# The Kuwait Company for Process Plant Construction and Contracting K.S.C.P.
# And its Subsidiaries
# State of Kuwait

## Consolidated Financial Statements and Independent Auditor's Report
## For the year ended 31 December 2024

**The Kuwait Company for Process Plant**
**Construction and Contracting K.S.C.P.**
**And its Subsidiaries**
**State of Kuwait**

**Consolidated Financial Statements and**
**Independent Auditor's Report**
**For the year ended 31 December 2024**

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**The Kuwait Company for Process Plant Construction and Contracting K.S.C.P.**

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

### Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of The Kuwait Company for Process Plant Construction and Contracting K.S.C.P. ("the Parent Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants *(including International Independence Standards)* (IESBA Code) and we have fulfilled our 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Revenue recognition*<br>The Group recognized revenue from construction projects of KD 31 million during the year (2023: KD 23 million). The construction industry is characterized by contract risk with significant judgements involved in the assessment of both current and future contract financial performance.<br><br>In reference to the accounting policy in note 2.3.14 to these consolidated financial statements, revenue from civil construction and service contracts is recognized using the percentage of completion method which is an input method. The stage of completion is measured based on the total costs incurred as a proportion of the estimated total costs to be performed. This requires significant judgement from management in determining the assessment of the work performed, valuation of contract variations and claims; the completeness and accuracy of forecast costs to complete; and the ability to deliver contracts within forecast timescales. Actual results of contracts may significantly differ from estimates. Dependent on the level of judgement in each, the range on each contract can be individually material. In addition, changes in these judgements, and the related estimates, as contracts progress can result in material adjustments to revenue and profit margins. Accordingly, we considered this as a key audit matter. | Our audit procedures included the following:<br>• We obtained an understanding of the process adopted by management to determine the amount of revenue to be recognised during the year, including the relevant controls in this process.<br>• We assessed the design and implementation of internal controls over the determination of the contract percentage of completion, including the completeness and accuracy of the forecast cost to complete, and tested the controls to determine if they were operating effectively.<br>• We selected a sample of revenue contracts in orderto challenge both current and future financial performance.<br>• We assessed of the cost to complete forecasts methods.<br>• We assessment of the Group's ability to deliver contracts within budgeted cost and timescales and any exposures to liquidated damages for late delivery of contract work by inspecting performance reports, legal reports, and correspondence with customers.<br>• We tested the existence and valuation of claims and variations costs by inspecting correspondence with customers.<br>• We assessed of management's estimates to determine any indication of future losses.<br>• We assessed management's estimates of warranty costs.<br>• We assessed the disclosures relating to revenue in the consolidated financial statements against the requirements of IFRS Accounting Standards . |

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**The Kuwait Company for Process Plant Construction and Contracting K.S.C.P.**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS**

