



Consolidated financial statements and independent auditors' report  
**Nuzul Holding B.S.C. (c)**  
For the year ended 31 December 2024

# Contents

	<b>Page</b>
<b>General information</b>	<b>1</b>
<b>Directors' report</b>	<b>2-4</b>
<b>Independent auditors' report</b>	<b>5-7</b>
<b>Consolidated statement of financial position</b>	<b>8</b>
<b>Consolidated statement of comprehensive income</b>	<b>9</b>
<b>Consolidated statement of changes equity</b>	<b>10</b>
<b>Consolidated statement of cash flows</b>	<b>11</b>
<b>Notes to the consolidated financial statements</b>	<b>12-34</b>

## **General information**

<b>Commercial registration</b>	:	57409-1 obtained on 9 July 2005
<b>Directors</b>	:	Ahmad Mohammadnoor M Al Tayeb (w.e.f 2 May 2024) Abdulla Jubara Al Rumaihi (up to 2 May 2024) Aisha Fahad S A. AlNuaimi Faisal Ali Issa Alfarsi Dana Abdulaziz F.H. Al Ansari Hani M A E GH AlAwadhi Tamer Elsayed Mohamed Abdelmoaty
<b>Registered office</b>	:	Flat 402, Building 655 Road 3614, Block 436 Manama Kingdom of Bahrain
<b>Bankers</b>	:	Al Salam Bank Ahli United Bank
<b>Auditors</b>	:	Grant Thornton - Abdulaal P.O. Box 11175 12 <sup>th</sup> Floor, Al Nakheel Tower Seef District, Kingdom of Bahrain

## Directors' report

The Board of Directors of Nuzul Holding B.S.C. (c) (the "Company") and its subsidiaries (hereinafter referred to as the "Group") has great pleasure in presenting the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

### Principal activities

The Company is engaged in activities of holding companies.

### Financial highlights

The total income of the Group for the year ended 31 December 2024 was USD4,863,334 as compared to previous year's income of USD4,967,799. The Group has reported a profit of USD1,823,853 for the year ended 31 December 2024 as compared to a profit of USD932,560 for the year 2023.

### Directors

The following served as the Directors of the Company during the year ended 31 December 2024:

Ahmad Mohammadnoor M Al Tayeb	-	Chairman (w.e.f 2 May 2024)
Abdulla Jubara Al Rumaihi	-	Chairman (up to 2 May 2024)
Aisha Fahad S A. AlNuaimi	-	Vice Chairperson
Faisal Ali Issa Alfarsi	-	Director
Dana Abdulaziz F.H. Al Ansari	-	Director
Hani M A E GH AlAwadhi	-	Director
Tamer Elsayed Mohamed Abdelmoaty	-	Director

### Disclosure for remuneration of members of board of directors and executive management

#### 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 BOD	Total allowance for attending Board and Committee meetings	Others	Total	Remunerations of the Chairman and BOD	Incentive plans	Others	Total			
<b>First: Independent Directors:</b>											
1. Aisha Fahad S A. AlNuaimi	-	10,000	10,610	20,610	-	-	-	-	-	-	-
2. Faisal Ali Issa Alfarsi	-	12,800	10,610	23,410	-	-	-	-	-	-	-

Name	Fixed remunerations				Variable remunerations				End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the Chairman and BOD	Total allowance for attending Board and committee meetings	Others	Total	Remunerations of the Chairman and BOD	Incentive plans	Others	Total			
<b>Second: Non-Executive Directors:</b>											
1. Ahmad Mohammadnoor Al Tayeb	-	5,800	-	5,800	-	-	-	-	-	-	-
2. Abdulla Jubara Al Rumaihi	-	-	-	-	-	-	-	-	-	-	-
3. Dana Abdulaziz F.H. Al Ansari	-	5,800	-	5,800	-	-	-	-	-	-	-
4. Hani M A E GH AlAwadhi	-	5,800	-	5,800	-	-	-	-	-	-	-
5. Tamer Elsayed Mohamed Abdelmoaty	-	10,000	10,610	20,610	-	-	-	-	-	-	-
<b>Third: Executive Directors:</b>											
1. N/A	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	50,200	31,830	82,030	-	-	-	-	-	-	-

**Second: Executive management remuneration details:**

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2024	Aggregate Amount
Remuneration for top 6 executives including Managing Director/CEO/Chief Financial Officer and Senior Financial Officer	202,433	13,263	-	215,696

**Nuzul Holding B.S.C. (c)**

**Auditors**

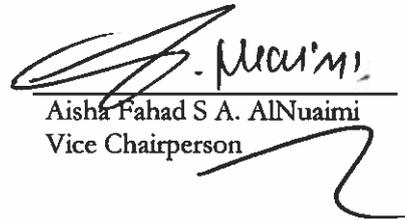
The consolidated financial statements have been audited by Grant Thornton - Abdulaal who have expressed their willingness and considered themselves eligible for re-appointment.

The Directors take this opportunity to place on record their sincere appreciation to the staff for their loyalty and dedication, which has greatly helped to maintain the reputation and consolidated results of the Group.

