,510
Additions	**3,657,448**	1,547,320
At 31 December	**6,714,278**	3,056,830

Development property represents the cost of land and construction costs of Catamaran Verandas Residential Tower, located in Seef district of Kingdom of Bahrain. Advances paid to contractors for the development property were BD 512,793 as at 31 December 2025 (2024: BD 335,650).

9 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2025	*2024*
	BD	*BD*
Amounts due from related parties (note 20)	**137,228**	553,351
Receivable from buyers of properties sold	**862,545**	905,566
Prepayments	**37,189**	38,139
Other receivables	**133,030**	99,696
	1,169,992	1,596,752
Non-current portion of receivable from buyers	**(337,360)**	(483,949)
	832,632	1,112,803

Receivable from buyers of properties sold are non-interest bearing and are normally settled in cash. It is not the practice of the Group to obtain collateral over receivables.

10 BANK BALANCES AND CASH

	2025	*2024*
	BD	*BD*
Cash on hand	**24,906**	25,191
Bank balances - current accounts	**1,246,125**	1,013,397
Bank balances - saving accounts*	**457,919**	324,096
Bank balances - Escrow Account**	**856,354**	-
Short term deposits***	**2,294,202**	3,850,000
Bank balances and cash	**4,879,506**	5,212,684

* Bank balances in saving accounts are held with a commercial bank in the Kingdom of Bahrain. These balances earn interest rate of 0.13% to 0.28% (2024: 0.13% to 0.28%).

**This represents amount placed in an Escrow account with a commercial bank in the Kingdom of Bahrain. The Group is required to deposit 20% of the estimated project value of development property (note 8) for the development work undertaken in accordance with the Real Estate Development Law No. 27 of 2017 applicable to the companies with a development license, which shall be only utilised for the construction of the development property.

***Short-term deposits are maintained with a bank in the Kingdom of Bahrain and have maturity of three months and carry profit rate of 4.9% (2024: 5.3%).

11 SHARE CAPITAL

The Company's authorised, issued and paid-up share capital comprises of 333,900,000 ordinary shares of 100 fils each (2024: 333,900,000 ordinary shares of 100 fils each).

12 SHARE PREMIUM

This represents the balance transferred after setting off share issuance and restructuring expenses incurred by the Company from the amount of 5 fils received in excess of the face value of shares from the subscribers of share capital. The reserve can be utilised subject to approval of the shareholders at a general meeting.

13 STATUTORY RESERVE

As required by the Bahrain Commercial Companies Law and the Company's memorandum of association, 10% of the profit for the year is required to be transferred to a statutory reserve until the reserve equals 50% of the paid up capital. During the year ended 31 December 2025, an amount of BD 145,072 (2024: BD 166,064) was transferred to the statutory reserve. The reserve cannot be utilised for the purpose of distribution, except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

14 GENERAL RESERVE

The general reserve represents a voluntary reserve created for the purpose of future capital expenditure and to enhance the capital base of the Group. The reserve is distributable at the discretion of the Group.

15 RETAINED EARNINGS

As of 31 December 2025, the Group's share in the statutory reserves of its subsidiaries that is not available for distribution was BD 70,230 (2024: BD 66,367).

The Board of Directors has proposed dividend of 5 fils per share totaling BD 1,669,500 relating to the year ended 31 December 2025 which is subject to the approval of the shareholders at the Annual General Meeting (2024: BD 1,669,512 dividend was proposed).

During the year the Company paid a dividend of BD 1,669,512 (2024: BD 1,669,500) relating to the year ended 31 December 2024 (2024: related to the year ended 31 December 2023).

16 TERM LOANS

	2025	*2024*
	BD	*BD*
Current portion	**818,550**	-
Non-current portion	**13,985,316**	15,000,000
	14,803,866	15,000,000

The term loans were obtained from a financial institution in the Kingdom of Bahrain and are denominated in Bahraini Dinars. The loans carry interest at 3-month BIBOR plus 1.51% (2024: 3-month BIBOR plus 1.51%). The loans are secured by the Group's investment properties, having a carrying value of BD 35,696,215 (2024: BD 35,895,784).

The loans are repayable in quarterly instalments starting 31 December 2025 and mature on 30 September 2036 (2024: repayable in quarterly instalments starting 9 January 2026 and mature on 9 October 2036).

The term loans have the requirement to meet certain financial and non-financial covenants and there was no instance of non-compliance with these covenants at the reporting date.