**Report on the Audit of Consolidated Financial Statements (Continued)**

**Key Audit Matters (continued)**

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Fair value of investment properties*<br><br>The Group's investment properties are carried at KD 10.5 million in the consolidated statement of financial position as at 31 December 2024 and the net fair value gain presented in the consolidated statement of income amounted to KD 3.3 million. The Group measures its investment properties at fair value.<br><br>The determination of the fair value of these investment properties is based on valuations performed by external valuers using either the market comparable approach or the capitalized income approach.<br><br>The Group's discounted future cash flows analysis and the assessment of the expected remaining holding period and income projections on the existing operating assets requires management to apply significant judgements and make significant estimates related to future rental rates, capitalization rates and discount rates.<br><br>The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the fair value could lead to a material misstatement in the consolidated financial statements. Consequently, we have determined this to be a key audit matter.<br><br>Refer to note 6 of these consolidated financial statements for further details relating to this matter. | Our audit procedures included the following:<br>• We obtained an understanding of the process adopted by management to determine the fair value of investment properties, including the relevant controls in this process.<br>• We assessed the abovementioned controls to determine if they had been appropriately designed and implemented.<br>• We assessed the external valuer's skills, competence, objectivity and capabilities and read their terms of engagement with the Group to determine that the scope of their work was sufficient for audit purposes.<br>• We agreed the total valuation in the valuers report to the amount reported in the consolidated statement of financial position.<br>• We tested the data provided to the valuer by the Group, on a sample basis.<br>• We tested the valuation of selected properties performed by the external valuers and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRS Accounting Standards.<br>• We utilized our internal specialist to perform the testing referred to above for properties which are located outside Kuwait.<br>• Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made.<br>• We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values.<br>• We reperformed the arithmetical accuracy of the determination of fair value.<br>• We assessed the disclosures made in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards. |
| *Impairment of hotel*<br>As at 31 December 2024, property plant and equipment includes a hotel recorded in the hyperinflationary subsidiary located in Lebanon with a carrying amount of KD 4.4 million (2023: KD 3.8 million).<br>The hotel incurred losses in the current and prior years, which is an indication of impairment. Management of the group, with the assistance of an independent valuer, determined the recoverable value of the hotel based on fair value less costs to sell, and it was concluded that the hotel's recoverable amount exceeded its carrying amount. Accordingly no impairment charged was recognised in profit or loss during the year (2023: nil).<br><br>The determination of the fair value less cost to sell assume the conversion of the hotel to office spaces. The fair value of the office spaces was identified using the market comparable approach. The Group's assessment of the cost to sell including the conversion of the hotel to office spaces requires management to apply significant judgements.<br>Consequently, we identified this matter as a key audit matter.<br>Refer to note 5 of these consolidated financial statements for further details relating to this matter. | Our audit procedures included the following:<br>• We obtained an understanding of the process adopted by management to determine the fair value of the hotel, including the relevant controls in this process.<br>• We assessed the abovementioned controls to determine if they had been appropriately designed and implemented.<br>• We tested management's assessments of indicators relating to the hotel's impairment, taking into account current business conditions and other internal and external factors, including the financial performance of the hotel;<br>• We assessed the skills, independence, qualifications and objectivity of the independent valuer and read their terms of their engagement with the Group to determine if the scope of their work was sufficient for audit purposes;<br>• Together with our internal valuation specialists, we assessed the Group's valuation methodology, assumptions and inputs applied in determining the recoverable amount, to determine if it was in compliance with the requirements of IFRS Accounting Standards;<br>• We reperformed the mathematical accuracy of the valuation and agreeing the results of the valuation to the amount included in the consolidated financial statements;<br>• We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards. |

**Other Information**

Management is responsible for the other information. Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's 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 Management and Those Charged with Governance for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, 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 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.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists, related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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**The Kuwait Company for Process Plant Construction and Contracting K.S.C.P.**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS**

**Report on the Audit of Consolidated Financial Statements (Continued)**

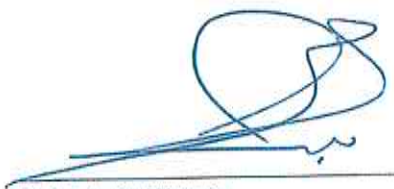
**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

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

**Report on Other Legal and Regulatory Requirements**

Furthermore, in our opinion, proper books of accounts have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit; and that the consolidated financial statements incorporate all information that is required by Companies Law No. 1 of 2016, and its executive regulations, as amended; and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended; that an inventory was duly carried out; and that, to the best of our knowledge and belief, no violation of the Companies Law No. 1 of 2016, and its executive regulations, as amended; or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2024 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our audit, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2024 that might have had a material effect on the business of the Parent Company or on its financial position.