On behalf of the Board of Directors

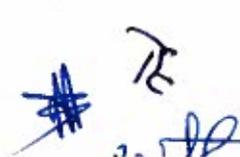


Ahmad Mohamrhadnoor M Al Tayeb  
Chairman



Aisha Fahad S A. AlNuaimi  
Vice Chairperson

Manama, Kingdom of Bahrain



## Independent auditors' report

To the Shareholders of  
Nuzul Holding B.S.C. (c)

### Report on the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of **Nuzul Holding B.S.C. (c)** (the “Company”) and its subsidiaries (together the “Group”) which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

As disclosed in Note 10 to the financial statement which states that the wakala receivables in the amount of USD3,340,196 is registered in the name of the Parent Company and held for the beneficial interest of the Group. Our opinion is not modified in respect of this matter.

#### Other information

The Board of Directors is responsible for the other information. The other information obtained at the date of this auditors' report is the Directors' report set out on pages 2 to 4.

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 on the other information obtained prior to the date of this auditors' report, 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.

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

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

In preparing the consolidated financial statements, the Management 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 Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Management.
- Conclude on the appropriateness of the Managements' 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 auditors' 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 auditors' 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.

We communicate with the 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.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Bahrain Commercial Companies Law, we report that:
  - a) the Company has maintained proper accounting records and the financial statements are in agreement therewith;
  - b) the financial information contained in the Managements' report is consistent with the financial statements;
  - c) we are not aware of any violations during the year of the Commercial Companies Law, or the terms of the Company's Articles and Memorandum of Association that would have a material adverse effect on business of the Company or its financial position; and
  - d) satisfactory explanations and information have been provided to us by management in response to all our request.
  
2. As required by the Ministry of Industry and Commerce in its letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:
  - a) the Company has appointed corporate governance officer; and
  - b) the Company has board approved written guidance and procedures for corporate governance.



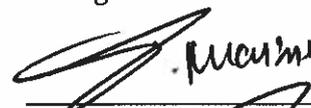
Partner's Registration No. 198  
1 June 2025  
Manama, Kingdom of Bahrain

## Consolidated statement of financial position

	Notes	31 December 2024 USD	31 December 2023 USD
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment	3	137,325	200,491
Right-of-use asset	4	37,253	9,315
Investment in associate	5	22,883,878	22,887,685
Investment properties	6	51,058,886	50,461,104
Advances paid towards investment property development	7	15,830,649	15,830,649
		<b>89,947,991</b>	<b>89,389,244</b>
<b>Current assets</b>			
Accounts and other receivables	8	3,307,452	2,219,036
Amount due from related party	9	31,585,615	31,585,615
Wakala receivables	10	3,340,196	3,651,742
Cash and cash equivalents	11	3,992,489	3,193,884
		<b>42,225,752</b>	<b>40,650,277</b>
<b>Total assets</b>		<b>132,173,743</b>	<b>130,039,521</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	15	100,000,000	100,000,000
Statutory reserve	16	1,405,532	1,247,574
Accumulated losses		(37,023,469)	(38,445,086)
Equity attributable to shareholders of the parent		64,382,063	62,802,488
Non-controlling interests		11,349,850	11,105,572
		<b>75,731,913</b>	<b>73,908,060</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liability	13	9,734	-
Employees' terminal benefits	14	367,545	373,737
		<b>377,279</b>	<b>373,737</b>
<b>Current liabilities</b>			
Amounts due to related parties	9	55,044,971	55,047,304
Accruals and other payables	12	993,789	703,101
Current portion of lease liability	13	25,791	7,319
		<b>56,064,551</b>	<b>55,757,724</b>
<b>Total liabilities</b>		<b>56,441,830</b>	<b>56,131,461</b>
<b>Total equity and liabilities</b>		<b>132,173,743</b>	<b>130,039,521</b>

These financial statements were approved by the Board of Directors and signed on its behalf by:

  
 Ahmad Mohammadnoor M Al Tayeb  
 Chairman

  
 Aisha Fahad S.A. AlNuaimi  
 Vice Chairperson

The accounting policies and the notes from pages 12 to 34 form an integral part of these consolidated financial statements.



## Consolidated statement of comprehensive income

	Notes	Year ended 31 December 2024 USD	Year ended 31 December 2023 USD
<b>Continuing operations</b>			
Operating income	17	3,970,310	4,615,530
Cost of operations	18	(2,063,219)	(1,876,826)
<b>Gross profit</b>		<b>1,907,091</b>	<b>2,738,704</b>
Unrealised fair value gain/(loss) of investment properties	6	556,938	(911,488)
Other income	19	336,086	352,269
		<b>2,800,115</b>	<b>2,179,485</b>
<b>Expenses</b>			
Staff cost		(436,787)	(444,560)
General and administrative expenses	20	(502,194)	(217,458)
Settlement fees		-	(535,293)
		<b>(938,981)</b>	<b>(1,197,311)</b>
<b>Operating profit from continuing operations before amortization, depreciation and finance costs</b>		<b>1,861,134</b>	<b>982,174</b>
Depreciation	3	(3,636)	(4,379)
Deprecation on right-of-use asset	4	(27,939)	(27,939)
Finance costs of lease liability		(1,899)	(1,364)
		<b>(33,474)</b>	<b>(33,682)</b>
<b>Profit from continuing operations</b>		<b>1,827,660</b>	<b>948,492</b>
Loss from discontinued operations	5	(3,807)	(15,932)
<b>Profit for the year</b>		<b>1,823,853</b>	<b>932,560</b>
<b>Attributable to:</b>			
Shareholders of the Company		1,579,575	1,170,575
Non-controlling interests		244,278	(238,015)
		<b>1,823,853</b>	<b>932,560</b>

These financial statements were approved by the Board of Directors and signed on its behalf by:



Ahmad Mohammadnoor M Al Tayeb  
Chairman



Aisha Fahad S A. AlNaimi  
Vice Chairperson

The accounting policies and the notes from pages 12 to 34 form an integral part of these consolidated financial statements.