17 EMPLOYEES' END OF SERVICE BENEFITS

	2025	*2024*
	BD	*BD*
At 1 January	**93,033**	130,642
Accruals for the year (note 22)	**31,894**	33,083
Payments made during the year:		
- to employees	**(3,654)**	(55,181)
- to Social Insurance Organisation (SIO)	**(21,160)**	(15,511)
At 31 December	**100,113**	93,033

Effective 1 March 2024, pursuant to an Edict number 109 of 2023 issued by His Royal Highness the Prime Minister of the Kingdom of Bahrain, certain portion of the end of service benefits' liability has been transferred to the SIO, representing the amounts paid by the Group to the SIO on a monthly basis starting March 2024. Such portion of liability would be settled directly by the SIO when the relevant employees leave the Group.

18 PAYABLE TO A SHAREHOLDER

The balance represents an amount payable to AlDhow Real Estate W.L.L., a non-controlling interest shareholder. The payable is interest free and repayable on demand (note 20).

19 ACCOUNTS PAYABLE AND ACCRUALS

	2025	*2024*
	BD	*BD*
Amounts due to related parties (note 20)	**222,142**	644,965
Payable to contractors	**215,989**	-
Accrued finance costs	**-**	301,061
Accrued expenses	**271,928**	183,629
Other payables	**242,366**	205,421
	952,425	1,335,076

20 RELATED PARTY TRANSACTIONS

Related parties represent associate companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Board of Directors.

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

		2025	*2024*
Relationship	***Nature***	***BD***	*BD*
Shareholder	Property operating expenses	**220,886**	210,399

20 RELATED PARTY TRANSACTIONS (continued)

Balances with related parties included in the statement of financial position are as follows:

	2025		2024	
	Receivable BD	***Payable BD***	*Receivable BD*	*Payable BD*
Shareholder	**-**	**4,494,454**	-	4,476,823
Entities related to shareholders	**137,228**	**222,142**	553,351	644,965
	137,228	**4,716,596**	553,351	5,121,788

Outstanding receivable from related parties arise in the normal course of business and are interest free and unsecured. As of 31 December 2025 and 31 December 2024, the Group has not recorded any allowance for expected credit losses for amounts owed by related parties as the historical and the perceived risk of loss is minimal.

Compensation of key management personnel
Remuneration of Board of Directors during the year was BD 70,000 (2024: BD 70,000). The Group does not have any other key management personnel during the years ended 31 December 2025 and 31 December 2024. Management fee charged by a related party during the year ended 31 December 2025 amounted to BD 100,000 (2024: BD 100,000) which has been included in other expenses in the consolidated statement of comprehensive income.

21 INTEREST AND OTHER INCOME

	2025 BD	*2024 BD*
Interest income	**120,422**	177,764
Miscellaneous	**74,316**	48,216
	194,738	225,980

22 STAFF COSTS

	2025 BD	*2024 BD*
Wages and salaries	**325,487**	311,380
Employees' end of service benefits (note 17)	**31,894**	33,083
Other employee benefits	**105,877**	96,208
	463,258	440,671

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group manages risks through a process of ongoing identification and monitoring of the risks it faces. The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles. The Group's overall risk management approach is to moderate the effects of such volatility on its financial performance.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a) Interest rate risk
The interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in the market interest rates. The Group’s exposure to the risk of changes in market interest rates relates to the Group’s bank balance in saving accounts, short-term deposits and term loans.

A movement of 1% in the interest rates as of 31 December with all other variables remaining constant, would have impacted the results for the year by BD 120,517 (2024: BD 108,259).

b) Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue or expense are denominated in a different currency from the Group's functional currency.

The Group mainly transacts its business in Bahraini Dinars which is its functional and presentation currency. The Group also has transactions in United Arab Emirates Dirhams (AED). However, the Group is not exposed to any significant currency risk.

c) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk on its rent receivables, amounts due from related parties, receivables from buyers, bank balances, other receivables and security deposits.

Receivable from buyers
The Group seeks to limit its credit risk in respect of receivables from buyers by transferring the title deeds of sold properties in the name of buyers only after the settlement of full amount.

Rent receivables
The Group manages its credit risk related to tenant receivables by establishing appropriate payment terms within lease agreements and by actively monitoring and following up on overdue balances. In addition, credit risk is mitigated by requiring tenants to pay rentals in advance. As the Group has let out its properties to a large number of tenants, there is no significant concentration of credit risk.

Bank balances
The Group seeks to limit its credit risk related to bank balances by dealing with reputable banks.

Other receivables and security deposits
Credit risk related to other receivables and security deposits is considered to be low.

