

Al Dar Capital Company B.S.C. (c)

**Consolidated financial statements for
the year ended 31 December 2025**

Index	Page
1. Administration and contact details	3
2. Board of Directors' report	4 - 5
3. Shari'a Supervisory Board ("SSB") Report	6
4. Independent auditor's report	7 - 9
5. Consolidated statement of financial position	10
6. Consolidated statement of income and other comprehensive income	11
7. Consolidated statement of changes in Owners' equity	12
8. Consolidated statement of cash flows	13
9. Consolidated statement of changes in restricted investment accounts	14
10. Notes to the consolidated financial statements	14 - 39
Additional Information	
11. Financial information under IFRS Accounting Standards	40 - 42

Al Dar Capital Company B.S.C. (c)
Administration and contact details as at 31 December 2025

Commercial registration no.	66163 obtained on 8 August 2007	
CBB Licence no.	IBF-1/031 obtained on 1 October 2020 (previously WB/064 obtained on 17 July 2007)	
Board of Directors	Mubarak Abdulrahman Al Quoud Amar Ali Abou Elseoud Mohamed Abdulrahman Ahmed AlMutawa Isa Yousif Ali Shamlan Hussam Ammar Mohammed Ammar Abdulla Mohammed Zidan Khalid Fahad Abdulla Alzouman (From 24 April 2025)	- Chairman - Deputy Chairman - Chief Executive Officer
Executive Committee	Amar Ali Abou Elseoud Hussam Ammar Mohammed Ammar Mohamed Abdulrahman Ahmed AlMutawa Khalid Fahad Abdulla Alzouman	- Chairman
Audit Committees	Abdulla Mohammed Zidan Isa Yousif Ali Shamlan Mubarak Abdulrahman Al Quoud	- Chairman
Corporate Governance and Nomination Committee	Mubarak Abdulrahman Al Quoud Hussam Ammar Mohammed Ammar Isa Yousif Ali Shamlan	- Chairman
Shari'a Supervisory Advisor	Isam Mohammed Ishaq Dr. Isam Khalf Alanzi Dr. Abdul Aziz Alqassar	- Chairman
Registered office	Flat No. 131, Building No. 31 Block No. 305, Al-Zamil Towers Government Avenue PO Box 75751 Manama Kingdom of Bahrain	
Auditors	BDO 17 th Floor Diplomat Commercial Office Tower PO Box 787 Manama Kingdom of Bahrain	

BOARD OF DIRECTORS' REPORT OF AL DAR CAPITAL COMPANY B.S.C CLOSED

For the Financial Year Ended 31 December 2025

In the Name of Allah, the Most Gracious, the Most Merciful Praise be to Allah, the Lord of all worlds, and peace and blessings be upon the most honored of creation, the Messenger of Allah.

Dear Shareholders,

we are pleased to present Al Dar Capital Consolidated Financial Statements for the year ending 31 December 2025. This report underscores our unwavering commitment to exemplary governance and the strategic vision established by our Board of Directors, who are actively involved in guiding the actions of the Firm in alignment with the values and interests of all stakeholders. In today's rapidly changing financial environment, maintaining high governance standards is essential. We believe that a robust corporate governance framework fosters trust, ensures transparency, and protects the interests of our shareholders and stakeholders. Our adherence to these principles remains at the core of our operations. Throughout 2025 Al Dar Capital has been building momentum through strategic initiatives and innovations.

The Board has actively guided management in strengthening the firm's resilience against evolving geopolitical and economic challenges. Strategic cost control measures have allowed us to keep expenses stable despite the fact that the net loss of the year increased to \$ 1.647 Mn comparing to \$ 1.499 Mn in 2024 due to the decline in profit on Murabaha.

This strategy aims to navigate the complexities of the financial landscape, ensuring sustainable growth and resilience. Our dedication to strategic planning emphasizes our commitment to long term value creation for our stakeholders. Moreover, we are proud to announce the execution of a non-binding Memorandum of Understanding (MoU) with Luxurious real estate developers to study and establish joint ventures for the development of the company's owned properties. These execution of these opportunities for sure will enhance the financial position of the company in term of liquidity and profitability in 2026. The company also studying the exit opportunities for some assets and working on launching these assets to interested investors. Our strategic direction emphasizes aligning our investments with evolving market dynamics. We continuously monitor global trends to seize opportunities and mitigate risks, ensuring we adapt to changing market conditions and enhance our capacity for sustainable returns.

In addition, we are pleased to welcome Mr. Khalid Alzouman to our Board of Directors as a representative of Burgan Bank. His expertise and insights will be invaluable as we continue to drive forward our strategic initiatives and achieve our ambitious goals.

we also would like to express my gratitude to our Shari'ah Supervisory Board for their invaluable guidance and support. Their dedication to ensuring our compliance with Islamic principles has been instrumental in maintaining our commitment to ethical and responsible investment practices. I would also like to extend my appreciation to the Central Bank of Bahrain and the Ministry of Industry and Commerce for their support throughout the year, enabling us to uphold the highest standards of regulatory compliance. Additionally, I thank my fellow Board members for their active participation and strategic guidance, enriching our decision-making processes. Finally, I sincerely thank our shareholders for their unwavering support and trust. I also extend my appreciation to our dedicated team, whose hard work and commitment have greatly contributed to our achievements in 2025. Together, we look forward to a future of continued growth, innovation, and success.

Disclosure forms for the remuneration of members of the board of directors and the executive management in the report of the board of directors

First: Board of directors' remuneration details:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and	Total allowance for attending	Salaries	Others*	Total	Remunerations of the chairman and	Bonus	Incentive plans	Others**	Total			
First: Independent Directors:													
1- Mubarak A.Rahman Al Qouad	-	11,500	-	-	11,500	-	-	-	-	-	-	-	-
2-Abdulla Mohamed Zidan	-	11,500	-	-	11,500	-	-	-	-	-	-	-	-
Second: Non-Executive Directors:													
1- Eissa Yousif Al-Shamlan	-	11,500	-	-	11,500	-	-	-	-	-	-	-	-
2- Khalid Fahad AlZoman	-	6,500	-	-	6,500	-	-	-	-	-	-	-	-
Third: Executive Directors:													
1- Mohammed Al-Mutaweh	-	16,500	169,437.584	-	185,937.584	-	-	-	-	-	-	-	-
2-Hussam Ammar Mohamed Ammar	-	12,500	-	-	12,500	-	-	-	-	-	-	-	-
3-Amr Ali Abou Elseoud	-	12,500	-	-	12,500	-	-	-	-	-	-	-	-
Total	-	82,500	169,437.584	-	251,937.584	-	-	-	-	-	-	-	-

Note: All amounts must be stated in Bahraini Dinars.

Other remunerations:

- * It includes in-kind benefits – specific amount - remuneration for technical, administrative and advisory works (if any).
- ** It includes the board member's share of the profits - Granted shares (insert the value) (if any).

Second: Executive management remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 20XX	Aggregate Amount
Top 6 remunerations for executives, including CEO* and Senior Financial Officer**	440,414.491	-	-	440,414.491

Note: All amounts must be stated in Bahraini Dinars.

- * The highest authority in the executive management of the company, the name may vary: (CEO, President, General Manager (GM), Managing Director...etc).
- ** The company's highest financial officer (CFO, Finance Director, ...etc)


Mubarak A M H A Al Quoud
Chairman


Mohamed Abdulrahman Ahmed
AlMutawa
Director and Chief Executive Officer

بسم الله الرحمن الرحيم
الحمد لله رب العالمين والصلاة والسلام على رسوله الأمين وعلى آله وأصحابه أجمعين
Shari'ah Supervisory Board ("SSB") Report

To the Shareholders of Al Dar Capital Company B.S.C. (c)
For the Financial Period Ending 31.12.2025

Dear Shareholders/Al Dar Capital Company,

After the confirmation of the Executive Management of the entity that it's still applying the contracts and applications that were reviewed previously by the Shari'ah Supervisory Committee where the Committee is confident that it is in compliance with Islamic Shari'ah Principles, we present our report as follows:

We have reviewed the principles and contracts relating to the transactions and applications conducted by Al Dar Capital Company B.S.C. (c) during the course of the period from its incorporation up to December 31, 2025. Our review was conducted in order to judge whether the Entity followed the principles of the Islamic Shari'ah, specific fatwas, and guidelines issued by the Shari'ah Supervisory Board.

The Entity's Board of Directors are responsible for ensuring that its operations are carried out in compliance with the rules and principles of the Islamic Shari'ah. It is our responsibility to present an independent view of the Entity's operations and to communicate it to the shareholders.

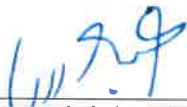
The Shari'ah Supervisory Board reviewed the financial statements prepared by the Management for the financial year ended 31st December 2025. These activities were limited to Ijara and investment in short -term murabha transactions, we found no violations or contradictions to any of Shari'ah law.