**Bader A. AL-Wazzan**
**License No. 62A**
**Deloitte & Touche - Al Wazzan & Co.**

**Kuwait, 16 March 2025**

## Consolidated Statement of Financial Position as of 31 December 2024

*(All amounts are in Kuwaiti Dinar)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Assets** | | | |
| **Non current assets** | | | |
| Property, plant and equipment | 5 | 8,178,156 | 7,484,333 |
| Investment properties | 6 | 10,534,029 | 7,171,672 |
| Investment in associates | 7 | 1,546,550 | 1,665,287 |
| Other assets | | 1,454 | 1,639 |
| | | 20,260,189 | 16,322,931 |
| **Current assets** | | | |
| Inventories | 8 | 3,177,763 | 3,483,794 |
| Trade receivables and other debit balances | 9 | 16,945,287 | 21,463,851 |
| Contracts assets | 10 | 197,148 | 3,276,149 |
| Cash and cash equivalents | 11 | 13,299,473 | 7,342,297 |
| | | 33,619,671 | 35,566,091 |
| **Total assets** | | 53,879,860 | 51,889,022 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | 12 | 13,014,312 | 12,162,908 |
| Treasury shares | 12 | (391,659) | (384,831) |
| Statutory reserve | 12 | 6,446,318 | 5,997,144 |
| Voluntary reserve | 12 | 6,415,766 | 5,966,592 |
| Other reserves | 13 | 4,212,970 | 3,373,716 |
| Retained earnings | | 5,786,962 | 5,070,492 |
| **Total equity** | | 35,484,669 | 32,186,021 |
| **Liabilities** | | | |
| **Non current liabilities** | | | |
| Post employment benefits | | 3,097,457 | 2,712,681 |
| Lease liabilities | 14 | 150,659 | 189,218 |
| | | 3,248,116 | 2,901,899 |
| **Current liabilities** | | | |
| Trade payables and other credit balances | 14 | 12,957,104 | 14,933,355 |
| Contracts liabilities | 10 | 2,189,971 | 1,867,747 |
| | | 15,147,075 | 16,801,102 |
| **Total liabilities** | | 18,395,191 | 19,703,001 |
| **Total equity and liabilities** | | 53,879,860 | 51,889,022 |

The accompanying notes form an integral part of these consolidated financial statements.



Marwan Ahmad Mohyi Aldeen Salamah
Chairman

## Consolidated Statement of Income for the year ended 31 December 2024

*(All amounts are in Kuwaiti Dinar)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| Revenue | 15 | 39,597,201 | 31,800,572 |
| Cost of sales | 16 | (36,283,168) | (28,565,585) |
| **Gross profit** | | 3,314,033 | 3,234,987 |
| Net other operating income | 17 | 643,611 | 229,867 |
| (Provided) / Reversal of provisions and impairment | 18 | (383,299) | 686,950 |
| Group's share from associates results | | (233,062) | (16,305) |
| Gross loss from hotel | | (206,682) | (67,291) |
| General and administrative expenses | 19 | (2,061,994) | (1,869,080) |
| Net gain from Investment properties | 20 | 3,744,852 | 426,426 |
| Net Monetary loss from hyperinflation | 22 | (2,533) | (14,274) |
| Finance cost | | (6,028) | (8,811) |
| **Profit before deductions, tax and Board of Directors' remuneration** | | 4,808,898 | 2,602,469 |
| Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) | | (40,426) | (23,422) |
| Contribution to National Labour Support Tax (NLST) | | (112,294) | (32,067) |
| Contribution to Zakat | | (44,917) | (12,827) |
| Tax on component | | (317,157) | - |
| Board of Directors' remuneration | | (48,000) | (48,000) |
| **Net profit for the year** | | 4,246,104 | 2,486,153 |
| Earnings per share (fils) | 21 | 33.44 | 19.58 |

The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated Statement of Comprehensive Income for the year ended 31 December 2024**

*(All amounts are in Kuwaiti Dinar)*

| | 2024 | 2023 |
|---|---|---|
| **Net profit for the year** | 4,246,104 | 2,486,153 |
| **Other comprehensive income items:** | | |
| *Items that may be reclassified subsequently to consolidated statement of income:* | | |
| Exchange differences on translating foreign operations including the effect of hyperinflation | 839,254 | 506,096 |
| **Total other comprehensive income items** | 839,254 | 506,096 |
| **Total comprehensive income for the year** | 5,085,358 | 2,992,249 |

The accompanying notes form an integral part of these consolidated financial statements.

