

Financial statements and independent auditors' report

Zawia 2 Owners Association

31 January 2026

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General information

- Establishment number : 78312501 obtained on 25 February 2015
- Board of Directors : Khalid Abdulla Ghuloom Albastaki
Masooma Abduljalil Mohamed Ali Aldailami
Ziyad Al Dulaimi
Ameer Khalil Ebrahim Rabeea Alderazi
Adel Abdulla Mustafa Dawood
Fawzan Khalifa Yusuf Abdulla Bufarsan
- Registered office : Building 2040, Road 5717, Block 257,
Amwaj,
Kingdom of Bahrain
- Banker : Bank of Bahrain and Kuwait
- Auditors : Prime Audit and Consulting
P.O. Box 17349
Office 83 Bayswater Building
Seef District, Kingdom of Bahrain

Report of the Board of Directors

For the year ended 31 January 2026

Bahraini Dinars

The Board of Directors of Zawia 2 Owners Association (the "Association") has great pleasure in presenting the annual report and the audited financial statements of the Association for the year ended 31 January 2026.

Financial highlights	2026	2025
Income	257,616	248,907
Surplus of income over expenditure for the year	42,079	4,953
Total assets	243,984	178,090
Total equity	156,416	114,337

Major highlights of Zawia 2 Owners Association for the year ended 31 January 2026

During the current year, the members of the Association resolved to charge annual service fees of BD9.5 Per square meter per annum. Approximately half of the total budgeted annual income is used to pay the EWA expenses for the year.

Below is the year wise electricity expense analysis for the past 7 years:

	2019	2020	2021	2022	2023	2024	2025
Year	-	-	-	-	-	-	-
	2020	2021	2022	2023	2024	2025	2026
Amount in BD	115,767	122,230	124,272	121,390	123,435	111,390	111,747
% of EWA on annual budgeted fees	58%	64%	66%	65%	62%	50%	50%

Principal activities

The Association principal activity is to provide facilitation services to the owners of Zawia 2 Owners Association.

Directors

The following served as the Directors of the Association during the year ended 31 January 2026:

Khalid Abdulla Ghuloom Albastaki	- Chairman
Masooma Abduljalil Mohamed Ali Aldailami	- Vice Chairman
Ziyad Al Dulaimi	- Secretary
Ameer Khalil Ebrahim Rabeea Alderazi	- Treasurer
Adel Abdulla Mustafa Dawood	- Board member
Fawzan Khalifa Yusuf Abdulla Bufarsan	- Board member

Report of the Board of Directors (continued)

For the year ended 31 January 2026

Bahraini Dinars

Auditors

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

On behalf of the Board of Directors,



Khalid Abdulla Ghuloom Albastaki
Chairman



Ameer Khalil Ebrahim Rabeea Alderazi
Treasurer

29 March 2026
Amwaj, Kingdom of Bahrain

Independent auditors' report

To the Owners of
Zawia 2 Owners Association
Amwaj, Kingdom of Bahrain

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Zawia 2 Owners Association** (the "Association"), which comprise the statement of financial position as at 31 January 2026, the statements of income, expenditure and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at 31 January 2026, and its financial performance and its cash flows for the year ended in accordance with IFRS Accounting Standards.

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 Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter – predecessor auditor

The financial statements of the Association for the year ended 31 January 2025 were audited by another auditor who expressed a qualified opinion on those statements on 15 March 2025, for not receiving a bank's confirmation.

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 *report of the Board of Directors* set out on pages 2-3.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Responsibilities of the Board of Directors for the financial statements

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

In preparing the financial statements, the Board of Directors is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Independent auditors' report (continued)

Zawia 2 Owners Association
Amwaj, Kingdom of Bahrain

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 Association'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 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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.