## Consolidated statement of changes in equity

	Share capital	Statutory reserve	Accumulated losses	Equity attributable to equity holders of the parent	Non-controlling interests	Total
	USD	USD	USD	USD	USD	USD
At 1 January 2023	100,000,000	1,130,516	(39,498,603)	61,631,913	11,661,889	73,293,802
Profit for the year	-	-	1,170,575	1,170,575	(238,015)	932,560
Transfer to statutory reserve	-	117,058	(117,058)	-	-	-
Amounts repaid to non-controlling interest	-	-	-	-	(318,302)	(318,302)
<b>At 31 December 2023</b>	<b>100,000,000</b>	<b>1,247,574</b>	<b>(38,445,086)</b>	<b>62,802,488</b>	<b>11,105,572</b>	<b>73,908,060</b>
At 1 January 2024	100,000,000	1,247,574	(38,445,086)	62,802,488	11,105,572	73,908,060
Profit for the year	-	-	1,579,575	1,579,575	244,278	1,823,853
Transfer to statutory reserve	-	157,958	(157,958)	-	-	-
<b>At 31 December 2024</b>	<b>100,000,000</b>	<b>1,405,532</b>	<b>(37,023,469)</b>	<b>64,382,063</b>	<b>11,349,850</b>	<b>75,731,913</b>

The accounting policies and the notes from pages 12 to 34 form an integral part of these consolidated financial statements.

## Consolidated statement of cash flows

	Year ended 31 December 2024	Year ended 31 December 2023
	USD	USD
<b>Operating activities</b>		
Profit for the year	1,823,853	932,560
Adjustments for:		
Depreciation	101,466	104,671
Depreciation on right-of-use asset	27,939	27,939
Change in fair value of investment properties	(556,938)	911,488
Share of profit from discontinued operations	3,807	15,932
Provision for employees' terminal benefits	11,092	42,091
Interest income	(307,415)	(323,754)
Finance costs on lease liability	1,899	1,364
Operating profit before working capital changes	1,105,703	1,712,291
Changes in operating assets and liabilities:		
Change in accounts and other receivables	(1,088,416)	(2,004,921)
Change in amounts due to related parties	(2,333)	21,922
Change in accruals and other payables	290,688	148,509
Payments of employees' terminal benefits	(17,284)	(6,337)
<b>Net cash from/(used in) operating activities</b>	<b>288,358</b>	<b>(128,536)</b>
<b>Investing activities</b>		
Additions to investment properties	(40,844)	(10,058)
Additions to plant and equipment	(38,300)	(45,363)
Movement in wakala receivables	311,546	384,024
Interest income received	307,415	323,754
Interest paid on lease liability	(1,899)	(1,364)
<b>Net cash from investing activities</b>	<b>537,918</b>	<b>650,993</b>
<b>Financing activities</b>		
Repayment of lease liability	(27,671)	(28,206)
Amounts repaid to non-controlling interests	-	(318,302)
<b>Net cash used in financing activities</b>	<b>(27,671)</b>	<b>(346,508)</b>
<b>Net change in cash and cash equivalents</b>	<b>798,605</b>	<b>175,949</b>
Cash and cash equivalents, beginning of year	3,193,884	3,017,935
<b>Cash and cash equivalents, end of year</b>	<b>3,992,489</b>	<b>3,193,884</b>
Comprises:		
Cash in hand	4,099	6,501
Bank balances	1,710,366	1,017,036
Short term deposit	2,278,024	2,170,347
	<b>3,992,489</b>	<b>3,193,884</b>

The accounting policies and the notes from pages 12 to 34 form an integral part of these consolidated financial statements.

# Notes to the consolidated financial statements

31 December 2024

## 1. Organisation and activities

Nuzul Holding B.S.C. (c) (the “Company”) is a Bahrain Shareholding Company (closed) registered in the Kingdom of Bahrain with the Ministry of Industry and Commerce under commercial registration number 57409-1 obtained on 9 July 2005.

The Company is engaged in activities of holding companies.

The Company is a subsidiary of Barwa Real Estate Company Q.S.C. (the “Parent company”).

The consolidated financial statements for the year ended 31 December 2024 was approved by the Board of Directors on 1 June 2025.

The Company’s registered office is situated in the Kingdom of Bahrain.

The Group comprises the Company and its subsidiaries and associate:

<b>Subsidiaries</b>	<b>Country of incorporation</b>	<b>Ownership interest</b>	<b>Year end</b>	<b>Principal activity</b>
Nuzul Al Manama Holding W.L.L.	Kingdom of Bahrain	99.75%	31 December	Holding company 60% shareholder of Nuzul Masaken Real Estate Development B.S.C. (c).
Nuzul Masaken Real Estate Development B.S.C. (c)	Kingdom of Bahrain	60%	31 December	Owns and operates a property in the Kingdom of Bahrain as serviced apartments.
Nuzul Touristic Investment Company S.P.C.	State of Qatar	100%	31 December	Under liquidation
<b>Associate</b>	<b>Country of incorporation</b>	<b>Ownership interest</b>	<b>Year end</b>	<b>Principal activity</b>
Nuzul Qatar Limited Company W.L.L.	State of Qatar	50%	31 December	Under liquidation

## 2. Summary of material accounting policies

### 2.1 Basis of preparation

The Group’s consolidated financial statements have been prepared on an accrual basis under historical cost, except for investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are stated at their fair values. The Group’s consolidated financial statements are presented in United State Dollar. All values are rounded to the nearest United State Dollar.