**The Kuwait Company for Process Plant Construction and Contracting K.S.C.P.**
**And its Subsidiaries**
State of Kuwait

**Consolidated Statement of Changes in Equity for the year ended 31 December 2024**

*(All amounts are in Kuwaiti Dinar)*

| | Share capital | Treasury shares | Statutory reserve | Voluntary reserve | Other reserves (Note 13) | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2023** | 12,162,908 | (382,353) | 5,736,897 | 5,706,345 | 2,867,620 | 5,478,715 | 31,570,132 |
| Net profit for the year | - | - | - | - | - | 2,486,153 | 2,486,153 |
| Other comprehensive income for the year | - | - | - | - | 506,096 | - | 506,096 |
| Total comprehensive income for the year | - | - | - | - | 506,096 | 2,486,153 | 2,992,249 |
| Cash dividends (Note 23) | - | - | - | - | - | (2,373,882) | (2,373,882) |
| Purchase of treasury shares | - | (2,478) | - | - | - | - | (2,478) |
| Transfer to reserves | - | - | 260,247 | 260,247 | - | (520,494) | - |
| **Balance as at 31 December 2023** | 12,162,908 | (384,831) | 5,997,144 | 5,966,592 | 3,373,716 | 5,070,492 | 32,186,021 |
| | | | | | | | |
| **Balance as at 1 January 2024** | 12,162,908 | (384,831) | 5,997,144 | 5,966,592 | 3,373,716 | 5,070,492 | 32,186,021 |
| Net profit for the year | - | - | - | - | - | 4,246,104 | 4,246,104 |
| Total other comprehensive income items | - | - | - | - | 839,254 | - | 839,254 |
| Total comprehensive income for the year | - | - | - | - | 839,254 | 4,246,104 | 5,085,358 |
| Bonus shares (Note 23) | 851,404 | | - | - | - | (851,404) | - |
| Cash dividends (Note 23) | - | - | - | - | - | (1,779,882) | (1,779,882) |
| Purchase of treasury shares | - | (6,828) | - | - | - | - | (6,828) |
| Transfer to reserves | - | - | 449,174 | 449,174 | - | (898,348) | - |
| **Balance as at 31 December 2024** | 13,014,312 | (391,659) | 6,446,318 | 6,415,766 | 4,212,970 | 5,786,962 | 35,484,669 |

The accompanying notes form an integral part of these consolidated financial statements.

