

HCL Technologies Bahrain W.L.L
FINANCIAL STATEMENTS
31 December 2025

Shareholder	:	HCL Technologies Holding UK Limited
Office	:	Flat 2232, Building 2504, Road 2832, Block 428 AlSeef Kingdom of Bahrain
Banker	:	Citibank N.A. Bahrain
Auditors	:	KPMG Fakhro

HCL Technologies Baharain W.L.L
FINANCIAL STATEMENTS
For the year ended 31 December 2025

Contents	Pages
Report of the Board of Directors	1
Independent auditors' report	2-3
Financial statements	
Statement of financial position	4
Statement of profit or loss and other comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the 2025 financial statements	8-18

HCL Technologies Bahrain W.L.L
REPORT OF THE BOARD OF DIRECTORS
For the year ended 31 December 2025

In accordance with Commercial Companies Law 2001 (as amended), we have pleasure in presenting the audited financial statements of HCL Technologies Bahrain W.L.L (the "Company") for the year ended 31 December 2025 as set out on pages 4-18.

Financial highlights	2025	2024
Profit/(loss) for the year	5,378	(24,623)
Total assets	121,915	38,126
Total equity	40,714	35,336

Representations and audit

The Company's activities for the year ended 31 December 2025 have been conducted in accordance with the Commercial Companies Law 2001 (as amended) and other relevant statutes of the Kingdom of Bahrain.

There have been no events subsequent to 31 December 2025, which would in any way invalidate the financial statements as set out on pages 4 to 18.

The Company has maintained proper, complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors, KPMG Fakhro.

On behalf of the board of directors



Goutam Rungta
(Director)

25 March 2026



Shiv Kumar Walia
(Director)



KPMG Fakhro
Audit
12th Floor, Fakhro Tower,
P.O. Box 710, Manama,
Kingdom of Bahrain

Telephone +973 17224807
Telefax +973 17227443
Website: www.kpmg.com/bh
CR No. 6220 - 2

2

Independent auditors' report

To the Shareholders of

HCL Technologies Bahrain W.L.L
Al Seef, Kingdom of Bahrain

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCL Technologies Bahrain W.L.L (the "Company"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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 Company as at 31 December 2025, 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 (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 Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 page 1.

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 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditors' report (continued)
HCL Technologies Bahrain W.L.L

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 judgement and maintain professional scepticism 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 Company'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 Company'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 Company 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.

Report on the Other Regulatory Requirements

As required by the Commercial Companies Law 2001 (as amended), 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 Report of the Board of Directors is consistent with the financial statements;
- c) we are not aware of any violations during the year of the Commercial Companies Law 2001 (as amended) or the terms of the Company's deed of incorporation that would have had a material adverse effect on the business of the Company or on its financial position; and
- d) satisfactory explanations and information have been provided to us by management in response to all our requests



KPMG Fakhro
 Partner Registration Number 136
 25 March 2026

HCL Technologies Bahrain W.L.L
STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

	Notes	2025 BHD	2024 BHD
ASSETS			
Current Assets			
Due from related party	5b)	86,850	-
Other receivables	6	7,765	945
Cash and cash equivalents	7	27,300	37,181
TOTAL ASSETS		121,915	38,126
EQUITY AND LIABILITIES			
Equity			
Share capital	1	80,399	80,399
Statutory reserve		538	-
Accumulated losses		(40,223)	(45,063)
Total Equity		40,714	35,336
Current Liabilities			
Due to related parties	5c)	65,358	-
Trade and other payables	8	15,843	2,790
Total Liabilities		81,201	2,790
TOTAL EQUITY AND LIABILITIES		121,915	38,126

These financial statements were approved for issue by the directors on 25 March 2026 and signed by



Goutam Rungta
(Director)



Shiv Kumar Walia
(Director)

The above statement of financial position should be read in conjunction with the accompanying notes

HCL Technologies Bahrain W.L.L**STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME****For the year ended 31 December 2025**