Ali Khamis
Registration No. 158
29 March 2026
Manama, Kingdom of Bahrain



Statement of financial position

As at 31 January 2026

Bahraini Dinars

	Notes	2026	2025
Assets			
Non-current assets			
Property, plant and equipment	5	100,800	34,761
Total non-current assets		100,800	34,761
Current assets			
Accounts and other receivables	6	77,224	104,204
Bank balance		65,960	39,125
Total current assets		143,184	143,329
Total assets		243,984	178,090
Equity and liabilities			
Equity			
Accumulated funds		156,416	114,337
Total equity (page 8)		156,416	114,337
Liabilities			
Current liabilities			
Accounts and other payables	7	87,568	63,753
Total current liabilities		87,568	63,753
Total liabilities		87,568	63,753
Total equity and liabilities		243,984	178,090

These financial statements were approved by the Board of Directors on 29 March 2026 and signed on its behalf by:



Khalid Abdulla Ghuloom Albastaki
Chairman



Ameer Khalil Ebrahim Rabeea Alderazi
Treasurer

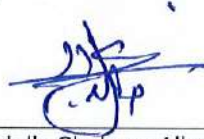
The accompanying notes from 1 to 14 are an integral part of these financial statements.

Statement of income, expenditure and other comprehensive income
For the year ended 31 January 2026

Bahraini Dinars

	Notes	2026	2025
Income			
Annual maintenance income		242,597	248,329
Other income		15,019	578
		257,616	248,907
Expenditures			
Building repairs and maintenance expenses		(27,301)	(91,268)
General and administrative expenses	8	(173,149)	(149,876)
Impairment allowance on accounts receivable	6	(4,929)	-
Depreciation	5	(10,158)	(2,810)
		(215,537)	(243,954)
Surplus of income over expenditure for the year		42,079	4,953
Other comprehensive income		-	-
Total comprehensive income for the year		42,079	4,953

These financial statements were approved by the Board of Directors on 29 March 2026 and signed on its behalf by:



Khalid Abdulla Ghuloom Albastaki
Chairman



Ameer Khalil Ebrahim Rabeea Alderazi
Treasurer

The accompanying notes from 1 to 14 are an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 January 2026

Bahraini Dinars

	Accumulated funds	Total equity
At 1 February 2024	109,384	109,384
Total comprehensive income for the year (page 7)	4,953	4,953
At 31 January 2025	<u>114,337</u>	<u>114,337</u>
At 1 February 2025	114,337	114,337
Total comprehensive income for the year (page 7)	42,079	42,079
At 31 January 2026	<u>156,416</u>	<u>156,416</u>

The accompanying notes from 1 to 14 are an integral part of these financial statements.

Statement of cash flows

For the year ended 31 January 2026

Bahraini Dinars

	2026	2025
OPERATING ACTIVITIES		
Surplus of income over expenditure for the year	42,079	4,953
Adjustments for:		
Depreciation	10,158	2,810
Impairment allowance on accounts receivable	4,929	-
Operating surplus before working capital changes	57,166	7,763
Changes in operating assets and liabilities:		
Change in accounts and other receivables	22,051	30,778
Change in accounts and other payables	23,815	(24,159)
Net cash generated from operating activities	103,032	14,382
INVESTING ACTIVITIES		
Payment for acquisition of property, plant and equipment	(76,197)	(35,581)
Net cash used in investing activities	(76,197)	(35,581)
Net change in cash and cash equivalents	26,835	(21,199)
Cash and cash equivalents, beginning of the year	39,125	60,324
Cash and cash equivalents, end of the year	65,960	39,125
Comprise:		
Bank balance	65,960	39,125

The accompanying notes from 1 to 14 are an integral part of these financial statements.

1 ORGANISATION AND ACTIVITIES

Zawia 2 Owners Association (the "Association") was registered on 25 February 2015 with the Information and eGovernment Authority in the Kingdom of Bahrain with the registration number 78312501.

The Association principal activity is to provide facilitation services to the owners of Zawia 2 Owners Association.

The building is located in Amwaj in the Kingdom of Bahrain.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Association have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting standards) as issued by the International Accounting Standards Board (IASB).

2.2 Basis of measurement

The financial statements have been drawn up from the accounting records of the Association maintained under the historical cost convention.

2.3 Functional and presentation currency

Items included in the financial statements of the Association are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Bahraini Dinars ("BD"), which is the Association's functional and presentation currency. All financial information presented in the financial statements has been rounded off to the nearest Bahraini Dinars.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS's Accounting Standards require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 4.