Sheikh Esam Mohamed Ishaq
Chairman of Shari'ah Supervisory Board



Sheikh Dr. Esam Khalaf Al Enezy
Member of Shari'ah Supervisory Board



Sheikh, Dr. Abdul Aziz Al-Qassar
Member of Shari'ah Supervisory Board

Independent auditor's report to the shareholders of Al Dar Capital Company B.S.C. (c)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Al Dar Capital 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 related consolidated statement of income and other comprehensive income, consolidated statement changes in Owners' equity, consolidated statement of cash flows and statement of changes in restricted investment accounts for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, and the consolidated results of the operations, changes in owners' equity, its cash flows for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

In our opinion, the Company has also complied with the Islamic Shari'ah Principles and Rules as determined by the Shari'ah Supervisory Board of the Company during the year ended 31 December 2025.

Basis for opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI. 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 AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Group's consolidated financial statements

Other information consists of the information included in the Board of Directors' report, the Shari'a Supervisory Board's report and other additional information other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information.

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

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

Responsibilities of the Board of Directors for the consolidated financial statements

These consolidated financial statements and the Group's undertaking to operate in accordance with Islamic Shari'ah Rules and Principles are the responsibility of the Group's Board of Directors.

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with AAOIFI 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.

Independent auditor's report to the shareholders of Al Dar Capital Company B.S.C. (c) (continued)

Report on the audit of the consolidated financial statements (continued)

Responsibilities of the Board of Directors for the consolidated financial statements (continued)

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.

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 AAOIFI 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 AAOIFI, we exercise professional judgment 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent auditor's report to the shareholders of Al Dar Capital 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)

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the Bahrain Commercial Companies Law and the Central Bank of Bahrain (CBB) Rule Book (Volume 4), in case of the Company, we report that:

- a) the Group has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
- b) the financial information contained in the Board of Directors Report is consistent with the consolidated financial statements;
- c) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (Volume 4) and Financial institutions law and Central Bank directives, regulations and associated resolutions, rules and procedures 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 Group 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.




Manama, Kingdom of Bahrain
4 March 2026





Al Dar Capital Company B.S.C. (c)
Consolidated statement of financial position as at 31 December 2025
(Expressed in US Dollars)

	Notes	31 December 2025	31 December 2024
ASSETS			
Cash and cash equivalents	6	1,769,081	959,824
Prepayments and other assets	7	119,516	128,372
Short-term investments	8	-	2,500,000
Investment securities	9	30,704,346	28,976,513
Investment in real estate held-for-use	10	43,119,296	44,547,854
Right-of-use asset	11	159,305	217,233
Property and equipment	12	<u>13,507,821</u>	<u>13,499,706</u>
Total assets		<u>89,379,365</u>	<u>90,829,502</u>
EQUITY AND LIABILITIES			
Liabilities			
Net ijara liability	13	165,885	218,989
Accruals and other payables	14	<u>94,016</u>	<u>148,649</u>
Total liabilities		<u>259,901</u>	<u>367,638</u>
Equity			
Share capital	15	100,000,000	100,000,000
Statutory reserve	16(i)	3,035,339	3,035,339
Property fair value reserve	10(b)	(1,340,879)	(8,817)
Investments fair value reserve	16(ii)	1,718,754	40,045
Unrealised foreign currency translation losses on net investment in foreign operations	16(iii)	(763,144)	(783,576)
Foreign currency translation reserve	16(iv)	(315,975)	(364,997)
Accumulated losses		<u>(15,673,447)</u>	<u>(14,026,472)</u>
Non-controlling interest	17	<u>86,660,648</u>	<u>87,891,522</u>
		<u>2,458,816</u>	<u>2,570,342</u>
		<u>89,119,464</u>	<u>90,461,864</u>
Total liabilities and equity		<u>89,379,365</u>	<u>90,829,502</u>

The consolidated financial statements were approved, authorised for issue by the Board of Directors and signed on their behalf by:


Mubarak Abdulrahman Al Quoud
Chairman



Hussam Ammar Mohammed
Director


Mohamed Abdulrahman AlMutawa
Director and Chief Executive Officer


Al Dar Capital Company B.S.C. (c)
 Consolidated statement of income and other comprehensive income
 for the year ended 31 December 2025
 (Expressed in US Dollars)

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Income			
Other income	19	<u>653,049</u>	<u>742,170</u>
Expenses			
Staff costs	20	<u>(1,622,170)</u>	<u>(1,618,828)</u>
Other operating expenses	21	<u>(677,854)</u>	<u>(622,931)</u>
Total expenses		<u>(2,300,024)</u>	<u>(2,241,759)</u>
Net loss for the year		<u>(1,646,975)</u>	<u>(1,499,589)</u>
Other comprehensive income/(loss)			
<i>Items that may subsequently be classified to income</i>			
Unrealised fair value gain/(loss) on investment securities	9	1,678,709	(888,865)
Unrealised fair value (loss)/gain on investments in real estate held-for-use	10	(1,443,588)	823,647
Unrealised foreign currency translation gain/(loss) on net investment in foreign operations		20,432	(28,658)
Foreign currency translation gain/(loss) on investment securities		<u>49,022</u>	<u>(48,444)</u>
Other comprehensive income/(loss)		<u>304,575</u>	<u>(142,320)</u>
Total comprehensive loss for the year		<u>(1,342,400)</u>	<u>(1,641,909)</u>
Basic and diluted losses per share (in US\$ cents)	26	<u>(1.65)</u>	<u>(1.50)</u>

The consolidated financial statements were approved, authorised for issue by the Board of Directors and signed on their behalf by:


 Mubarak Abdulrahman Al Quoud
 Chairman


 Hussam Ammar Mohammed
 Director


 Mohamed Abdulrahman AlMutawa
 Director and Chief Executive Officer

Al Dar Capital Company B.S.C. (c)
Consolidated statement of changes in Owners' equity for the year ended 31 December 2025
(Expressed in US Dollars)

	Share capital	Statutory reserve	Property fair value reserve	Investment fair value reserve	Unrealised foreign currency translation reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total
At 31 December 2023	200,000,000	3,035,339	(782,202)	928,910	(754,918)	(316,553)	(112,526,883)	89,583,693	2,520,080	92,103,773
Net loss for the year	-	-	-	-	-	-	(1,499,589)	(1,499,589)	-	(1,499,589)
Reduction in share capital	(100,000,000)	-	-	-	-	-	100,000,000	-	-	-
Unrealised fair value gain on investments in real estate held-for-use (Note 10)	-	-	773,385	-	-	-	-	773,385	50,262	823,647
Unrealised fair value loss on investment securities (Note 9)	-	-	-	(888,865)	-	-	-	(888,865)	-	(888,865)
Unrealised foreign currency translation loss on net investment in foreign Operations	-	-	-	-	(28,658)	-	-	(28,658)	-	(28,658)
Foreign currency translation loss on investment securities	-	-	-	-	-	(48,444)	-	(48,444)	-	(48,444)
At 31 December 2024	100,000,000	3,035,339	(8,817)	40,045	(783,576)	(364,997)	(14,026,472)	87,891,522	2,570,342	90,461,864
Net loss for the year	-	-	-	-	-	-	(1,646,975)	(1,646,975)	-	(1,646,975)
Unrealised fair value loss on investments in real estate held-for-use (Note 10)	-	-	(1,332,062)	-	-	-	-	(1,332,062)	(111,526)	(1,443,588)
Unrealised fair value gain on investment securities (Note 9)	-	-	-	1,678,709	-	-	-	1,678,709	-	1,678,709
Unrealised foreign currency translation gain on net investment in foreign Operations	-	-	-	-	20,432	-	-	20,432	-	20,432
Foreign currency translation gain on investment securities	-	-	-	-	-	49,022	-	49,022	-	49,022
At 31 December 2025	100,000,000	3,035,339	(1,340,879)	1,718,754	(763,144)	(315,975)	(15,673,447)	86,660,648	2,458,816	89,119,464

Al Dar Capital Company B.S.C. (c)
Consolidated statement of cash flows for the year ended 31 December 2025
(Expressed in US Dollars)

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Operating activities			
Net loss for the year		(1,646,975)	(1,499,589)
Adjustments for:			
Depreciation	12	1,893	1,229
Amortisation on right-of-use asset	11	57,928	59,647
Net movement in foreign exchange		5,300	(13,155)
Changes in operating assets and liabilities:			
Prepayments and other assets		8,856	9,290
Accruals and other liabilities		<u>(54,633)</u>	<u>102,905</u>
Net cash used in operating activities		<u>(1,627,631)</u>	<u>(1,339,673)</u>
Investing activities			
Withdrawal in short-term investments		2,500,000	1,000,000
Purchase of property and equipment	12	(10,008)	-
Net ijara liability payment		<u>(53,104)</u>	<u>(61,334)</u>
Net cash provided by investing activities		<u>2,436,888</u>	<u>938,666</u>
Net increase/(decrease) in cash and cash equivalents		809,257	(401,007)
Cash and cash equivalents, beginning of the year		<u>959,824</u>	<u>1,360,831</u>
Cash and cash equivalents, end of the year	6	<u>1,769,081</u>	<u>959,824</u>

1 Organisation and activities

Al Dar Capital Company B.S.C. (c) (“the Company”) and its subsidiaries (together “the Group”) is a Bahraini closed shareholding company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain and operates under commercial registration number 66163 obtained on 8 August 2007. The “Parent Company” of the Group is The Investment Dar Company K.S.C., a Kuwaiti incorporated Company listed on Kuwait Stock Exchange, which owns directly and indirectly more than 50% of the share capital of the Group.