*Notes to the consolidated financial statements for the year ended 31 December 2024*

**2.2 New or revised Standards or Interpretations**

**New Standards adopted as at 1 January 2024**

Several amendments to existing Standards which have become effective from 1 January 2024 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

**Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group**

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB or IFRIC. None of these standards or amendments to existing standards have been adopted early by the Group and no interpretations have been issued that are applicable and need to be taken into consideration by the Group at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments to interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

**2.3 Basis of consolidation**

The Group's financial statements consolidate those of the parent company and all of its subsidiaries at 31 December 2024. All subsidiaries have a reporting date of 31 December. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

**2.4 Investments in associates**

Associates are those entities over which the Group is able to exert significant influence, but which are neither subsidiaries nor interest in a joint venture. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is included in the amount recognised as investment in associates.

All subsequent changes to the Group's share of interest in the equity of the associate are recognised in the carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported within 'Share of profit from associates in the statement of comprehensive income. Changes resulting from other comprehensive income of the associate or items recognised directly in the associate's equity are recognised in other comprehensive income or equity of the Group, as applicable.

***Notes to the consolidated financial statements for the year ended 31 December 2024***

However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognised.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment losses from a Group perspective.

Amounts reported in the financial statements of associates entities have been adjusted where necessary to ensure consistency with the accounting policies of the Group.

**2.5 Plant and equipment**

Plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of the plant and equipment includes the cost of bringing them to their present location and condition. The cost of replacing part of an item of plant and equipment is recognised in carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. All other costs are recognised in the consolidated statement of comprehensive income as expenditure incurred. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of plant and equipment. The following useful lives are applied:

Office equipment	3-5 years
Motor vehicle	5 years

Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in consolidated statement of comprehensive income within 'other income' or 'other expenses'.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

**2.6 Investment properties**

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

Investment properties are revalued annually with resulting gains and losses recognised in the statement of comprehensive income and is included in the statement of financial position at their fair values (Note 6).

### **2.7 Impairment of assets**

The carrying amount of the Group's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. Recoverable amount is higher of fair value less cost to sell and value in use. All impairment losses are recognised in the consolidated statement of comprehensive income. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been change in the estimates used to determine the recoverable amount.

### **2.8 Cash and cash equivalents**

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances and short-term deposits.

### **2.9 Provisions**

Provisions are recognised by considering an obligation of the Group as on date resulting from past events, and where it is probable that such obligation will result in outflow of economic resources and amount can be reliably estimated.

### **2.10 Employees' terminal benefits**

Employees' terminal benefits and entitlements to annual leave, holiday, air passage and other short-term benefits are recognized as they accrue to the employees. The Group contributes to the pension scheme for Bahraini nationals administered by the General Organisation for Social Insurance in the Kingdom of Bahrain. The Group's share of contribution to this funded scheme which is defined contribution scheme under IAS-19 - Employee benefits, is recognised as an expense in the statement of comprehensive income.

The expatriate employees of the Group are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Laws for private sector 2012, based on length of service and final salary.

Provision for this, which is unfunded, and which represent a defined benefit plan under IAS-19 has been made by calculating the notional liability had all employees left at the reporting date. The provision was recorded up to 29 February 2024 due to new regulations. Such provision will increase for any salary increment from 1 March 2024 onwards. This provision is classified as a non-current liability in the statement of financial position.

In addition, for indemnity payable to the expatriate employees from 1 March 2024, the Group pays the leaving indemnity to the Social Insurance Organisation on a monthly basis. This portion is a defined contribution under IAS 19.

### **2.11 Revenue recognition**

Revenue arises mainly from the rental income.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Group's products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Rental income is recognised in the period in which it is related.

### **2.12 Equity**

Share capital represents the nominal (par) value of shares that have been issued.

Statutory reserve is required by the Bahrain Commercial Companies Law and the Company's articles of association. 10% of the profit for the year should be transferred to statutory reserve every year. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued and paid-up share capital. The reserve cannot be utilised for the purpose of a distribution except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

Accumulated losses include all current and prior period accumulated losses.

All transactions with owners of the parent are recorded separately within equity.

### **2.13 Other income**

Other income is recognised on an accrual basis or when the Group's right to receive payment is established.

### **2.14 Operating expenses**

Operating expenses are recognised in the consolidated statement of comprehensive income upon utilisation of the service or as incurred.

### **2.15 Financial instruments**

#### **Recognition and derecognition**

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**a. Financial assets**

**Classification and initial measurement of financial assets**

All financial assets are initially measured at fair value adjusted for transaction costs, except for those accounts receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost,
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group's quoted securities and unquoted securities are categorised as FVOCI and investment in funds are categorised as FVTPL.

The classification is determined by both:

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

All income and expenses relating to financial assets that are recognised in the consolidated statement of comprehensive income are presented within finance costs, finance income or other financial items, except for impairment of accounts receivables which is presented separately in the consolidated statement of comprehensive income.

**Subsequent measurement of financial assets**

**Financial assets at amortised cost**

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, amount due from related party, wakala receivables and accounts and other receivables fall into this category of financial instruments. The net carrying values of cash and cash equivalents, amounts due from related party, wakala receivables and accounts and other receivables are considered to be a reasonable approximation of fair value.