The maximum credit risk exposure at the reporting date is equal to the carrying value of the financial assets shown in the consolidated statement of financial position.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group limits its liquidity risk by ensuring bank facilities are available. The table below summarises the maturities of the Group's undiscounted financial liabilities, based on contractual payment dates and current market's interest rates:

2025	***On demand BD***	***Less than 3 months BD***	***3 to 12 months BD***	***1 to 5 years BD***	***Over 5 years BD***	***Total BD***
Term loans	**-**	**451,876**	**1,355,629**	**7,230,023**	**12,692,621**	**21,730,149**
Accounts payable and accruals	**-**	**730,283**	**-**	**-**	**-**	**730,283**
Payable to a shareholder	**4,494,454**	**-**	**-**	**-**	**-**	**4,494,454**
Amounts due to related parties	**-**	**222,142**	**-**	**-**	**-**	**222,142**
	4,494,454	**1,404,301**	**1,355,629**	**7,230,023**	**12,692,621**	**27,177,028**

2024	*On demand BD*	*Less than 3 months BD*	*3 to 12 months BD*	*1 to 5 years BD*	*Over 5 years BD*	*Total BD*
Term loans	-	301,061	903,184	7,230,023	17,152,540	25,586,808
Accounts payable and accruals	-	690,111	-	-	-	690,111
Payable to a shareholder	4,476,823	-	-	-	-	4,476,823
Amounts due to related parties	-	644,965	-	-	-	644,965
	4,476,823	1,636,137	903,184	7,230,023	17,152,540	31,398,707

The Group intends to make payments to shareholder only when it has sufficient cash flows, as the shareholder has agreed not to demand immediate payment.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

e) Changes in liabilities arising from financing activities

	At 1 January 2025 BD	***Cash flows BD***	***Interest BD***	***At 31 December 2025 BD***
Term loans	15,000,000	(196,134)	-	14,803,866
Accrued finance costs	301,061	(1,336,627)	1,035,566	-
	15,301,061	**(1,532,761)**	**1,035,566**	**14,803,866**

	At 1 January 2024 BD	*Cash flows BD*	*Interest BD*	*At 31 December 2024 BD*
Term loans	15,000,000	-	-	15,000,000
Accrued finance costs	305,250	(1,208,858)	1,204,669	301,061
	15,305,250	(1,208,858)	1,204,669	15,301,061

f) Investment property price risk

Investment property price risk is the risk that the fair values of investment properties decrease as a result of the decline in property prices in the real estate market. The investment property price risk exposure arises from the Group's holding of investment properties. Investment property risk is managed by diversification of the portfolio of properties by geography and type.

A favorable movement of 10% in significant observable inputs used in valuation of the investment properties, with all other variables held constant, will result in an increase in Group's profit for the year by BD 7,300,193 (2024: BD 7,366,499). An unfavorable movement of 10% in the significant observable inputs is expected to have a negative effect of BD 6,149,979 (2024: BD 6,204,250).

g) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 31 December 2024. Capital comprises equity of the Group and is measured at BD 49,125,254 at 31 December 2025 (2024: BD 49,344,046).

24 FAIR VALUE MEASUREMENT

The Group's financial assets consist of rent receivables, amounts due from related parties, receivables from buyers, cash and bank balances, other receivables and security deposits. Financial liabilities consist of term loans, accounts payable and accruals, amounts due to related parties and payable to shareholder.

Financial instrument by category

At 31 December 2025, the Group's financial instruments are measured at amortised cost (2024: same).

24 FAIR VALUE MEASUREMENT (continued)

Fair values of financial assets and liabilities

The fair value of the financial assets and liabilities is not materially different from its carrying value at the reporting dates.

Fair values of non-financial assets and liabilities

The Group accounts for investment properties at fair value at the consolidated statement of financial position date. These fair values are determined by an independent accredited valuer based on the circumstances in existence and on the assumptions of available buyers as on that date.

Except for investment properties, the Group does not have any non-financial assets or liabilities measured at fair value as at 31 December 2025 or 31 December 2024.

Fair value hierarchy

The Group's investment properties with a carrying value of BD 67,161,502 (2024: BD 68,356,212) fall within Level 3 of the fair value hierarchy.