The Company has converted its license from a wholesale bank (“Islamic Principles”) to an investment business firm - Category 1 (“Islamic Principle”) and to operate under the name of “Al Dar Capital Company B.S.C. (c)” and accordingly activities are regulated by the CBB and supervised by a Religious Supervisory Board (“the Shari’a Board”).

The principal activities of the Company include fund management activities.

The registered office of the Group is in the Kingdom of Bahrain.

These consolidated financial statements, set out on pages 10 to 39, were approved and authorized for issue by the Board of Directors on 15 February 2026.

As at 31 December 2025 and 2024, the Company owned the following subsidiaries:

<u>Name</u>	<u>Country of incorporation</u>	<u>Proportion of ownership interest</u>		<u>Non-controlling ownership interest</u>	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Darco Real Estate Investment Co. W.L.L.	Kingdom of Bahrain	100%	100%	-	-
Al Honaniya Real Estate Co. W.L.L.	Kuwait	100%- Indirect holding	100%- Indirect holding	-	-
North Victoria Limited *	Jersey, Channel Islands	100%	100%	-	-
Gibson North Limited *	Jersey, Channel Islands	77.425%	77.425%	22.575%	22.575%

These financial statements have been prepared on a consolidated basis and comprise the financial statements of the Company and its subsidiaries (together referred as “the Group”).

*The Company acquired the shares of North Victoria Limited and Gibson North Limited (“the Subsidiaries”) as part of a settlement of a Murabaha placement with a related party of the Parent Company during 2012 (Refer Note 10(a)). As per the settlement contract, the liabilities as on the date of settlement in the books of these companies were not transferred to the Company. The main asset in the books of the subsidiaries was the value of islands in “The World”, Dubai, UAE, which have been treated as investment properties on consolidation. The value of the investment properties was restricted to the value of the Murabaha carried in the books of the Company prior to the settlement.

2 Basis of preparation

The consolidated financial statements are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (‘AAOIFI’), the Shari’a Rules and Principles as determined by the Shari’a Supervisory Advisor of the Company, the Bahrain Commercial Companies Law, the Central Bank of Bahrain, Financial Institutions Law and the CBB Rule Book (Volume 4) and CBB directives, regulations and associated resolutions, rules and procedures of the Company’s memorandum and articles of association in accordance with the requirements of AAOIFI. For matters for which no AAOIFI standard exists, the Group uses the relevant International Financial Reporting Standards (‘the IFRS’) issued by International Accounting Standards Board.

3 Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- the size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- substantive potential voting rights held by the Company and by other parties;
- other contractual arrangements; and
- historic patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of income and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

4 Significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these consolidated financial statements is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Standards, amendments and interpretations effective but not relevant in 2025

The following new standard, amendment to existing standard or interpretation to published standard is mandatory for the first time for the financial year beginning 1 January 2025 and are not relevant in the preparation of these consolidated financial statements:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
FAS 42	Presentation and disclosures in the financial statements of takaful institutions	1 January 2025
FAS 43	Accounting for takaful: recognition and measurement	1 January 2025

Standards, amendments and interpretations issued but not yet effective in 2025

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 December 2025. They have not been adopted in preparing the consolidated financial statements for the year ended 31 December 2025 and will or may have an effect on the Group's future consolidated financial statements. In all cases, the Group intends to apply these standards from application date as indicated in the table below:

4 Significant accounting policies (continued)

Standards, amendments and interpretations issued but not yet effective in 2024 (continued)

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
FAS 45	Quasi-Equity (Including Investment Accounts)	1 January 2026
FAS 46	Off-Balance-Sheet assets under management	1 January 2026
FAS 47	Transfer of assets between investment pools	1 January 2026
FAS 48	Promotional gifts and prizes	1 January 2026
FAS 49	Financial reporting for institutions operating in hyperinflationary economies	1 January 2026
FAS 50	Financial Reporting for Islamic Investment Institutions (Including Investment Funds)	1 January 2027
FAS 51	Participatory Ventures	1 January 2027
FAS 52	Deferred Delivery Sales: Salam and Istisna	1 January 2027

Early adoption of amendments or standards in 2025

The Group did not early-adopt any new or amended standards in 2025. There would have been no change in the operational results of the Group for the year ended 31 December 2025 had the Group early adopted any of the above standards applicable to the Group.

Investment securities

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity, are classified as investment securities in the consolidated statement of financial position.

Investment securities are initially recorded at cost and subsequently remeasured at fair value. Unrealised gains and losses arising from changes in fair value of investment securities are recognised in the consolidated statement of Owners' equity. The fair values of investments listed on active markets are determined by reference to quoted market prices. The fair values of securities listed on inactive markets and unlisted investments are determined using other generally accepted valuation methods such as the adjusted prices of similar instruments. Investment securities for which fair values cannot be measured reliably are recognised at cost less impairment.

4 Significant accounting policies (continued)

Investment securities (continued)

The fair value changes of investment securities are reported in equity until such investments are sold or impaired, at which time the realised gains or losses are reported in the consolidated statement of income and other comprehensive income.

Investment in real estate held-for-use

Investment in real estate held-for-use, principally comprising of freehold land and buildings, are held for capital appreciation and long-term rental yields and are not occupied by the Group. Initially, investments in real estate held-for-use are measured at cost including transaction costs. Subsequent to initial recognition, investments in real estate held-for-use are stated at their fair values. Gains and losses arising from changes in the fair values of investments in real estate held-for-use are included in the consolidated statement of Owners' equity in the year in which they arise.

Investment in real estate held-for-use are de-recognised when they have either been disposed-off, or when the investments in real estate held-for-use is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on de-recognition of investments in real estate held-for-use are recognised in the consolidated statement of income and other comprehensive income in the year of de-recognition.

Restricted investment accounts

Restricted investment accounts represents assets acquired by funds provided by holders of restricted investment accounts and their equivalent and managed by the Group as an investment manager based on either a Mudaraba contract or a Wakala contract. The restricted investment accounts are exclusively restricted for investment in specified projects as directed by the investment account holders and are reported off the statement of financial position of the Group.

Property and equipment

All property and equipment are stated at historical cost less accumulated depreciation. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use.

Depreciation is calculated on the straight-line method to write-off the cost of property and equipment to their estimated residual values over their expected useful lives as follows:

Furniture and fixtures	5 years
Computer and office equipment	3 years
Motor vehicles	5 years

Freehold land is not depreciated as it is deemed to have an infinite life.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts at the date of disposal.

Repairs and renewals are charged to the consolidated statement of income and other comprehensive income when the expenditure is incurred.

4 Significant accounting policies (continued)

Property and equipment (continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written-down immediately to its recoverable amount.

Foreign currency transactions

Measurement and functional currency

Items included in the consolidated financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the measurement currency"). The consolidated financial statements are presented in United States Dollar (US\$ or USD or \$), which is the measurement and functional currency of the Group.

Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated statement of income and other comprehensive income. Non-monetary assets that are measured in terms of historical cost in foreign currencies are recorded at rates of exchange prevailing at the value dates of the transactions.

Provisions

The Group recognises provisions when it has a present legal or constructive obligation to transfer economic benefits as a result of past events, and a reasonable estimate of the obligation can be made.

Employees' terminal benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

Post-employment benefits and entitlements to annual leave, holiday, air passage and other short-term benefits are recognised as they accrue to the employees. The Group contributes to the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain. This is a defined contribution pension plan and the Group's contributions are charged to the consolidated statement of income and other comprehensive income in the year to which they relate. In respect of this plan, the Group has a legal obligation to pay the contributions as they fall due and no obligation exists to pay the future benefits.

The expatriate employees of the Group are paid leave indemnity in accordance with the provisions of the Bahrain Labour Law. The Group accrues for its liability in this respect on an annual basis, until 29 February 2024, thereafter the Group contributes to the leaving indemnity for expatriate employees administered by the Social Insurance Organisation in the Kingdom of Bahrain.