**Financial assets at fair value through profit or loss (FVTPL)**

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

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

**Financial assets at fair value through other comprehensive income (FVOCI)**

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

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

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

**Impairment of financial assets**

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

*Notes to the consolidated financial statements for the year ended 31 December 2024*

**Accounts and other receivables**

The Group makes use of a simplified approach in accounting for accounts and other receivables and records the loss allowance as 12 month expected credit loss and lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of accounts receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 22(d) for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

**b. Financial liabilities**

**Classification and measurement of financial liabilities**

The Group's financial liabilities includes amounts due to related parties and accruals and other payables. The net carrying values of amounts due to related parties and accruals and other payables are considered to be a reasonable approximation of fair value. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through the statement of comprehensive, if any. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at fair value through the statement of comprehensive, which are carried subsequently at fair value with gains or losses recognised in the statement of comprehensive. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive income are included within finance costs or finance income.

**2.16 Significant management judgement in applying accounting policies and estimation uncertainty**

When preparing the consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

**a. Significant management judgments**

During the year, there were no judgements made by management in applying the accounting policies of the Group that had a significant effect on the consolidated financial statements.

**b. Estimation uncertainty**

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

**Useful lives and residual values of depreciable assets.** Management reviews its estimate of the useful lives and residual values of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of IT equipment and environmental regulations that can make polluting assets to be depreciated more quickly.

**Fair value measurement.** Management uses valuation techniques to determine the fair value of financial instruments and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the asset. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (Note 21).

**Leases - determination of the appropriate discount rate to measure lease liability.** The Group enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Group uses its incremental borrowing rate as the discount rate for determining its lease liability at the lease commencement date. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

### 3. Plant and equipment

	Office equipment	Motor vehicle	2024 Total	2023 Total
	USD	USD	USD	USD
<b>Cost</b>				
At 1 January	4,773,811	152,804	4,926,615	4,881,252
Additions	38,300	-	38,300	45,363
At 31 December	<b>4,812,111</b>	<b>152,804</b>	<b>4,964,915</b>	<b>4,926,615</b>
<b>Accumulated depreciation</b>				
At 1 January	4,573,320	152,804	4,726,124	4,621,453
Charge for the year	101,466	-	101,466	104,671
At 31 December	<b>4,674,786</b>	<b>152,804</b>	<b>4,827,590</b>	<b>4,726,124</b>
<b>Net book value</b>				
At 31 December 2024	<b>137,325</b>	-	<b>137,325</b>	-
At 31 December 2023	<b>200,491</b>	-	-	<b>200,491</b>

Out of the total depreciation of USD101,466 (2023: USD104,671), USD97,830 (2023: USD100,292) is, included under cost of operations and USD3,636 (2023: USD4,379) included as depreciation in the statement of comprehensive income.

### 4. Right-of-use asset

	2024 Total	2023 Total
	USD	USD
<b>Gross carrying amount</b>		
At 1 January	122,641	122,641
Additions	55,877	-
At 31 December	<b>178,518</b>	<b>122,641</b>
<b>Accumulated depreciation</b>		
At 1 January	113,326	85,387
Charge for the year	27,939	27,939
At 31 December	<b>141,265</b>	<b>113,326</b>
<b>Net carrying amount</b>		
At 31 December 2024	<b>37,253</b>	-
At 31 December 2023	-	<b>9,315</b>

It represents office premises obtained on lease from May 2024 for the period of 2 years which expires on April 2026.

5. Investment in associate

	2024 USD	2023 USD
At 1 January	22,887,685	22,903,617
Share of loss	(3,807)	(15,932)
At 31 December	<u>22,883,878</u>	<u>22,887,685</u>

Set out below are the details of the associate held directly by the Group:

Name of the Associate	Principal activities	Country	2024 Holding %	2023 Holding %
Nuzul Qatar Limited Company W.L.L.	Real estate	Qatar	50	50

The Group owns 50% of equity interest in Nuzul Qatar Limited Company W.L.L. The investments are accounted for under the equity method. The associate has a reporting date of 31 December 2024.

Summarised financial information for Nuzul Qatar Limited Company W.L.L. is set out below:

	2024 USD	2023 USD
Current assets	62,571,505	62,581,368
Current liabilities	16,803,700	16,805,946
<b>Net assets</b>	<u>45,767,805</u>	<u>45,775,422</u>
Other income	-	-
Net loss	(27,800)	(31,865)

A reconciliation of the above summarized financial information to the carrying amount of the investment in Nuzul Qatar Limited Company W.L.L. is set out below:

	2024 USD	2023 USD
Total net assets of Nuzul Qatar Limited Company W.L.L.	45,767,805	45,775,422
Proportion of ownership interest held by the Company	50%	50%
Carrying amount of the investment at 31 December	<u>22,883,878</u>	<u>22,887,685</u>

The associate has ceased its operations, and it is presently undergoing the process of liquidation.

## 6. Investment properties

Investment properties include real estate properties in the Kingdom of Bahrain and in the kingdom of Saudi Arabia, which are owned to earn rentals and for capital appreciation.

Note 21 sets out how the fair value of the investment property has been determined.