2.5 New or revised Standards or Interpretations

The new/revised IFRSs, amendments and interpretations, which became effective on or after 1 January 2025, do not have any material impact on the Association's accounting policies.

2.6 Standards and amendments not yet effective

Certain new standards, amendments and interpretations to existing standards have been published and are expected to be relevant to the Association but are not yet effective and have not been early adopted by the Association.

- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 (effective from annual periods beginning on or after 1 January 2026);
- Presentation and Disclosure in Financial Statements – IFRS 18 (effective from annual periods beginning on or after 1 January 2027); and

2 BASIS OF PREPARATION (continued)

- Subsidiaries without Public Accountability: Disclosures – IFRS 19 (effective from annual periods beginning on or after 1 January 2027).

The amendments are not expected to have any significant impact on the financial statements of the Association.

3 MATERIAL ACCOUNTING POLICIES

3.1 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment includes the cost of bringing them to their present location and condition. The cost of replacing part of an item of property, 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 Association and its cost can be measured reliably. All other cost are recognised in the statement of income, expenditure and other comprehensive income as expenditure incurred.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property, plant and equipment. The estimated useful life of property, plant and equipment for the depreciation purpose is 5 years.

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

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

3.2 Cash and cash equivalents

For the purpose of statement of cash flow, cash and cash equivalents comprise of bank balance only.

3.3 Impairment of non-financial assets

The carrying amount of the Association'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 statement of income, expenditure and other 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.

3.4 Provisions

Provisions are recognised by considering an obligation of the Association 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.

3.5 Revenue recognition

Annual maintenance income which is collected in advance as agreed with the Owners are recognised on a straight-line basis on the specified period at the rate of BD9.5 per square meter. The rate is not fixed and is based on the budget approved by the Board of Directors for the respective year.

3.6 Other Income

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

3.7 Financial Instruments

Recognition and derecognition

Financial assets and liabilities are recognized when the Association 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 (where applicable), except for those accounts receivable that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15.

Financial assets are classified into the following categories:

- Amortised cost,
- Fair value through profit or loss (FVTPL), and
- Fair value through other comprehensive income (FVOCI).

In the periods presented the Association does not have any financial assets categorised as FVTPL or FVOCI.

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 profit or loss are presented within finance costs, finance income or other financial items, except for impairment of accounts receivable which is presented separately in the statement of income, expenditure and other 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 Association's bank balance and accounts receivable fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements uses forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope include loans and other debt-type financial assets measured at amortised cost and FVOCI, accounts receivable, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Association considers a broad 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.

The Association considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Association in full, without recourse by the Association to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

Lifetime ECL are the ECLs that result from all possible default events over the expected life of the financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Association is exposed to credit risk.

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

Accounts receivable - (Simplified approach)

The Association makes use of a simplified approach in accounting for accounts receivable and records the loss allowance as 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 Association uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Association assess impairment of accounts receivable on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Cash and bank balances - (General approach)

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Company assumes that the credit risk on cash and cash equivalents has been increased significantly if it is more than 30 days past due.

Credit-impaired financial assets

At each reporting date, the Association assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due; or
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.

b. Classification and measurement of financial liabilities

The Association's financial liabilities include accounts and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Association designated a financial liability at fair value through profit or loss, if any. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

c. Offsetting financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements includes:

Useful lives of depreciable assets. Management reviews the useful lives of depreciable assets and intangible assets at each reporting date. At 31 January 2026, management assesses that the useful lives represent the expected utility of the assets to the Association. Actual results, however, may vary due to technical obsolescence.

Provision for expected credit losses of accounts receivable. The Association establishes provision for impairment on accounts receivable based on expected credit losses (ECL) model. The Association uses a simplified approach as allowed by the standard to determine impairment of accounts receivable.