4 Significant accounting policies (continued)

Ijarah

Identifying an Ijarah

At inception of a contract, the Group assesses whether the contract is Ijarah, or contains an Ijarah. A contract is Ijarah, or contains an Ijarah if the contract transfers the usufruct (but not control) of an identified asset for a period of time in exchange for an agreed consideration. For Ijarah contracts with multiple components, the Group accounts for each Ijarah component within a contract separately from non-Ijarah components of the contract (e.g. service fee, maintenance charges, toll manufacturing charges etc.).

Measurement

For a contract that contains an Ijarah component and one or more additional Ijarah or non-Ijarah components, the Group allocates the consideration in the contract to each Ijarah component on the basis of relative stand-alone price of the Ijarah component and the aggregate estimated stand-alone price of the non-Ijarah components, that may be charged by the lessor, or a similar supplier, to the lessee.

At the commencement date, a lessee shall recognise a right-of-use (usufruct) asset and a net Ijarah liability.

i) Right-of-use (usufruct) asset

On initial recognition, the lessee measures the right-of-use asset at cost. The cost of the right-of-use asset comprises of:

- The prime cost of the right-of-use asset;
- Initial direct costs incurred by the lessee; and
- Dismantling or decommissioning costs.

The prime cost is reduced by the expected terminal value of the underlying asset. If the prime cost of the right-of-use asset is not determinable based on the underlying cost method (particularly in the case of an operating Ijarah). The prime cost at commencement date may be estimated based on the fair value of the total consideration paid/ payable (i.e. total Ijarah rentals) against the right-of-use assets, under a similar transaction. As per the group's assessment, at the time of implementation the fair value of right-of-use assets are equal to the net Ijarah liability.

After the commencement date, the lessee measures the right-of-use asset at cost less accumulated amortisation and impairment losses, adjusted for the effect of any Ijarah modification or reassessment.

The Group amortises the right-of-use asset from the commencement date to the end of the useful economic life of the right-of-use asset, according to a systematic basis that is reflective of the pattern of utilization of benefits from the right-of-use asset. The amortizable amount comprises of the right-of-use asset less residual value, if any.

The Group determines the Ijarah term, including the contractually binding period, as well as reasonably certain optional periods, including:

- Extension periods if it is reasonably certain that the Bank will exercise that option; and/ or
- Termination options if it is reasonably certain that The Bank will not exercise that option.

4 Significant accounting policies (continued)

Ijarah (continued)

Measurement (continued)

The Group carries out impairment assessment in line with the requirements of FAS 30 "Impairment, Credit Losses and Onerous Commitments" to determine whether the right-of-use asset is impaired and to account for any impairment losses. The impairment assessment takes into consideration the salvage value, if any. Any related commitments, including promises to purchase the underlying asset, are also considered in line with FAS 30 "Impairment, Credit Losses and Onerous Commitments".

ii) Net ijarah liability

The net ijarah liability comprises of the gross ijarah liability, plus deferred ijarah cost (shown as a contra-liability).

The gross ijarah liability are initially recognised as the gross amount of total ijarah rental payables for the ijarah term. The rentals payable comprise of the following payments for the right to use the underlying asset during the ijarah term:

- Fixed ijarah rentals less any incentives receivable;
- Variable ijarah rentals including supplementary rentals; and
- Payment of additional rentals, if any, for terminating the ijarah (if the ijarah term reflects the lessee exercising the termination option).

Advance rentals paid are netted-off with the gross ijarah liability.

Variable ijarah rentals are ijarah rentals that depend on an index or rate, such as payments linked to a consumer price index, financial markets, regulatory benchmark rates, or changes in market rental rates. Supplementary rentals are rentals contingent on certain items, such as additional rental charge after provision of additional services or incurring major repair or maintenance. As of 31 December 2025, the Group did not have any contracts with variable or supplementary rentals.

After the commencement date, the Group measures the net ijarah liability by:

- Increasing the net carrying amount to reflect return on the ijarah liability (amortisation of deferred ijarah cost);
- Reducing the carrying amount of the gross ijarah liability to reflect the ijarah rentals paid; and
- Re-measuring the carrying amount in the event of reassessment or modifications to ijarah contract, or to reflect revised ijarah rentals.

The deferred ijarah cost is amortised to income over the ijarah terms on a time proportionate basis, using the effective rate of return method. After the commencement date, the Bank recognises the following in the statement of income and other comprehensive income:

- Amortisation of deferred ijarah cost; and
- Variable ijarah rentals (not already included in the measurement of ijarah liability) as and when the triggering events/ conditions occur.

4 Significant accounting policies (continued)

Ijarah (continued)

Ijarah contract modifications

After the commencement date, the Group accounts for Ijarah contract modifications as follows:

- Change in the Ijarah term: re-calculation and adjustment of the right-of-use asset, the Ijarah liability, and the deferred Ijarah cost; or
- Change in future Ijarah rentals only: Recalculation of the Ijarah liability and the deferred Ijarah cost only, without impacting the right-of-use asset.

An Ijarah modification is considered as a new Ijarah component to be accounted for as a separate Ijarah for the lessee, if the modification both additionally transfers the right to use of an identifiable underlying asset and the Ijarah rentals are increased corresponding to the additional right-of-use asset.

For modifications not meeting any of the conditions stated above, the Group considers the Ijarah as a modified Ijarah as of the effective date and recognises a new Ijarah transaction. The Group recalculates the Ijarah liability, deferred Ijarah cost, and right-of-use asset, and de-recognise the existing Ijarah transaction and balances.

Expenses relating to underlying asset

Operational expenses relating to the underlying asset, including any expenses contractually agreed to be borne by the Group, are recognised by the Group in statement of income and other comprehensive income in the period incurred. Major repair and maintenance, takaful, and other expenses incidental to ownership of underlying assets (if incurred by lessee as agent) are recorded as receivable from lessor.

Recognition exemptions and simplified accounting for the lessee

The Group has elected not to apply the requirements of Ijarah recognition and measurement of recognizing right-of-use asset and net Ijarah liability for the following:

- Short-term Ijarah; and
- Ijarah for which the underlying asset is of low value.

Short-term Ijarah exemption is applied on a whole class of underlying assets which have similar characteristics and operational utility. However, low-value Ijarah exemption is applied on an individual asset, Ijarah transaction, and not on group/ combination basis.

Revenue recognition

Income from short term investments are recognised on a time-apportioned basis over the period of the contract using the effective profit method.

Arrangement fees received on providing restricted investment services is recognised on a time apportioned basis on the term of the related restricted investment.

Income from investments (dividend income) is recognised when the right to receive is established. This is usually the ex-dividend date for equity securities.

4 Significant accounting policies (continued)

Revenue recognition (continued)

Other income relates to reversal of certain previously provided balances recognised when the amount outstanding was received.

Profit on settlement is recognised when the settlement actually occurs and right to receive money is established.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The ordinary shares are classified as equity instruments.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and current account balances with banks.

Short-term investments

Short-term investments comprises of Murabaha deposits with bank having original maturities of three months or less

5 Critical accounting judgment and key source of estimation uncertainty

Preparation of the consolidated financial statements in accordance with AAOIFI and IFRS Accounting Standards requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

Other most significant areas requiring the use of management estimates and assumptions in these consolidated financial statements relate to:

- economic useful lives of property and equipment;
- impairment on investment securities;
- impairment of short-term investments;
- economic life of right-of-use assets;
- determination of ijara term and the borrowing rates for ijara;
- going concern;
- power to exercise significant influence;
- fair valuation of investment in real estate held-for-use measurement;
- legal proceedings; and
- contingencies.

5 **Critical accounting judgment and key source of estimation uncertainty (continued)**

Economic useful lives of property and equipment

The Group's property and equipment are depreciated on a straight-line basis over their expected economic useful lives. Economic useful lives of property and equipment are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Impairment on investment securities

The Group determines that investment securities are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment and is assessed for each investment separately.

Where fair values are not readily available and the investments are carried at cost, the recoverable amount of such investment is estimated to test for impairment. In making a judgment of impairment, the Group evaluates among other factors, evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. It is reasonably possible, based on existing knowledge, that the current assessment of impairment could require a material adjustment to the carrying amount of the investments within the next financial year due to significant changes in the assumptions underlying such assessments.

Impairment of short-term investments

FAS 30 introduces the credit losses approach with a forward-looking 'Expected Credit Loss' ("ECL") model. The new impairment model will apply to financial assets which are subject to credit risk. A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- i. Determining criteria for Significant Increase in Credit Risk (SICR);
- ii. Choosing appropriate models and assumptions for measurement of ECL;
- iii. Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL; and
- iv. Establishing benchmark of similar financial assets for the purposes of measuring ECL.

Economic life of right-of-use assets

Right-of-use assets are amortised over their economic useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of income and other comprehensive income in specific periods.

The Group's right-of-use assets are amortised on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the ijara term.