Changes to the carrying amounts are as follows:

	Lands and buildings 2024	Lands and buildings 2023
	USD	USD
At 1 January	50,461,104	51,362,534
Additions	40,844	10,058
Unrealized gain/(loss) of fair value measurement	556,938	(911,488)
At 31 December	<b>51,058,886</b>	<b>50,461,104</b>

### Analysis of investment properties:

	2024 Total	2023 Total
	USD	USD
Somerset Hotel	24,827,587	25,092,838
2 floors in Jawar Building	26,231,299	25,368,266
	<b>51,058,886</b>	<b>50,461,104</b>

The Group had obtained a valuation of its investment properties from an independent real estate valuer as at 31 December 2024.

Investment properties are either leased to third parties on operating leases or are vacant. Rental income of USD3,602,512 (2023: USD4,327,994) is shown within the operating income.

## 7. Advances paid towards investment property development

In prior year, the Group had paid advances to a developer amounting to USD42,258,667 to develop four floors in Burj Al Jawar (“the Tower”) in Mecca, Kingdom of Saudi Arabia. During 2012, due to legal issues of obtaining relevant licenses, the development of the Tower was suspended. Consequently, the Group has filed a legal case in Saudi Arabian court against the developer for recovering the advance paid. Considering that the matter was under litigation, a provision of USD26,428,018 was recognised against these advances in prior years. The legal dispute between the Group and the Saudi developer has been arbitrated under Saudi Arbitration Law. On the other hand, the developer has obtained the building permits for the remaining floors and the construction was resumed accordingly.

*Notes to the consolidated financial statements for the year ended 31 December 2024*

The tribunal delivered its decision in which the tribunal ruled that Urban Development Company shall pay to Nuzul an amount of USD67,233,421 (SAR 253,470,000), an amount of USD795,755 (SAR3,000,000) as attorney fees and an amount of USD135,809 (SAR512,500) as an arbitration fee that Nuzul has paid. The Urban Development Company submitted an appeal against the ruling to the Court of Appeal. The court of appeal accepted the appeal and revoked the arbitration award. Nuzul has submitted its appeal to the Supreme Court according to the arbitration law. The Supreme Court upheld the decision of the Court of Appeal.

The Group decided to put the property on the market and has reached an initial agreement to sell the six floors to an interested Saudi buyer. The Group's intention is to sell its investment in the Tower being the four floors which are under construction plus the two floors received in 2008 and recorded under investment properties (Note 6) and entered an out of court settlement with the developer whereby the Saudi buyer shall pay, mostly in-kind by completing the construction of the top four floors, the remaining commitment towards this investment property. The Board of Directors expects to recover the carrying amount of the advances paid given the market price of the six floors, upon completion, less the remaining commitment is higher than the carrying amount of the advances.

## 8. Accounts and other receivables

	2024 USD	2023 USD
Accounts receivables, gross	125,337	44,008
Deposits	3,448	3,448
<b>Financial assets</b>	<b>128,785</b>	<b>47,456</b>
Advances to suppliers	52,777	51,457
Other receivables*	3,068,122	2,059,990
Prepaid expenses	57,768	60,133
<b>Non-financial assets</b>	<b>3,178,667</b>	<b>2,171,580</b>
<b>Accounts and other receivables</b>	<b>3,307,452</b>	<b>2,219,036</b>

All amounts are short-term. The net carrying value of accounts and other receivables is considered to be a reasonable approximation of fair value.

\*Other receivables in the amount of USD2,984,085 (2023: USD1,989,390) pertain to in-kind rental income related to the settlement agreed on Burj Aljawaar in Mecca (Note 7).

All of the Group's accounts and other receivables in the comparative periods have been reviewed for indicators of impairment.

Note 22(d) includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. Both the current and comparative impairment provisions apply the IFRS 9 expected loss model.

## 9. Related party balances and transactions

The Group's related parties include its Directors, key management, Shareholders, their close relatives and businesses under their control. The Group's transactions with related parties are in the ordinary course of business.

### 9.1 Related party balances:

#### Amount due from related party

Name of related party	Nature of relationship	2024 USD	2023 USD
Nuzul Qatar Limited Company W.L.L.	Associate	<u>31,585,615</u>	<u>31,585,615</u>

Amount due from related party is unsecured, earns no interest and has no fixed repayment terms.

The net carrying value of amount due from related party is considered to be a reasonable approximation of fair value.

#### Amounts due to related parties

Name of related party	Nature of relationship	2024 USD	2023 USD
Nuzul Qatar Limited Company W.L.L.	Associate	14,812,046	14,812,046
Barwa Real Estate Company Q.S.C	Parent Company	40,232,925	40,235,258
		<u>55,044,971</u>	<u>55,047,304</u>

Amounts due to related parties are unsecured, bears no interest and have no fixed repayment terms.

The net carrying value of amounts due to related parties is considered to be a reasonable approximation of fair value.

### 9.2 Related party transactions:

The following are the related party transactions:

Name of the related party	Nature of relationship	Nature of transactions	2024 USD	2023 USD
Nuzul Qatar Limited Company W.L.L.	Associate	Share of loss from associate	(3,807)	(15,932)
Ewan Holding W.L.L.	Other related party	Amounts repaid to non-controlling interest	-	318,302

### 9.3 Compensation of key management personnel:

Key management of the Group are the executive members of Group's board of directors, members of the executive management and non-executive directors. Key management personnel compensation includes the following expenses:

	2024 USD	2023 USD
Salaries and benefits	<u>215,696</u>	<u>212,022</u>

## 10. Wakala receivables

The Group's Wakala receivables carry a profit rate of 4.75% per annum (2023: 5.85% per annum) The maturity of the Wakala receivables is on 20 January 2025.