	Notes	2025 <i>BHD</i>	2024 <i>BHD</i>
Revenue	9	86,850	-
Cost of revenue	10	(59,078)	-
GROSS PROFIT		27,772	-
EXPENSES			
General and administration expenses	11	(21,017)	(24,623)
Finance costs	12	(1,376)	-
TOTAL EXPENSES		(22,393)	(24,623)
PROFIT/(LOSS) FOR THE YEAR		5,378	(24,623)
Other Comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,378	(24,623)

On behalf of the board of directors

Goutam Rungta
DirectorShiv Kumar Walia
Director

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

HCL Technologies Bahrain W.L.L
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025

	<i>Share capital BHD</i>	<i>Statutory reserve BHD</i>	<i>Accumulated losses BHD</i>	<i>Total BHD</i>
Balance at 1 January 2025	80,399	-	(45,063)	35,336
Total comprehensive income for the year (page 5)	-	-	5,378	5,378
Transferred to statutory reserve	-	538	(538)	-
Balance at 31 December 2025	80,399	538	(40,223)	40,714

	<i>Share capital BHD</i>	<i>Statutory reserve BHD</i>	<i>Accumulated losses BHD</i>	<i>Total BHD</i>
Balance at 1 January 2024	80,399	-	(20,440)	59,959
Total comprehensive income for the year (page 5)	-	-	(24,623)	(24,623)
Balance at 31 December 2024	80,399	-	(45,063)	35,336

The above statement of changes in equity should be read in conjunction with the accompanying notes

HCL Technologies Bahrain W.L.L**STATEMENT OF CASH FLOWS****For the year ended 31 December 2025**

	Notes	2025 BHD	2024 BHD
OPERATING ACTIVITIES			
Profit/(loss) for the year		5,378	(24,623)
Change in:			
Other receivables		(6,820)	21
Due from related party		(86,850)	-
Trade and other payables		13,053	(1,805)
Due to related parties		65,358	(3,388)
Net cash used in operations		(9,881)	(29,795)
DECREASE IN CASH AND CASH EQUIVALENTS		(9,881)	(29,795)
Cash and cash equivalents at beginning of the year		37,181	66,976
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	7	27,300	37,181

The above statement of cash flows should be read in conjunction with the accompanying notes

1. REPORTING ENTITY AND NATURE OF OPERATIONS

HCL Technologies Bahrain W.L.L (hereinafter referred to as the “Company”) was registered with the Ministry of Industry and Commerce as a limited liability company in the Kingdom of Bahrain on 18 January 2022 under commercial registration number 151138-1. The Company is primarily engaged in business of development, installation and implementation of software and management services. The Company’s registered office is at 21 Floor, Almoayyed Tower, AlSeef, Kingdom of Bahrain.

The authorized, issued and fully paid up share capital of the Company is BD 80,399 comprising of 80,399 shares of BD 1 each held by HCL Technologies Holding UK Limited.

On 21 March 2024, HCL Bermuda Limited entered into a share transfer agreement with HCL Technologies Holding UK Limited, wherein HCL Bermuda has transferred good and marketable title and interest in the shares of the company to HCL Technologies Holding UK Limited.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IFRS Accounting Standards).

b) Basis of measurement

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis.

c) Functional and presentation currency

Items included in the financial statements of the Company 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 (“BHD”), which is the Company’s functional and presentation currency. All financial information presented in financial statements has been rounded to the nearest Bahraini Dinar.

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS 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 recognized 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.

e) Information about new standards, amendments and interpretations effective from 1 January 2025

There are no new standards, amendments and interpretations to the standards, which became effective as of 1 January 2025, that were relevant and had a material impact on the financial statements.

2. BASIS OF PREPARATION *(continued)*

f) New standards, amendments and interpretations issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2026 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following new standards, amendments and interpretations to standards that are relevant to the Company.

- Classification and measurement of Financial Instruments – Amendments to IFRS9 and IFRS7
- Annual Improvements to IFRS Accounting Standards – Volume 11
- IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss and other comprehensive income, the statement of cash flows and additional disclosures required for Management defined performance measures ("MPM").

Other than IFRS 18, the management does not expect that the adoption of the above accounting standards will have a material impact on the Company's financial statements in future periods.

The above amendments are not expected to have any impact of the financial statements of the Company.