Economic useful lives of right-of-use assets are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Determination of ijara term and the borrowing rates for ijara

The management of the Group exercises judgment while determining if it is reasonably certain while exercising the lease options at the commencement as well as during the ijara term. The carrying value of net ijara liabilities are revised based on certain variable elements of the future ijara payments like rates or index. Determination of incremental borrowing rates used to determine the carrying value of ijara liabilities and the discount rates used to determine the carrying value of right-of-use of ijara rights involve, to certain extent, management estimates. Any changes to management estimate may have an impact on the term as well as the carrying values of the ijara assets and liabilities.

5 Critical accounting judgment and key source of estimation uncertainty (continued)

Going concern

The management of the Group reviews the consolidated financial position on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due. In addition, the shareholders of the Group ensure that they provide adequate financial support to fund the requirements of the Group to ensure the going concern status of the Group.

Power to exercise significant influence

Where the Group holds less than 20% of voting rights in an investment but the Group has the power to exercise significant influence, such an investment is treated as an associate. In the opposite situation where the Group holds over 20% of voting rights (but not over 50%) and the Group does not exercise significant influence, the investment is treated as an investment security. Details of investment in securities are given in Note 9. Finally, where the Group holds has control over an investee, it is classified as a subsidiary. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns.

Fair valuation of investment in real estate held-for-use

The Group obtains valuations performed by external valuers in order to determine the fair value of its real estate held-for-use. These valuations are based upon assumptions including future rental income, anticipated maintenance costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. The level of activity in the real estate held-for-use market has been at a low level for the past few years, primarily because of the reduced availability of credit and global market conditions.

The lack of comparable market transactions has resulted in a greater level of professional judgment being relied upon in arriving at valuations. Changes in the underlying assumptions could have a significant impact on the fair values presented. Further information in relation to the valuation of real estate held-for-use is disclosed in Note 10 to these consolidated financial statements.

Legal proceedings

The Group recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the consolidated financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the consolidated financial statements could have a material effect on the Group's consolidated financial position. Application of these accounting principles to legal cases requires the Group's management to make determinations about various factual and legal matters beyond its control.

The Group reviews outstanding legal cases following developments in the legal proceedings at each reporting date, in order to assess the need for provisions and disclosures in its consolidated financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claims or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claims or assessment has been brought, the progress of the case (including the progress after the date of the consolidated financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

6 Cash and cash equivalents

	31 December 2025	31 December 2024
Current account balances with banks	2,501,380	1,692,123
Cash on hand	1,326	1,326
Impairment of balances held with a financial institution	<u>(733,625)</u>	<u>(733,625)</u>
	<u>1,769,081</u>	<u>959,824</u>

Impairment relates to balances held with a financial institution, which the management has significant doubts of recovery. However, the Group has filed a case against the financial institution to recover this amount.

7 Prepayments and other assets

	31 December 2025	31 December 2024
Wakala fees receivable	87,461	87,461
Less: Provision on doubtful Wakala fees receivables	<u>(87,461)</u>	<u>(87,461)</u>
	-	-
Accrued profit on Murabaha deposit	7,439	26,561
Prepayments and other receivables	68,476	79,108
Staff advances	<u>43,601</u>	<u>22,703</u>
	<u>119,516</u>	<u>128,372</u>

8 Short-term investments

	31 December 2025	31 December 2024
Gross commodity Murabaha	<u>-</u>	<u>2,500,000</u>

During the year, Murabaha placement with a financial institution bears profit rates ranging from 3.72% to 3.73% (2024: 4.92% to 4.50%) per year and had a maturity period of less than 90 days. The profits up to 31 December 2025 amounting to US\$58,478 has been accounted for in these consolidated financial statements.

9 Investment securities

	31 December 2025	31 December 2024
Opening balance	28,976,513	29,913,878
Foreign currency translation gain/(loss)	49,124	(48,500)
Unrealised fair value gain/(loss)	<u>1,678,709</u>	<u>(888,865)</u>
Closing balance	<u>30,704,346</u>	<u>28,976,513</u>

During the Board of Directors meeting dated 21 October 2025, they approved the deletion of all five million shares of Warba Investment Company from the Group's book, following the announcement of its liquidation. The investment was fully impaired in the previous years.

9 Investment securities (continued)

As of 31 December 2025, the investment securities include quoted and unquoted investments of five companies. These investments have been fair valued during the year based on the latest audited financial statements of the investee companies and the market price from the Kuwait Stock Exchange.

During 2020, as per the settlement contract dated 2 February 2020, the Group has accepted 14% as ownership interest in one of the SPVs named Excellent Opportunities For General Trading and Contracting ("the SPV"), in full and final settlement of its Wakala exposures towards the Parent Company amounted to BD16,830,889. The valuation of the SPV was made based on the SPV's net assets value as per the audited financial statements 31 December 2019. Further, during 2022, the Parent Company, due to the delay in the process of transferring the ownership of the SPV named "Excellent Opportunities For General Trading and Contracting" from the Parent Company to the Group, has replaced the interest in the SPV with another asset with values as per settlement agreement. The ownership interest of 8.14% in "Adam Capital Holding Co. K.S.C. (c)" has been transferred to the Group. The investment is carried in books at USD22,150,717 based on the latest available audited financial statement of the SPV for the year ended 31 December 2024.

Analysis of investments	<u>31 December 2025</u>	<u>31 December 2024</u>
Investment in equity-type instruments - Quoted	4,591,180	2,618,424
Investment in equity-type instruments - Unquoted	<u>26,113,166</u>	<u>26,358,089</u>
	<u>30,704,346</u>	<u>28,976,513</u>

Investment securities geographical location and currency denomination are as follows:

<u>Country</u>	<u>Currency</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Kuwait	Kuwaiti Dinars	27,007,066	25,185,736
Bahrain	Bahraini Dinars	<u>3,697,280</u>	<u>3,790,777</u>
		<u>30,704,346</u>	<u>28,976,513</u>

10 Investments in real estate held-for-use

		<u>31 December 2025</u>	<u>31 December 2024</u>
North Victoria Limited, Dubai	(a)	24,506,467	25,456,031
Gibson North Limited, Dubai	(a)	10,891,763	11,385,788
Industrial mall in Shwaikh third Area, Kuwait	(b)	<u>7,721,066</u>	<u>7,706,035</u>
		<u>43,119,296</u>	<u>44,547,854</u>

The movement in investments in real estate held-for-use during the year was as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Opening balance	44,547,854	43,739,654
Unrealised foreign exchange translation gain/(loss) during the year	15,030	(15,447)
Net unrealised fair value (loss)/gain during the year	<u>(1,443,588)</u>	<u>823,647</u>
Closing balance	<u>43,119,296</u>	<u>44,547,854</u>

10 Investments in real estate held-for-use (continued)

Investments in real estate held-for-use represent:

- a) During 2012, two islands in “The World” project in Dubai were received as part of the settlement of the Murabaha placement with a related party of the Parent Company. The settlement was made by transferring the majority shareholding in two companies to the Group whose principal assets are ownership of real estate. As a result of that, the Group owns shares in the following companies:

	<u>Ownership interest</u>
North Victoria Limited	100%
Gibson North Limited	77.425%

The average of two valuations of these islands amounted to US\$73,757,898 obtained by the counterparty as on 31 December 2012 which was higher than the value recorded on settlement. The value of the lands held by these subsidiaries, net of non-controlling interest, were restricted to the net carrying value of the Murabaha (US\$35,281,113) prior to settlement i.e. debt carrying value of US\$50,986,836 less impairment provision of US\$15,705,723. The fair value of these assets as of 31 December 2025 was estimated to be US\$35,398,230 as per the independent property valuer, “Al Mazaiareal Estate”. Accordingly, the unrealised fair value loss amounted to US\$1,443,588 has been recognised in the consolidated statement of Owners’ equity for the year ended 31 December 2025.

Embedded in the settlement contract is a put option which shall subsist and continue indefinitely in favour of the Group. This put option is eligible to be exercised resulting in the purchase of the settlement shares by the counterparty at price equivalent to settlement amount i.e. US\$73,757,898. Absolute title to this real estate is held in trust by a third party, while the Group possess the original title deed along with nominee letter from third party declaring the absolute ownership to the Group.

- b) A cash generating asset (right to use of a property in Kuwait) was received from the Parent Company for the settlement of its overdue first tranche due on 30 June 2013. The fair value of the asset at the date of settlement amounting to US\$7,389,163 has been recorded in the books. The management has classified this investment in real estate as held-for-use. The investment properties were valued by “Afaq International Real Estate Co.” and “Al Jal Real Estate Services Co.”, independent property valuer as at 31 December 2025 at open market values, which reflected the total average value as at 31 December 2025 amounting to US\$7,721,066 (2024: US\$7,706,035). Accordingly, there is no unrealised fair value gain/ (loss) has been recognised in the consolidated statement of Owners’ equity for the year ended 31 December 2025.