5 PROPERTY, PLANT AND EQUIPMENT

	Building improvements, equipment and fixtures	Furniture	Office equipment	2026 Total	2025 Total
Cost					
At 1 February	145,189	4,025	2,660	151,874	116,293
Additions during the year	75,535	662	-	76,197	35,581
At 31 January	220,724	4,687	2,660	228,071	151,874
Accumulated depreciation					
At 1 February	111,326	3,207	2,580	117,113	114,303
Charge for the year	9,828	312	18	10,158	2,810
At 31 January	121,154	3,519	2,598	127,271	117,113
Net book value					
31 January 2026	99,570	1,168	62	100,800	-
31 January 2025	33,863	818	80	-	34,761

6 ACCOUNTS AND OTHER RECEIVABLES

	2026	2025
Accounts receivable	81,423	85,942
Less: Impairment allowance	(4,929)	-
	76,494	85,942
Prepayments	730	937
Advances to supplier	-	17,325
	77,224	104,204

Movement in Impairment allowance on accounts receivables during the year was a follow:

	2026
Loss allowance recognized during the year and as at 31 January	4,929

Refer to Note 10(d) which includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

7 ACCOUNTS AND OTHER PAYABLES

	2026	2025
Accounts payable	83,253	63,115
Accruals and other payables	2,140	638
Advances from owners	2,175	-
	87,568	63,753

8 GENERAL AND ADMINISTRATIVE EXPENSES

	2026	2025
Utilities expenses	112,159	111,570
Management fees	27,000	4,800
Annual subscription charges	15,035	26,566
Legal and professional fees	15,042	4,724
Insurance expenses	1,885	1,706
Miscellaneous expenses	2,028	510
	173,149	149,876

9 RELATED PARTY TRANSACTIONS

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 comprise the Directors of the Association and such other entities over which the Association or its Directors can exercise significant influence or can be significantly influenced by those entities. The Association enter into transactions with related parties at agreed terms.

Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Association. The key management personnel are the Directors of the Association and no compensation was paid to them during the year (2025: BD Nil).

10 FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT

The Association's principal financial instruments comprise of bank balance, accounts receivable, and accounts and other payables.

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

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

a. Interest rate risk

The Association's policy is to minimize interest rate cash flow risk exposures on long-term financing. The Association is not exposed to the risk for changes in market interest rates since the Association has no interest-bearing financial assets and financial liabilities.

b. Liquidity risk

Liquidity risk is the risk arising from the Association not being able to meet its obligations. The Association'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 January 2026:

Particulars	<u>Due within 1 year</u>
Accounts and other payables (excluding advances)	<u>85,393</u>

The following table shows the maturity profile of financial liabilities as at 31 January 2025:

Particulars	Due within 1 year
Accounts and other payables	63,753

c. Foreign currency risk

The Association's primary exposure to the risk of 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 currency risk on foreign currencies is actively monitored by the Management. The Association's transactions are predominantly in Bahraini Dinars.

d. Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Association. The Association trades only with recognized, creditworthy third parties. It is the Association'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.

The maximum exposure to credit risk at the reporting date was:

	2026	2025
Accounts and other receivables (excluding prepayments and advances)	76,494	85,942
Bank balance	65,960	39,125
	142,454	125,067

Accounts receivable

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

In assessing the expected credit losses, the accounts receivable 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 following table provides information about the exposure to credit risk and ECLs for accounts receivable:

31 January 2026

	Gross carrying amount	Impairment loss allowance	Credit impaired
0 – 90 days past due	60,566	(3,666)	No
More than 90 days past due	20,857	(1,263)	Yes
	81,423	(4,929)	

31 January 2025

	Gross carrying amount	Credit impaired
0 – 90 days past due	85,942	No

Cash and cash equivalents

The Association limits its exposure to credit risk on bank balance by maintaining balance with bank where the external credit ratings are high. The Association considers that its bank balance have low credit risk based on the external credit ratings of the counterparties. The Association has assessed impairment on cash and cash equivalents based on the 12-month expected loss and has concluded that there is no significant impact due to impairment of bank balance.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Association has access at that date. The fair value of a liability reflects its non-performance risk. Differences can therefore arise between book values under the historical cost method and fair value estimates.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The fair values of financial assets and liabilities of the Association are not materially different from their carrying value.

12 CAPITAL MANAGEMENT POLICY

The Association's objectives when managing capital is to safeguard the Association's ability to continue as a going concern, so that it can continue to provide returns for Owners and benefits to the other stakeholders. The Directors monitor the return on capital, which the Association defines as net operating income divided by total equity.

13 POST-REPORTING DATE EVENTS

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

14 COMPARATIVES

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