Description of valuation techniques and key inputs used for the valuation of the investment properties are disclosed below:

Property type	***Valuation technique***	***Significant unobservable inputs***	***2025***	*2024*
Residential properties	Income method	Rate per sqm (BD)	**596 - 2,861**	605 - 3,069
Commercial properties	Income method	Rate per sqm (BD)	**152 - 1,162**	155 - 1,162
Land	Comparable method	Rate per sqm (BD)	**161 - 646**	161 - 646
Residential properties	Income method	Yield rate	**7% to 9%**	5% to 9%

Changes in valuation techniques

There were no other changes in valuation techniques during the year (2024: same).

Transfers between Levels 1,2 and 3

During the year ended 31 December 2025 and 31 December 2024, there were no transfers between Level 1 and Level 2 and no transfers into or out of Level 3 fair value measurements.

25 NON-CONTROLLING INTERESTS

The following table summarises the information related to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

31 December 2025	***Al Yal Seef Residence BD***	***Al Yal Real Estate BD***	***Urban Quarters BD***	***Total BD***
NCI percentage	**50%**	**50%**	**50%**	
Non-current assets	**-**	**23,661,941**	**6,617**	**23,668,558**
Current assets	**389,035**	**11,644,656**	**742,180**	**12,775,871**
Non-current liabilities	**-**	**(7,360,851)**	**(16,454)**	**(7,377,305)**
Current liabilities	**(3,229)**	**(12,188,107)**	**(543,667)**	**(12,735,003)**
Net assets	**385,806**	**15,757,639**	**188,676**	**16,332,121**
Net assets attributable to NCI	**192,903**	**7,878,820**	**94,338**	**8,166,061**
Revenue	**-**	**1,996,335**	**464,398**	**2,460,733**
Total comprehensive income	**-**	**971,754**	**77,268**	**1,049,022**
Total comprehensive income allocated to NCI	**-**	**485,877**	**38,634**	**524,511**

31 December 2024	*Al Yal Seef Residence BD*	*Al Yal Real Estate BD*	*Urban Quarters BD*	*Total BD*
NCI percentage	50%	50%	50%	
Non-current assets	-	24,579,955	10,971	24,590,926
Current assets	389,035	7,549,304	1,101,071	9,039,410
Non-current liabilities	-	(7,545,662)	(16,902)	(7,562,564)
Current liabilities	(3,229)	(9,797,712)	(983,732)	(10,784,673)
Net assets	385,806	14,785,885	111,408	15,283,099
Net assets attributable to NCI	192,903	7,392,943	55,704	7,641,550
Revenue	-	2,116,474	424,816	2,541,290
Total comprehensive income	-	1,455,890	44,970	1,500,860
Total comprehensive income allocated to NCI	-	727,945	22,485	750,430

26 CONTINGENCIES AND COMMITMENTS

(i) At 31 December 2025, the Group has a guarantee of BD 2,267,457, representing 20% of the estimated project cost of a development property (note 8). This guarantee, issued by a commercial bank, in favour of the Real Estate Regulatory Authority of the Kingdom of Bahrain and is valid until 27 February 2027.

(ii) The Group has capital expenditure commitments of BD 4,740,727 as of 31 December 2025 (2024: 5,229,455) related to the construction of a development property.

27 RECLASSIFICATION OF COMPARATIVES

The corresponding figures in the consolidated financial statements have been reclassified in order to conform to the presentation for the current year. Such reclassifications do not affect previously reported profit, total assets and equity and the reclassifications are as follows:

Consolidated statement of financial position

	As previously reported BD	*Re-classification BD*	*Reclassified BD*
Investment properties	71,413,042	(3,056,830)	68,356,212
Development property	-	3,056,830	3,056,830
Advances to contractors - non-current assets	335,650	(335,650)	-
Advances to contractors - current assets	-	335,650	335,650

Consolidated statement of cash flows

	As previously reported BD	*Re-classification BD*	*Reclassified BD*
Net cash flows from (used in) operating activities	2,153,707	(1,882,970)	270,737
Net cash flows (used in) from investing activities	(287,889)	1,882,970	1,595,081

28 SUBSEQUENT EVENT

Subsequent to the reporting date, geopolitical tensions in parts of the Middle East have increased. Public communications from government and regulatory authorities have continued to emphasise the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks.

These developments arose after the reporting period and have therefore been assessed as non-adjusting events in accordance with IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the consolidated financial statements as at reporting date, which reflect conditions existing at that date.

The Group has assessed the potential implications of these events on its operations, financial position and performance. Based on information currently available, including the continuation of core business activities, it is not practicable to reliably estimate the full financial effect of these non-adjusting events on future periods.

Management has also considered the impact of these events on the Group’s ability to continue as a going concern and has concluded that the going concern basis of preparation remains appropriate.