11 Right-of-use asset

	<u>31 December 2025</u>	<u>31 December 2024</u>
Opening balance	217,233	45,164
Addition	-	231,716
Amortisation charge for the year (Note 21)	<u>(57,928)</u>	<u>(59,647)</u>
Closing balance	<u>159,305</u>	<u>217,233</u>

12 Property and equipment

	Freehold land	Furniture and fixtures	Computers and office equipment	Motor vehicles	Total
Cost					
At 31 December 2023 and 2024	17,152,390	132,560	408,338	103,448	17,796,736
Additions	-	-	10,008	-	10,008
At 31 December 2025	<u>17,152,390</u>	<u>132,560</u>	<u>418,346</u>	<u>103,448</u>	<u>17,806,744</u>
Accumulated depreciation and impairment					
At 31 December 2023	3,653,716	131,594	407,043	103,448	4,295,801
Charge for the year (Note 21)	-	411	818	-	1,229
At 31 December 2024	3,653,716	132,005	407,861	103,448	4,297,030
Charge for the year (Note 21)	-	291	1,602	-	1,893
At 31 December 2025	<u>3,653,716</u>	<u>132,296</u>	<u>409,463</u>	<u>103,448</u>	<u>4,298,923</u>
Net book amount					
At 31 December 2025	<u>13,498,674</u>	<u>264</u>	<u>8,883</u>	<u>-</u>	<u>13,507,821</u>
At 31 December 2024	<u>13,498,674</u>	<u>555</u>	<u>477</u>	<u>-</u>	<u>13,499,706</u>

The management intends to build the Group's headquarter on the land which was recorded at fair value of US\$13,498,674 in the year it was transferred to the Group.

The freehold land was valued by an independent property valuer as of 31 December 2020, which reflected a fair value amounted to US\$13,498,674. Accordingly, the management has recognised an impairment loss amounting to US\$3,653,716 as of 31 December 2020.

The Group operates from premises leased at a monthly rental of US\$5,491 (2024: US\$5,491).

13 Net ijara liability

	31 December 2025	31 December 2024
Maturity analysis – Gross ijarah liability:		
Less than one year	65,892	65,892
More than one year	<u>148,257</u>	<u>181,203</u>
Total gross Ijarah liability	<u>214,149</u>	<u>247,095</u>
	31 December 2025	31 December 2024
Maturity analysis – Net Ijarah liability:		
Less than one year	56,801	53,104
More than one year	<u>109,084</u>	<u>165,885</u>
Total net Ijarah liability	<u>165,885</u>	<u>218,989</u>

16 Reserves

(i) *Statutory reserve*

As per the provisions of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the Group's net profit before appropriations is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the share capital is set aside. The Group has not transferred any amount during the year to the statutory reserve, as the Group has incurred net losses for the year (2024: US\$Nil). The reserve is not available for distribution except for dividend payment as permitted by Bahrain Commercial Companies Law.

(ii) *Investments fair value reserve*

The revaluation reserve represents the net surplus arising on revaluation of investment securities (Note 9). This reserve is not available for distribution.

(iii) *Unrealised foreign currency translation reserve on net investment in foreign operation*

Unrealised foreign currency translation reserve on net investment in foreign operation represents unrealised translation gains or losses on net investment in foreign operations. This reserve is not available for distribution.

(iv) *Foreign currency translation reserve*

Foreign currency translation reserve represents foreign currency translation on investment securities. This reserve is not available for distribution.

17 Non-controlling interest

	31 December 2025	31 December 2024
Share of investment property in Gibson North Limited	<u>2,458,816</u>	<u>2,570,342</u>

Summarised financial information in relation to the non-controlling interest ("NCI") in a subsidiary, before intra-group eliminations, is presented below:

	<u>Non-controlling interests</u>	
	31 December 2025	31 December 2024
ASSETS		
Non-current assets		
Investment properties	<u>2,458,816</u>	<u>2,570,342</u>
EQUITY		
Share capital	3,547	3,547
Retained earnings	<u>2,455,269</u>	<u>2,566,795</u>
Total equity	<u>2,458,816</u>	<u>2,570,342</u>

18 Restricted investment accounts

	31 December 2025	31 December 2024
Restricted investment accounts	<u>477,307,508</u>	<u>477,307,508</u>

Wakala investments represent amounts received from the investors under Wakala contracts where the Company acts as a Wakil (agent) and are in turn placed investments with the Parent Company and other entities on a Wakala basis.

18 Restricted investment accounts (continued)

During the year ended 31 December 2013, the Group terminated Wakala (agency) contracts with certain corporate Wakala clients amounting to US\$132,337,041. Consequently, the Group has been released from the responsibility and the clients have a direct relationship with the Parent Company. All contracts pertaining to individual restricted investors and certain corporate Wakala clients have been paid by the Parent Company. Accordingly, the Group has been provided with release letters from those clients. US\$453,906,872 is Wakala investments placed with the Parent Company and US\$23,400,636 is placed with other party.

Also refer the settlement plan detailed in Note 27 (2).

19 Other income

	Year ended 31 December 2025	Year ended 31 December 2024
Rental income	568,482	566,515
Profit on short term investments	58,478	127,164
Dividends income	6,952	6,904
Miscellaneous income	<u>19,137</u>	<u>41,587</u>
	<u>653,049</u>	<u>742,170</u>

20 Staff costs

	Year ended 31 December 2025	Year ended 31 December 2024
Salaries and benefits	1,504,155	1,511,081
Social insurance expenses	<u>118,015</u>	<u>107,747</u>
	<u>1,622,170</u>	<u>1,618,828</u>

21 Other operating expenses

	Year ended 31 December 2025	Year ended 31 December 2024
General and administration expenses	193,076	189,120
Board expenses	299,909	232,488
Professional fees and expenses	106,138	133,623
Amortisation expense on right-of-use assets (Note 11)	57,928	59,647
Interest expense on net ijara liability	12,785	4,555
Depreciation (Note 12)	1,893	1,229
Staff travel expenses	<u>6,125</u>	<u>2,269</u>
	<u>677,854</u>	<u>622,931</u>

22 Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the shareholder, key management personnel and their close family members and such other companies over which the Group or its shareholder, key management personnel and their close family members can exercise significant influence or can be significantly influenced by those parties. Transactions with the related parties are authorised by the management.

22 Related party transactions and balances (continued)

Key management personnel of the Group comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel compensation is as follows:

	Year ended 31 December <u>2025</u>	Year ended 31 December <u>2024</u>
Board sittings and board committee sitting fees	<u>245,358</u>	<u>200,265</u>
Salaries and other short-term benefits	<u>1,268,475</u>	<u>1,251,606</u>

23 Zakah

The total Zakah payable as of 31 December 2025 amounted to US\$1,885,514 or 1.89 US\$ cents per share. The liability towards Zakah is directly borne by the shareholders on distributed profits. The Group does not collect or pay Zakah on behalf of its shareholders.

24 Earnings prohibited by Shari'a

The Group is committed not to recognise any income generated from non-Islamic sources. Accordingly, all non-Islamic income is credited to a charity account from which, the Group uses funds for charitable purposes. During the year, there were no earnings from non-Islamic transactions that are prohibited by Shari'a (2024: US\$Nil).

25 Shari'a Supervisory Board

The Group's Shari'a Supervisory Board consists of three Islamic scholars who review the Group's compliance with general Shari'a principles and specific fatwas, rulings and guidelines issued. Their review includes examination of evidence relating to the documentation and procedures adopted by the Group to ensure that its activities are conducted in accordance with Islamic Shari'a principles.

26 Earnings per share

	Year ended 31 December <u>2025</u>	Year ended 31 December <u>2024</u>
Net loss for the year	<u>(1,646,975)</u>	<u>(1,499,589)</u>
Weighted average number of shares outstanding	<u>100,000,000</u>	<u>100,000,000</u>
Loss per share (in US\$ cents)	<u>(1.65)</u>	<u>(1.5)</u>

The Group does not have any potentially dilutive ordinary shares; hence the diluted earnings and basic earnings per share are identical.

27 Going concern

1. Exposure to the Parent Company and related parties of the Group

The Group has significant exposures with its Parent Company, which has been fully provided for, and has been settled during the year ended 31 December 2020 in exchange for shares in a newly established SPV by the Parent Company, as per the settlement contract dated 2 February 2020.

27 Going concern (continued)

2. Settlement plan and legal cases relating to off-financial position - Restricted investment accounts

In previous years, the Group accepted from investors under a restricted Wakala (agency) investment contracts and has in turn placed these Wakala investments with its Parent Company and others. As at 31 December 2025, US\$477,307,508 (31 December 2024: US\$477,307,508) of the restricted investment accounts on Wakala contracts due to institutions was overdue. Under the terms of the Parent Company restructuring plan approved by the Kuwaiti Special Circuit Court of Appeal on 2 June 2011 under the protection of the Kuwait Financial Stability Law, all Wakala contracts relating to individuals and non-regulated companies have been paid by 31 December 2012 and the repayment of remaining Wakala contracts have been scheduled to be repaid over five tranches by 30 June 2017. The Parent Company settled debts amounting to US\$31,768,663 during the year 2013.