The wakala receivables is registered in the of the Parent Company and held for the beneficial interest of the Group.

## 11. Cash and cash equivalents

	2024 USD	2023 USD
Cash in hand	4,099	6,501
Bank balances	1,710,366	1,017,036
Short term deposits	2,278,024	2,170,347
	<u>3,992,489</u>	<u>3,193,884</u>

Short term deposits are placed with the Group's bankers, earn interest at a rate of 4.9% and 5.7% (2023: 5.9% and 5.8%) per annum with original maturity of less than 3 months.

There are no restrictions on bank balances and short-term deposits at the time of approval of the consolidated financial statements.

## 12. Accruals and other payables

	2024 USD	2023 USD
Accrued expenses	315,578	195,218
Other payables	678,211	507,883
	<u>993,789</u>	<u>703,101</u>

All amounts are short-term. The carrying values of accruals and other payables are considered to be a reasonable approximation of fair values.

## 13. Lease liability

Lease liability is presented in the consolidated statement of financial position as follows:

	2024 USD	2023 USD
Current	25,791	7,319
Non-current	9,734	-
	<b>35,525</b>	<b>7,319</b>

The Group has lease for the office premises. With the exception of short-term leases and leases of low-value underlying asset, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its consolidated Statement of financial position.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of right-of-use asset and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the statement of financial position:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with termination options
Office premise	1	2 years	1 year	1	-

Future minimum lease payments at 31 December were as follows:

	Minimum lease payments due		
	Within 1 year USD	1-2 years USD	Total USD
<b>31 December 2024</b>			
Lease payments	27,108	9,856	36,964
Finance charges	(1,317)	(122)	(1,439)
<b>Net present values</b>	<b>25,791</b>	<b>9,734</b>	<b>35,525</b>
<b>31 December 2023</b>			
Lease payments	7,393	-	7,393
Finance charges	(74)	-	(74)
<b>Net present values</b>	<b>7,319</b>	<b>-</b>	<b>7,319</b>

## 14. Employees' terminal benefits

The movement in leaving indemnity liability applicable to expatriate employees is as follows:

	2024 USD	2023 USD
At 1 January	373,737	337,983
Amounts provided for the year	11,092	42,091
Amounts paid during the year	(17,284)	(6,337)
At 31 December	<u>367,545</u>	<u>373,737</u>

The number of expatriate staff employed by the Group at 31 December 2024 was 23 (2023: 24).

## 15. Share capital

The share capital of the Company consists of 100,000,000 shares (2023: 100,000,000 shares) of USD1 each (2023: USD1 each), authorised, issued and fully paid up.

	2024			2023		
	Number of shares	%	Amount USD	Number of shares	%	Amount USD
Barwa Real Estate Company Q.S.C.	49,000,000	49.00	49,000,000	42,000,000	42.00	42,000,000
Gulf Bank K.S.C.	10,000,000	10.00	10,000,000	10,000,000	10.00	10,000,000
General Retirement and Pension Authority	9,345,794	9.35	9,345,794	9,345,794	9.35	9,345,794
Social Protection Fund	7,228,084	7.23	7,228,084	-	-	-
Boubyan Bank K.S.C.	6,520,354	6.52	6,520,354	6,520,354	6.52	6,520,354
General Authority for Minors Affairs	4,000,000	4.00	4,000,000	4,000,000	4.00	4,000,000
Agar International Holdings Limited	3,539,823	3.54	3,539,823	3,539,823	3.54	3,539,823
The First Investor Company Q.S.C.	3,000,000	3.00	3,000,000	10,000,000	10.00	10,000,000
Fermor Investment Limited	1,769,910	1.77	1,769,910	1,769,910	1.77	1,769,910
Ghazi Abdulla Ahmed Nass	1,100,000	1.10	1,100,000	1,100,000	1.10	1,100,000
Mena Resident Holding W.L.L.	-	-	-	7,228,084	7.23	7,228,084
Others	4,496,035	4.51	4,496,035	4,496,035	4.51	4,496,035
	<u>100,000,000</u>	<u>100</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100</u>	<u>100,000,000</u>

## 16. Statutory reserve

Under the provisions of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the Group's profit for the year before appropriations is required to be transferred to a non-distributable reserve account up to a minimum of 50% of the issued share capital. During the year, USD157,958 has been transferred to this reserve (2023: USD117,058).

17. Operating income

	2024 USD	2023 USD
Rental income	3,602,512	4,327,994
Service charge	367,798	287,536
	<b>3,970,310</b>	<b>4,615,530</b>

18. Cost of operations

	2024 USD	2023 USD
Staff cost	747,313	730,647
Electricity and water charges	367,573	339,090
Management and marketing fees	174,997	127,332
Agency commissions	136,210	100,973
Housekeeping expenses	130,578	86,724
Depreciation (Note 3)	97,830	100,292
Repairs and maintenance	78,440	93,568
Food and beverages	72,260	71,427
Telephone charges	51,016	55,239
Bank charges	28,318	25,958
Other direct expenses	178,684	145,576
	<b>2,063,219</b>	<b>1,876,826</b>

19. Other income

	2024 USD	2023 USD
Interest income	307,415	323,754
Miscellaneous income	28,671	28,515
	<b>336,086</b>	<b>352,269</b>

20. General and administrative expenses

	2024 USD	2023 USD
Legal and professional fees	364,613	116,627
Director sitting fees and other related expenses	86,597	79,474
Miscellaneous expenses	50,984	21,357
	<b>502,194</b>	<b>217,458</b>