3. MATERIAL ACCOUNTING POLICIES

a) Fair value measurement

The Company records certain financial assets and liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

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

b) Financial instrument

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset. Purchase and sale of financial assets are accounted for at trade date.

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Financial instruments at amortized cost

A financial instrument is measured at the amortized cost if both the following conditions are met and it is not designated at FVTPL.

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category includes cash and bank balances, trade and other receivables.

Derecognition of financial assets

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset.

ii) Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include borrowings and other payables. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the statement of profit and loss and other comprehensive income when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis to realize the assets and settle the liabilities simultaneously.

Impairment of Financial assets

The Company recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost, mainly bank balances.

Loss allowances on bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECLs ("General approach").

3. MATERIAL ACCOUNTING POLICIES *(continued)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information

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 Company is exposed to credit risk.

Measurement of ECLs

Bank balances - (General approach)

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

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized 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 customer;
- a breach of contract such as a default
- the restructuring of a trade receivables by the Company on terms that the Company would not consider
- it is probable that the customer will enter bankruptcy or other financial reorganization.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

c) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise balances with banks.

3. MATERIAL ACCOUNTING POLICIES *(continued)*

d) Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

e) Share capital

Share Capital represents the nominal value of shares that have been issued and paid up.

f) Statutory reserve

In accordance with the Company's deed of incorporation, 10% of net profit of the year is to be appropriated to a statutory reserve. The Commercial Companies Law 2001 (as amended) stipulates that appropriations to the statutory reserve may cease when it reaches 50% of the paid up share capital. The statutory reserve is distributable only in accordance with the provisions of the Commercial Companies Law 2001 (as amended).

g) Revenue recognition

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration (Transaction price) to which the Company expects to be entitled in exchange for transferring those products or services (Performance obligation). Revenue is recognized for any contract, once it is approved in writing, is legally enforceable, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable. Revenue is measured based on the Transaction price which is the consideration of the contract and is shown net of applicable taxes and adjusted for any variable consideration like volume discounts, service level allowances, incentive or any other discount. Transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component.

Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in our statements of financial position. Contract assets are recognized when revenue recognized is more than billing and right to consideration is conditional upon factors other than the passage of time. Unbilled receivables are recognized where the right to consideration is unconditional and only the passage of time is required before the payment is due (i.e., only act of invoicing is pending).

Revenue is recognized on cost plus model when services has been rendered, the fee is determinable and collectability is reasonably assured in terms of master service agreement.

h) Expense recognition

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen and can be measured reliably.

An expense is recognized immediately in profit or loss when an expenditure produces no future economic benefits, or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the statement of financial position as an asset, such as in the case of asset impairments.

3. MATERIAL ACCOUNTING POLICIES *(continued)*

i) Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

j) Employee benefits

(i) Bahraini employees

Pensions and other social benefits for Bahraini employees are covered by the General Organisation for Social Insurance scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Company's contribution to this scheme, which represents a defined contribution scheme under International Accounting Standard 19 - Employee Benefits, is expensed as incurred.

(ii) Expatriate employees

Expatriate employees are entitled to leaving indemnities payable under the Bahraini Labour Law, based on length of service and final remuneration. Provision for this unfunded commitment which represents a defined benefit plan under IAS 19 Employee Benefits has been made by calculating the notional liability had all employees left at the statement of financial position date. The charge for the year is recognised as an expense in the statement of profit or loss. Effective 1 March 2024, all Bahrain based employers are required to make monthly contributions in relation to the indemnity of expatriate employees to Social Insurance Organisation ("SIO"), who would be responsible to settle leaving indemnities for expatriate employees at the time of end of service. Any indemnity liability prior to 1 March 2024 and pending transfer to the SIO in subsequent periods remains the obligation of the Company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the separate financial information includes impairment of financial assets (refer to 3 b).