## Consolidated Statement of Cash Flows for the year ended 31 December 2024

*(All amounts are in Kuwaiti Dinar)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit for the year | | 4,246,104 | 2,486,153 |
| Adjustments: | | | |
| Change in fair value of investments properties | | (3,339,122) | (186,851) |
| Group's share of results from associates | | 233,062 | 16,305 |
| Provisions and impairment | | 331,100 | (686,950) |
| Closing of credit balances | | (263,855) | - |
| Depreciation and amortization | | 1,447,588 | 2,198,157 |
| Gain on sale of property, plant and equipment | | (4,754) | |
| Interest Income | | (223,096) | (176,757) |
| Finance cost | | 6,028 | 8,811 |
| Post-employment benefits | | 480,208 | 303,544 |
| Net Monetary loss from hyperinflation | | (2,533) | 14,274 |
| Operating profit before changing in working capital | | 2,910,730 | 3,976,686 |
| Trade receivables and other debit balances | | 4,518,564 | (2,058,810) |
| Inventories | | 306,031 | (875,879) |
| Contracts assets | | 3,079,001 | 504,779 |
| Trade payables and other credit balances | | (1,615,135) | 835,635 |
| Contracts liabilities | | 322,224 | (261,160) |
| Post-employment benefits – paid | | (95,432) | (289,330) |
| Net cash generated from operating activities | | 9,425,983 | 1,831,921 |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment and intangible assets | | (1,740,046) | (1,419,508) |
| Paid to associate capital increase | | (52,184) | - |
| Proceed from Interest Income | | 223,096 | 176,757 |
| paid for acquisition of investment properties | | (23,235) | - |
| Dividends income received | | - | 65,373 |
| Proceeds from sale of property, plant and equipment | | 28,056 | 37,179 |
| Net cash used in investing activities | | (1,564,313) | (1,140,199) |
| | | | |
| **Cash flows from financing activities** | | | |
| Lease liabilities paid | | (70,509) | (76,917) |
| Dividends paid | | (1,845,193) | (2,374,703) |
| Paid to purchase Treasury shares | | (6,828) | (2,478) |
| Payment of finance cost | | (6,028) | (8,811) |
| Net cash used in financing activities | | (1,928,558) | (2,462,909) |
| **Net changes in cash and cash equivalents** | | 5,933,112 | (1,771,187) |
| **Effects of foreign currency translation and generated from hyperinflation adjustment** | | 24,064 | (123,884) |
| **Cash and cash equivalents at the beginning of the year** | | 7,342,297 | 9,237,368 |
| **Cash and cash equivalents at the end of the year** | 11 | 13,299,473 | 7,342,297 |

The accompanying notes form an integral part of these consolidated financial statements.

## 1. Constitution and activities

The Kuwait Company for Process Plant Construction and Contracting K.S.C.P, Kuwait (the "Parent Company") is a Kuwaiti shareholding company incorporated in the State of Kuwait on 24 February 1979. The Parent Company listed in Kuwait Stock Market.

The Parents' registered office is at P.O. Box 3404 Safat, 13035 Kuwait.

The main objectives of the Parent Company are:

- Execute civil, mechanical and electrical works.
- Import the required materials and equipment to such projects.
- Assume tasks of project management and the relevant consulting works in the field of civil, mechanical and electrical contracting.
- Execute civil, mechanical and electrical maintenance
- Import and sale of construction materials
- Direct participation in constructing the infrastructure of the projects, residential, commercial, and industrial projects through (B.O.T) system relevant to the Company's objectives
- Own properties and lands necessary to carry out its business
- Manufacture and sale of asphalt and readymade concrete and its related contracting.
- Utilize financial surpluses available to the company through investment in portfolios and funds managed by competent companies and authorities.
- Importing chemicals for the company's operating activities
- Waste treatment including construction waste for the company's operating activities.

The Parent Company may carry out the above business in the state of Kuwait or outside by itself or through agency. Also, the Parent Company may have an interest or be involved in any way with the entities that are engaged in similar activities or that may assist the Parent Company in achieving its objectives in Kuwait and abroad. The Parent Company may also buy these entities or merge with them.

These consolidated financial statements include the financial statements of the Parent Company and its subsidiaries detailed in Note 26 (together "the Group").

Subsequent to the financial statement date, the extraordinary general assembly meeting of the parent company has been held on 18 January 2024 and approved change some article in the memorandum of incorporation related to the parent company activities.

These consolidated financial statements were approved for issue by the Board of Directors on 16 March 2025 and are subject to approval of shareholders at the Annual General Assembly Meeting. The General Assembly of the shareholders have the authority to amend these consolidated financial statements after issuance.

## 2. Basis of preparation and significant accounting policies

### 2.1 Basis of preparation

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

These consolidated financial statements have been prepared on the historical cost basis adjusted for measurement the effects of inflation where entities operate in hyperinflationary economics and modified by the revaluation of investment properties that remeasured at fair value as stated in the below mentioned accounting policies. These consolidated financial statements have been presented in Kuwaiti Dinars.