The Parent Company is now subject to court administration to liquidate the Company's assets and pay the creditors. The administration court has communicated and published in the newspapers a call for all creditors to submit and register their claims against the Parent Company, which is completed and published in the official gazette in Kuwait on 25 February 2024. The official gazette lists all Wakala clients (RIA) including the single creditor that has a legal case against the Group. Further, the parent company is communicating with all creditors including (RIA) clients to offer them an off-the-court direct settlement to avoid the liquidation of the Parent Company, which will be implemented under the supervision of the concerned administration court in the State of Kuwait, the majority of the creditors accept the alternative plan. Further, on 20 June 2024, the Committee of Trustees, in administration court in Kuwait accepted a portion of the registered claims against the Parent Company which includes companies Wakala clients (RIA) (Note 18). Accordingly, the Group's management has not presented the disclosures related to RIA in the Group's consolidated financial statements as an off-balance sheet due. Further, as the settlement process is ongoing in Kuwait, and the outcome remains subject to court approval and execution, and the Group is not a direct party to these Wakala arrangements, however, one claim has been filed against the Group in relation to these arrangements. Based on legal advice obtained by management, the likelihood of an outflow of economic resources is considered remote; however, the amount and timing of any potential obligation cannot be measured with sufficient reliability at this stage. Accordingly, no provision has been recognised in these consolidated financial statements in respect of this matter.

3. Conclusion

These factors raise doubt about the Group's ability to continue to operate as a going concern. However, in light of the aforementioned developments, and Group has no obligation to sell directly any assets owned by the Group or liquidate the Company in order to meet the Parent Company's liabilities. The Board of directors are studying alternative plans of investments and have no intention to liquidate the Company and continue operate as a going concern business. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

28 Financial assets, liabilities and risk management

The principal risks associated with the Group's business are credit risk, market risk (which comprises equity price risk, profit rate risk and currency risk), liquidity risk and operational risk. The Group has a comprehensive risk management framework in place for managing these risks, which is constantly evolving as the business activities change in response to credit, market, product and other developments.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

28 Financial assets, liabilities and risk management (continued)

Risk management framework (continued)

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The principal risks associated with the Group's business and the related risk management processes are commented on as follows:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Wakala and Murabaha placements and certain other assets.

The Group has put in place policies and procedures for managing credit risks to ensure that risks are accurately assessed, properly approved and regularly monitored. Formal credit limits are applied at counterparty and single obligor level. Overall exposures, including large exposures, are evaluated on a monthly basis to ensure a broad diversification of risk by counterparties and concentration limits by geography and industry.

The carrying amount of financial assets as at 31 December 2025 represents the maximum credit exposure.

Concentration of assets, liabilities, unrestricted and restricted investment accounts

a) Industry sector

	31 December 2025			
	Banks and financial institutions	Real estate	Others	Total
Assets				
Cash and cash equivalents	1,769,081	-	-	1,769,081
Investment securities	<u>265,172</u>	<u>8,288,458</u>	<u>22,150,716</u>	<u>30,704,346</u>
Total assets	<u>2,034,253</u>	<u>8,288,458</u>	<u>22,150,716</u>	<u>32,473,427</u>
Liabilities				
Accruals and other liabilities	-	-	<u>259,901</u>	<u>259,901</u>
	31 December 2024			
	Banks and financial institutions	Real estate	Others	Total
Assets				
Cash and cash equivalents	959,824	-	-	959,824
Short-term investments	2,500,000	-	-	2,500,000
Investment securities	<u>249,356</u>	<u>6,409,201</u>	<u>22,317,956</u>	<u>28,976,513</u>
Total assets	<u>3,709,180</u>	<u>6,409,201</u>	<u>22,317,956</u>	<u>32,436,337</u>
Liabilities				
Accruals and other liabilities	-	-	<u>367,638</u>	<u>367,638</u>

28 Financial assets, liabilities and risk management (continued)

Credit risk (continued)

Concentration of assets, liabilities, unrestricted and restricted investment accounts (continued)

b) Geographic region

	31 December 2025			
	Bahrain	Other GCC countries	Europe	Total
Assets				
Cash and cash equivalents	436,944	274,148	1,057,989	1,769,081
Investment securities	<u>3,697,279</u>	<u>27,007,067</u>	-	<u>30,704,346</u>
Total assets	<u>4,134,223</u>	<u>27,281,215</u>	<u>1,057,989</u>	<u>32,473,427</u>
Liabilities				
Accruals and other liabilities	<u>203,934</u>	<u>55,967</u>	-	<u>259,901</u>

	31 December 2024			
	Bahrain	Other GCC countries	Europe	Total
Assets				
Cash and cash equivalents	554,947	398,075	6,802	959,824
Short-term investments	-	-	2,500,000	2,500,000
Investment securities	<u>3,790,777</u>	<u>25,185,736</u>	-	<u>28,976,513</u>
Total assets	<u>4,345,724</u>	<u>25,583,811</u>	<u>2,506,802</u>	<u>32,436,337</u>
Liabilities				
Accruals and other liabilities	<u>311,894</u>	<u>55,744</u>	-	<u>367,638</u>

Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group uses a maturity ladder approach for managing and monitoring the liquidity risk. It is the Group's policy to keep a significant part of its assets in highly liquid assets such as short-term investments.

The following table discloses undiscounted residual contractual maturities of the Group's assets and liabilities except in case of investments in unquoted equity securities, equipment and certain other assets and other liabilities, which are based on management's estimate of realisation.

28 Financial assets, liabilities and risk management (continued)

Liquidity risk (continued)

	Gross undiscounted cash flows as on 31 December 2025 (in US\$ '000)						
	Up to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	over 3 years	Overdue	Total
Assets							
Cash and cash equivalents	1,769	-	-	-	-	-	1,769
Other assets / net of Prepayments	-	-	-	-	-	51	51
Investment securities	-	-	-	-	30,704	-	30,704
Total assets	1,769	-	-	-	30,704	51	32,524
Liabilities							
Accruals and other Liabilities	-	-	-	260	-	-	260
Net liquidity gap	1,769	-	-	(260)	30,704	51	32,264
	Gross undiscounted cash flows as on 31 December 2024 (in US\$ '000)						
	Up to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	over 3 years	Overdue	Total
Assets							
Cash and cash equivalents	960	-	-	-	-	-	960
Short term investments	2,500	-	-	-	-	-	2,500
Other assets / net of prepayments	-	-	-	-	-	49	49
Investment securities	-	-	-	-	28,977	-	28,977
Total assets	3,460	-	-	-	28,977	49	32,486
Liabilities							
Accruals and other liabilities	-	-	-	368	-	-	368
Net liquidity gap	3,460	-	-	(368)	28,977	49	32,118

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is assessment of the net funding requirements. For this purpose liquid assets include cash and cash equivalents, Wakala placements and short term investments. A similar, but not identical, calculation is used to measure the Group's compliance with the liquidity limit established by the Group's regulator, Central Bank of Bahrain.

28 Financial assets, liabilities and risk management (continued)

Management of liquidity risk

The Board of Directors approves significant policies and strategies related to the management of liquidity. The Management reviews the liquidity profile of the Group on a regular basis and any material change in the Group's current or prospective liquidity position is notified to the Board.

The Board sets limits and guidelines and monitors the risk and liquidity profile of the Group on a regular basis.

The day-to-day management of the Group's liquidity is the responsibility of the Executive Management team. Executive Management team ensures that adequate funds are available to meet the maturing obligations and growth in assets while cost is minimised. It also ensures that all limits and guidelines set by the Board are complied with and any adverse development is reported to the Board. Executive Management team also obtains the required exceptional approvals when required as per this policy and manages the relationship with other Companies and financial institutions.

The Board on an ongoing basis reviews the limits set and ensures that the concerned department is complying with all limits set as per this policy. Management team ensures that any adverse development is reported to the people concerned. Whenever exception approvals are required, it is first subject to the review and initial approval of the Executive Management team.

Market Risk

Market risk is the risk that changes in market factors, such as profit rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The different types of risks with exposures, objectives, policies and processes to manage the risk have been detailed hereunder.

Equity risk

Equity risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The Group has quoted equity investments and has unquoted investments designated fair value through equity.

The effect on fair value through equity reserve (as a result of a change in the net asset value of equity investments) due to a reasonable possible positive change (ie. +5%) in the value of individual investments, with all other variables held constant, is US\$1,535 thousand (2024: US\$1,449 thousand).