5. RELATED PARTIES

Related parties comprise the shareholders of the Company, managers and such other entities over which the Company or its shareholders can exercise significant influence or can be significantly influenced by those entities. The Company enters into transactions with related parties in the normal course of business at agreed terms.

a) Significant related party transactions

b) Due from related party	Relationship	2025 BHD	2024 BHD
HCL Technologies Corporate Services	Under common control	86,850	-
		86,850	-

c) Due to related parties		2025 BHD	2024 BHD
HCL Technologies Limited	Ultimate holding company	16,504	-
HCL Technologies Corporate Services	Under common control	48,854	-
		65,358	-

6. OTHER RECEIVABLES

	2025 BHD	2024 BHD
VAT receivables	1,883	-
Prepayments	5,208	307
Deposits	674	638
	7,765	945

7. CASH AND CASH EQUIVALENTS

	2025 BHD	2024 BHD
Bank Balance	27,300	37,181
	27,300	37,181

8. TRADE AND OTHER PAYABLES

	2025 BHD	2024 BHD
Trade Payables	864	390
Accrued expenses	10,639	2,400
Staff related accruals	3,942	-
Others	398	-
	15,843	2,790

9. REVENUE

	2025 BHD	2024 BHD
Revenue from services	86,850	-
	86,850	-

The entire revenue from contracts with customers is derived from services and is earned from customer in United Kingdom.

HCL Technologies Bahrain W.L.L

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

10. COST OF REVENUE	2025	2024
	BHD	BHD
Employee benefit expenses	55,015	-
Rent	3,878	-
Other expenses	185	-
	59,078	-

11. GENERAL AND ADMINISTRATION EXPENSES	2025	2024
	BHD	BHD
Legal and professional charges	17,996	13,665
Audit fees	2,400	2,400
Rent	306	3,660
Bank charges	-	1,312
Finance charges	-	87
Other expenses	288	3,308
Exchange difference	27	191
	21,017	24,623

12. FINANCE COSTS	2025	2024
	BHD	BHD
Bank charges	1,376	-
	1,376	-

13. FINANCIAL INSTRUMENTS AND MANAGEMENT OF RISKS

The Company's financial assets and financial liabilities are carried at amortized cost.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, practices and processes for measuring and managing risk, and the Company's management of capital. The note also presents certain quantitative disclosures in addition to the disclosures throughout the financial statements.

The board of managers have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management practices are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The accounting policies for financial assets and liabilities are described in note 3(b).

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's bank balances amounting to BD 27,300 (2024: BD 37,181)

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

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The management assesses its cash flow position regularly and ensure adequate liquidity from its operations, borrowings and financial support from shareholders to meet its financial liabilities when due.

13. FINANCIAL INSTRUMENTS AND MANAGEMENT OF RISKS *(continued)*

The following are the contractual maturities of financial liabilities:

31 December 2025

	Carrying Amount	Contractual undiscounted cash flow	Within 6 months
Due to related parties	65,358	65,358	65,358
Trade and other payables	15,843	15,843	15,843
	81,201	81,201	81,201

31 December 2024

	Carrying Amount	Contractual undiscounted cash flow	Within 6 months
Trade and other payables	2,790	2,790	2,790
	2,790	2,790	2,790

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

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

The Company's currency risk is related to changes in exchange rates applicable to the settlements in foreign currencies. The Company's foreign currency transactions are predominantly in Bahraini Dinars, other GCC currencies; United States Dollars and Euro. The Company limits their currency rate risk by proactively monitoring key factors that affect the foreign currency fluctuations. There is no exchange rate risk on GCC currencies and US Dollars as these are effectively pegged to Bahraini Dinars.

The Company is not exposed to currency risk as at reporting date.

(ii) Interest rate risk

Interest rate risk is the risk that the Company's earnings will be affected as a result of fluctuations in the value of financial instruments due to changes in market interest rates.

The Company is not exposed to interest rate risk as at reporting date.

13. FINANCIAL INSTRUMENTS AND MANAGEMENT OF RISKS *(continued)*

(iii) Other market risk

Other market risk is the risk that the fair value or future cash flow of the financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factor specific to the individual financial instruments or its issuers, or factors affecting all similar financial instrument traded in the market.

The Company is not exposed to any other market price risk as at reporting date.

d) Capital management

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

The Company is not subject to externally imposed capital requirements.

e) Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash at bank. Financial liabilities consist of due to related parties and trade and other payables. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of financial instruments are not materially different from their carrying values largely due to the short-term maturities of these instruments.