By the end of 2020, the economy of the Republic of Lebanon became hyperinflationary. As a result, the Group has applied IAS 29, and the financial results, cash flows, and financial position of the Group's subsidiary and associates in Lebanon have been adjusted to reflect the measuring unit current at the reporting date. The methods used to determine fair value and the adjustments made to the accounts of the Group's entities operating in hyperinflationary economies are detailed in the accounting policies and the respective notes.

The Group's accounting policies has been applied based on a similar basis to all year presented, except as indicated in note 2.2.1 on the application of new and revised standards.

## 2.2 New and revised accounting standards

### 2.2.1 Effective for the current year

Following standard, interpretation or amendment are effective from the current year and are adopted by the Group but however these does not have any impact on the consolidated financial statements of the year unless otherwise stated below:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements

  The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current

  The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

  The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- Amendments to IAS 1 Non-current Liabilities with Covenants

  The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

- Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

  The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

  A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

### 2.2.2 Standards issued but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Accounting Standards as issued by IASB that have been issued but are not yet effective:

| Standard, interpretation, amendments | Description | Effective date |
|---|---|---|
| Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability | The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.<br><br>The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.<br><br>When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.<br><br>The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. | 1 January 2025 |
| Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments | These amendments:<br>• clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;<br>• clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;<br>• add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and<br>• make updates to the disclosures for equity instruments designated at Fair Value Through Other Comprehensive Income (FVTOCI). | 1 January 2026 |

| | | |
|---|---|---|
| IFRS 18 Presentation and Disclosures in Financial Statements | IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.<br><br>IFRS 18 introduces new requirements to:<br>• present specified categories and defined subtotals in the statement of profit or loss<br>• provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements.<br>• improve aggregation and disaggregation.<br><br>IFRS 18 requires retrospective application within specific transition provisions.<br><br>The board of directors of the company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods. | 1 January 2027 |
| IFRS 19 Subsidiaries without Public Accountability: Disclosures | IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.<br><br>An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:<br>• it is a subsidiary (this includes an intermediate parent)<br>• it does not have public accountability, and<br>• its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. | 1 January 2027 |

The management do not expect that the adoption of the standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

## 2.3 Significant Accounting Policies

### 2.3.1 Basis of Consolidation

**Subsidiaries**

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the group made up to 31 December of each year. Control is achieved when the Parent Company (a) has power over the investee (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affects its returns.

The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three components of controls listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control over subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date the Group gains control until the date when Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in consolidated statement of income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**Business combinations**

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in consolidated statement of income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in consolidated statement of income as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in consolidated statement of income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to consolidated statement of income where such treatment would be appropriate if that interest were disposed off.

**Goodwill**

Goodwill, arising on an acquisition of a subsidiary, is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**Investment in associates and joint ventures**

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted in order to recognise the changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

Goodwill relating to the associate or joint venture is included in the investment's carrying amount and is neither amortised nor individually tested for impairment. The consolidated statement of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of results of an associate and a joint venture is shown on top of the consolidated statement of income off the operating profit and also represents the profit or loss after deducting tax and non-controlling interests in the subsidiaries of the associate or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

The group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. Upon loss of significant influence over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture, upon loss of significant influence or joint control, and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

When a group entity transacts with an associate or a joint venture of the group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the group.

### 2.3.2 Property, plant and equipment

Property, plant and equipment are stated at historic cost less accumulated depreciation and accumulated impairment loss. Historical cost of an item of property and equipment comprises its acquisition cost and all directly attributable costs of bringing the asset to working condition for its intended use.

Capital work in progress is carried at cost less impairment losses, if any and transferred to the related asset category when ready for its intended use.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is provided on a straight line basis over the estimated useful lives as follows:

| | |
|---|---|
| Buildings | 10-50 years |
| Equipment, Heavy Equipment and Vehicles | 2-10 years |
| Furniture and fixtures | 2-5 years |

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of income.