The effect on consolidated statement of income and other comprehensive income (as a result of a change in the net asset value of equity investments) due to a reasonable possible negative change (ie. -5%) in the value of individual investments, with all other variables held constant, is US\$1,535 thousand (2024: US\$1,449 thousand), after exhausting the fair value through equity reserve (if any).

Profit rate risk

Profit rate risk arises due to different timing of re-pricing of the Group's assets and liabilities. The Group's significant financial assets and liabilities sensitive to profit rate are short term investments with a bank. The Group's exposure to profit rate risk is limited due to the relatively short-term nature of these financial assets and liabilities. Average profit rate on short term investments during the year fixed at 3.7% (2024: 4.7%).

Currency risk

Currency risk is the risk that the value of the financial instrument will fluctuate due to changes in foreign exchange rates.

The Group primarily deals in two currencies, namely Bahraini Dinars and Kuwaiti Dinars.

28 Financial assets, liabilities and risk management (continued)

Currency risk (continued)

The Group has adopted the United States Dollars as its functional currency. In the opinion of the Group's management, the currency risk for any position held in Bahraini Dinar is insignificant since it is pegged to the US dollar.

Sensitivity analysis

Currency	Change in currency rate	Effect on profit 2025 US\$	Effect on equity 2025 US\$	Effect on profit 2024 US\$	Effect on equity 2024 US\$
KWD	+/-20%	<u>26,403</u>	<u>26,403</u>	<u>24,344</u>	<u>24,344</u>

The tables above indicate the currencies to which the Group had significant exposure at 31 December 2025 on all its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the US Dollar, with all other variables held constant, on the consolidated statement of income and other comprehensive income. The effect of decreases in currency rate is expected to be equal and opposite to the effect of the increases shown.

Operational risk

Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial and reputation loss, and legal and regulatory consequences. The Group manages operational risk through appropriate controls, instituting segregation of duties and internal checks and balances. In addition the Group is committed to recruitment in addition to training of staff.

Capital management

The Group's regulator Central Bank of Bahrain (CBB) sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements CBB requires the Group to maintain a minimum regulatory capital requirements. The Group's policy is to maintain strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

29 Fair value hierarchy

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable and willing parties in an arm's length transaction.

Fair values of quoted securities are derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. For Investments in real estate held-for-use, fair value is estimated by independent real estate valuer. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Al Dar Capital Company B.S.C. (c)
Notes to the consolidated financial statements for the year ended 31 December 2025
(Expressed in US Dollars)

29 Fair value hierarchy (continued)

The following table shows an analysis of financial instruments and long dated financials assets and liabilities recorded at fair value by level of the fair value hierarchy at 31 December 2025 and 31 December 2024:

Investments designated at fair value through statement of income and other comprehensive income

For the year ended 31 December 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Investment securities</i>				-
Quoted	4,591,180	-	-	4,591,180
Unquoted Securities	-	26,113,166	-	26,113,166
Investment in real estate held-for-use	-	43,119,296	-	43,119,296
	<u>4,591,180</u>	<u>69,232,462</u>	<u>-</u>	<u>73,823,642</u>

For the year ended 31 December 2024

<i>Investment securities</i>				-
Quoted	2,618,424	-	-	2,618,424
Unquoted Securities	-	26,358,089	-	26,358,089
Investment in real estate held-for-use	-	44,547,854	-	44,547,854
	<u>2,618,424</u>	<u>70,905,943</u>	<u>-</u>	<u>73,524,367</u>

Transfers between Level 1, Level 2 and Level 3

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

30 Subsequent events

There were no significant events subsequent to 31 December 2025 and occurring before the date of signing of the consolidated financial statements that would have a significant impact on these consolidated financial statements.

APPENDIX I

The Group prepares its consolidated financial statements in accordance with Financial Accounting Standards (“FAS”) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”) as the Company has been licensed by the CBB as an Investment Business Firm - Category 1.

For comparative purposes, the Group has presented its consolidated statement of financial position and consolidated statement of comprehensive income as if it were prepared under International Financial Reporting Standards.

The following comparative differences are reported:

Terminology differences

FAS	IFRS Accounting Standards
Wakala placements	Placement with financial institutions
Short term investments	Placement with financial institutions
Investment securities	Financial assets at fair value through other comprehensive income
Investment in real estate held-for-use	Investment properties
Net ijara liability	Lease liability

Restricted Investment Accounts

These represent assets acquired by funds provided by holders of restricted investment accounts and their equivalent and managed by the Group as an investment manager based on either a Mudaraba contract or a Wakala contract. The restricted investment accounts are exclusively restricted for investment in specified projects as directed by the investment account holders. The restricted investment accounts concept does not exist under IFRS Accounting Standards.

Revaluation of investment in real estate held-for-use

Under FAS, gains and losses arising from changes in the fair values of investments in real estate held-for-use are included in “the consolidated statement of changes in Owners’ equity” in the year in which they arise. Under IFRS Accounting Standards, gains and losses arising from changes in the fair values of investments property are included in “the consolidated statement of profit or loss” in the year in which they arise.

APPENDIX I (continued)

The consolidated statement of financial position is presented below under both FAS and IFRS Accounting Standards:

<u>Financial Accounting Standards (FAS)</u>	<u>31 December 2025</u>	<u>IFRS Accounting Standards</u>	<u>31 December 2025</u>
ASSETS		ASSETS	
Cash and cash equivalents	1,769,081	Cash and cash equivalents	1,769,081
Prepayments and other assets	119,516	Prepayments and other assets	119,516
Investment securities	30,704,346	Financial assets at fair value through other comprehensive Income	30,704,346
Investment in real estate held-for-use	43,119,296	Investment property	43,119,296
Right-of-use asset	159,305	Right-of-use asset	159,305
Property and equipment	<u>13,507,821</u>	Property and equipment	<u>13,507,821</u>
Total assets	<u>89,379,365</u>	Total assets	<u>89,379,365</u>
EQUITY AND LIABILITIES		EQUITY AND LIABILITIES	
Liabilities		Liabilities	
Net ijara liability	165,885	Lease liability	165,885
Accruals and other payables	<u>94,016</u>	Accruals and other payables	<u>94,016</u>
Total liabilities	<u>259,901</u>	Total liabilities	<u>259,901</u>
Equity		Equity	
Share capital	100,000,000	Share capital	100,000,000
Statutory reserve	3,035,339	Statutory reserve	3,035,339
Property fair value reserve	(1,340,879)	Property fair value reserve	-
Fair value reserve	1,718,754	Fair value reserve	1,718,754
Unrealised translation losses on net investment in foreign operations	(763,144)	Unrealised translation losses on net investment in foreign operations	(763,144)
Foreign currency translation reserve	(315,975)	Foreign currency translation reserve	(315,975)
Accumulated losses	<u>(15,673,447)</u>	Accumulated losses	<u>(17,014,326)</u>
	86,660,648		86,660,648
Non-controlling interest	<u>2,458,816</u>	Non-controlling interest	<u>2,458,816</u>
	<u>89,119,464</u>		<u>89,119,464</u>
Total liabilities and equity	<u>89,379,365</u>	Total liabilities and equity	<u>89,379,365</u>

Al Dar Capital Company B.S.C. (c)
Financial information under IFRS Accounting Standards
(Expressed in US Dollars)

APPENDIX I (continued)

The consolidated statement of income and other comprehensive income is presented below under both FAS and IFRS Accounting Standards:

<u>Financial Accounting Standards</u>	Year ended 31 December <u>2025</u>	<u>IFRS Accounting Standards</u>	Year ended 31 December <u>2025</u>
Income		Income	
Other income	<u>653,049</u>	Other income	<u>653,049</u>
Expenses		Expenses	
Staff costs	(1,622,170)	Staff costs	(1,622,170)
Other operating expenses	<u>(677,854)</u>	Other operating expenses	(677,854)
		Unrealised fair value loss on investment properties	<u>(1,443,588)</u>
Total expenses	<u>(2,300,024)</u>	Total expenses	<u>(3,743,612)</u>
Net loss for the year	<u>(1,646,975)</u>	Net loss for the year	<u>(3,090,563)</u>
Other comprehensive (loss)\income			
Foreign currency translation gain	49,022	Foreign currency translation gain	49,022
Unrealised foreign currency translation gain on net investment in foreign operations	20,432	Unrealised foreign currency translation gain on net investment in foreign operations	20,432
Unrealised fair value gain on investment securities	1,678,709	Unrealised fair value gain on financial assets at FVTOCI	<u>1,678,709</u>
Unrealised fair value loss on investments in real estate held-for-use	<u>(1,443,588)</u>		
Other comprehensive income	<u>304,575</u>	Other comprehensive income	<u>1,748,163</u>
Total comprehensive loss for the year	<u>(1,342,400)</u>	Total comprehensive loss for the year	<u>(1,342,400)</u>
Basic and diluted loss per share (in US cents)	<u>(1.65)</u>	Basic and diluted loss per share (in US cents)	<u>(3.09)</u>