## 21. Fair value measurement

## Fair value measurement of non-financial instruments

Non-financial assets and non-financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

	Note	Level 1 USD	Level 2 USD	Level 3 USD	2024 Total USD
<b>Investment properties</b>					
Somerset Hotel	A	-	-	24,827,587	24,827,587
2 floors in Jawar Building	B	-	-	26,231,299	26,231,299
<b>Total</b>		-	-	<b>51,058,886</b>	<b>51,058,886</b>

	Note	Level 1 USD	Level 2 USD	Level 3 USD	2023 Total USD
<b>Investment properties</b>					
Somerset Hotel	A	-	-	25,092,838	25,092,838
2 floors in Jawar Building	B	-	-	25,368,266	25,368,266
<b>Total</b>		-	-	<b>50,461,104</b>	<b>50,461,104</b>

The fair value of the Group's properties is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of directors at each reporting date.

Further information is set out below.

a) **Sommerset Hotel**

The fair value of the hotel is estimated using an income approach which capitalizes the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. When actual rent differs materially from the estimated rent, adjustments have been made to the estimated rental value. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, the terms of in-place leases and expectations for rentals from future leases over the remaining economic life of the hotel. The hotel is revalued annually on 31 December 2024.

The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions about vacancy levels, and the discount rate. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if discount rate (market yields) decline.

The overall valuations are sensitive to all three assumptions. Management considers the range of reasonably possible alternative assumptions is greatest for rental values and vacancy levels and that there is also an interrelationship between these inputs.

The reconciliation of the carrying amounts investment properties classified within Level 3 is set out in Notes 6.

b) **2 floors in Jawar Building**

The appraisals were carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the floors, including plot size, location, encumbrances and current use. The floors were revalued on 31 December 2024.

The significant unobservable input is the adjustment for factors specific to the floors. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuations. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

## **22. Financial assets and liabilities and risk management**

The Group's principal financial instruments comprise of cash and cash equivalents, wakala receivables, accounts and other receivables, amount due from related party, accruals and other payables and amounts due to related parties.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and approves policies for managing each of these risks, which are summarized below.

***Notes to the consolidated financial statements for the year ended 31 December 2024***

**a. Interest rate risk**

The Group's policy is to minimize interest rate risk exposures on financial instruments. The Company is not exposed to the risk for changes in market interest rates since the Company has fixed interest bearing financial assets and financial liabilities.

**b. Liquidity risk**

Liquidity risk is the risk arising from the Group not being able to meet its obligations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents.

The following table shows the maturity profile of financial liabilities as at 31 December 2024:

Particulars	<b>Due within 1 year USD</b>
Accruals and other payables	993,789
Amounts due to related parties	<u>55,044,971</u>
	<b><u>56,038,760</u></b>

The following table shows the maturity profile of financial liabilities as at 31 December 2023:

Particulars	<b>Due within 1 year USD</b>
Accruals and other payables	703,101
Amounts due to related parties	<u>55,047,304</u>
	<b><u>55,750,405</u></b>

The above amounts reflect the contractual undiscounted cash flows.

The maturity profile of contractual undiscounted cash flows of lease liability is separately disclosed in Note 13 to the financial statements.

**c. Foreign currency risk**

The Group's primary exposure to the risk in changes in foreign currency relates to the transactional currency exposures. Such exposure arises when the transaction is denominated in currencies other than the functional currency of the operating unit or the counterparty.

The Group manages this risk by maintaining foreign currency bank accounts, which are used for foreign currency transactions to minimize the impact of foreign exchange fluctuations.

*Notes to the consolidated financial statements for the year ended 31 December 2024*

d. Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including bank balances, short term deposit, amount due from related party and accounts and other receivables.

The table below shows the gross maximum exposure to the Group's credit risk, without considering the effects of collateral and credit enhancements as at 31 December:

	2024 USD	2023 USD
Accounts and other receivables	128,785	2,107,446
Amount due from related party	31,585,615	31,585,615
Short term deposit	2,278,024	2,170,347
Bank balances	1,710,366	1,017,036
	<u>35,702,790</u>	<u>36,880,444</u>

Credit risk management

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks with banks are managed by dealing with major reputable financial institutions.

The credit risk in respect of amount due from related party is assessed based on the related parties' ability to repay the amount. It is Management's assessment that the credit risk is low.

The Group policy is to deal only with recognized, creditworthy counterparties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. A regular annual review and evaluation of these accounts are carried out to assess the credit standing of the customers.

Security

Accounts receivables consist of a large number of customers in various industries. The Group does not hold any security on the accounts receivable balances at each annual reporting.

*Notes to the consolidated financial statements for the year ended 31 December 2024*

**Accounts receivables**

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all accounts receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the accounts and other receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for sales over the past 24 months before 31 December 2024 and 31 December 2023 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

On the above basis the expected credit loss for accounts receivables as at 31 December 2024 and 2023 were not material to the consolidated financial statements.

## 23. Capital management policies and procedures

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize Shareholders' value.

Equity comprises share capital, statutory reserve, accumulated losses and non-controlling interest and is measured at USD75,731,913 as at 31 December 2024 (2023: USD73,908,060).

## 24. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

## 25. Comparative figures

Comparative figures for the previous year have been reclassified/re-arranged wherever necessary to conform with the presentation in the current year's consolidated financial statements.