### 2.3.3 Impairment of property, plant and equipment

The carrying amount of property, plant and equipment is reviewed at each statement of financial position date to determine whether there is any indication of impairment in its carrying value. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).An impairment loss is recognized in the consolidated statement of income, being the difference between carrying value and the asset's recoverable amount.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of income to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

### 2.3.4 Investment property

Land and buildings held for the purpose of capital appreciation and/or for capital appreciation and not occupied by the Group is classified as investment properties. Investment property is carried at fair value, representing the open market value determined periodically by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of its specific assets. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. Changes in fair value are included in the consolidated statement of income.

Fair values of investment properties are determined by appraisers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the period in which the property is derecognised.

### 2.3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Raw materials cost is determined on a weighted average cost basis. The cost of finished goods includes direct materials, direct labour and fixed and variable manufacturing overhead, and other costs incurred in bringing inventories to their present location and condition. Net realizable value is the estimated selling prices less all the estimated costs of completion and costs necessary to make the sale.

### 2.3.6 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through consolidated statement of income) are added to or deducted from the fair value of the financial assets or financial liabilities, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through statement of income are recognised immediately in the consolidated statement of income.

**Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

***Classification of financial assets***

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to classifying in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

***Amortised cost and effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant periods.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

***Foreign exchange gains and losses***

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

***Impairment of financial assets***

The group recognises a loss allowance for expected credit losses trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group applied the simplified approach and measure the loss allowance for receivable at an amount equal to lifetime ECL. The expected credit losses on receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off receivable when there is information indicating that the debtor is in serve financial difficulty and there is no realistic prospect of recovery, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivable are over two years past due.

The Group applies the general approach to providing for expected credit losses prescribed by IFRS 9, for financial instruments in Cash and bank balances. The Group uses external rating agency credit grades for assessing credit risk on these financial assets and these published grades are continuously monitored and updated.

***Derecognition of financial assets***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of income.

**Financial liabilities and equity instruments**

***Classification as debt or equity***

Debt and equity instruments issued by a entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in statement of income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

***Financial liabilities subsequently measured at amortised cost***

Financial liabilities that are not classified under the following items, are subsequently measured at amortized cost using the effective interest method: 1) contingent consideration of an acquirer in a business combination, 2) held-for trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

***Foreign exchange gains and losses***

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in consolidated statement of income for financial liabilities that are not part of a designated hedging relationship.

***Derecognition of financial liabilities***

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, is recognized in consolidated statement of income.

### 2.3.7 Cash and cash equivalents

In the consolidated statement of financial position, cash and cash equivalent are comprised of cash on hand, demand and time deposits with banks whose original maturities do not exceed three months are classified as cash and cash equivalents in the consolidated statement of cash flows.

### 2.3.8 Treasury shares

Treasury shares consist of the Parent's own issued shares that have been reacquired by the Parent and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity. When the treasury shares are reissued, gains are credited to the "treasury shares reserve", which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance in that account. Any excess losses are charged to retained earnings then to the reserves. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

### 2.3.9 Foreign currency transactions

The functional currency of the Parent is the Kuwaiti Dinar. The consolidated financial statements are presented in Kuwaiti Dinars, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into Kuwaiti Dinars at the rates prevailing on the transaction date. Monetary assets and liabilities are translated into Kuwaiti Dinars at the rate of exchange ruling at the consolidated statement of financial position date. Resultant gains/ losses are taken to consolidated statement of income. Translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognized in the consolidated statement of comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the foreign operations are translated into Kuwaiti Dinars at the closing rate on the date of the consolidated statement of financial position and income and expenses are translated at average exchange rates. The resultant exchange differences are recognized in the consolidated statement of comprehensive income and foreign currency translation reserve under equity.

On the disposal of a foreign operation, all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the parent company are reclassified to the consolidated statement of income. In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to noncontrolling interests and are not recognised in the consolidated statement of income. For all other partial disposals of associates that do not result in the group losing significant influence, the proportionate share of the accumulated exchange differences is reclassified to the consolidated statement of income.

*Hyperinflationary economy*

The financial statements of subsidiary and associates companies whose functional currency is the currency of a hyperinflationary economy are adjusted for the effect of inflation in accordance with the procedures described in Note 22 prior to their translation to Kuwaiti Dinars. Subsequently restated, all items of the financial statements are translated into Kuwaiti Dinars using the closing exchange rate identified using the publicly available price mechanism. Amounts shown for prior years are not restated at consolidation level as the presentation currency of the Group is not of a hyperinflationary economy. On consolidation, the effect of price changes in the prior periods on the financial statements of the subsidiary has been recognised directly in other comprehensive income.

**2.3.10 Financial reporting in hyperinflationary economies**

The financial statements of Group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

In the first period of application, the adjustments determined at the beginning of the period are recognized directly in equity as an adjustment to opening retained earnings. In subsequent periods, the prior period adjustments related to components of owners' equity and differences arising on translation of comparative amounts are accounted for in other comprehensive income.

Items in the statement of financial position not already expressed in terms of the measuring unit current at the reporting period, such as non-monetary items carried at cost or cost less depreciation, are restated by applying a general price index. The restated cost, or cost less depreciation, of each item is determined by applying to its historical cost and accumulated depreciation the change in a general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognized in the consolidated statement of income if the restated amount of a nonmonetary item exceeds its estimated recoverable amount.

At the beginning of the first period of application, the components of owners' equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. Restated retained earnings are derived from all other amounts in the restated statement of financial position. At the end of the first period and in subsequent periods, all components of owners' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items recognized in the consolidated statement of income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

Gains or losses on the net monetary position are recognized in the consolidated statement of income.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

### 2.3.11 Post employment benefits

The Group is liable under various labour laws including the Kuwait Labour Law and Labour Laws of the countries in which the Group' subsidiaries operates, to make payments under defined benefit plans payable to employees at cessation of employment.

This liability, which is unfunded, has been computed as the amount payable as a result of involuntary termination on the statement of financial position date. This computation is used as a reliable approximation of the present value of this obligation to recognize this liability and the related cost as an expense of the year.

### 2.3.12 Accounting for leases

***The Group as a lessee***

The Group assesses whether contract is or contains a lease, at inception of the Contract. The Group recognizes a right of use asset and a corresponding lease liability on the date on which the lessor makes the asset available for use by the Group (the commencement date).

On that date, the Group measures the right of use at cost, which comprises of:

- the amount of the initial measurement of the lease liability.
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- an estimate of costs to be incurred to restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period; this is recognised as part of the cost of the right of use asset when the Group incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with leases of short term leases and low-value assets are recognized on a straight-line basis as an expense in consolidated statement of income.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs.

*Subsequent Measurement*

According to usage nature of the leased asset, the Group classifies the asset within a group of related assets. If the asset meets the definition of real estate investment "IAS 40", the Group measures the asset based on the accounting policy adopted in measuring real estate investments owned by the Group. However, if the asset meets the definition of property, plant and equipment, the Group measures the asset as per the accounting policy adopted in measuring the property, plant and equipment.

Generally, after the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis over the shorter of the asset's useful life and the lease term. The Group determines whether a right of use asset is impaired and recognizes any impairment loss identified in the consolidated statement of income. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss.

After the commencement date, the Group measures lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to statement income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The constant periodic rate of interest is the discount rate used at the initial measurement of lease liability.

For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

***Where the Group is the lessor***

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate consideration under the contract to each component.

**2.3.13 Provisions for liabilities**

Provisions including provision for warranty costs are recognised, when as a result of past events it is probable that an outflow of economic resources will be required to settle a present legal or constructive obligation and the amount can be reliably estimated.

### 2.3.14 Revenue recognition

The Group executes construction projects for the benefit of third parties. Such contracts are entered into before executing these projects. Under the terms of these contracts, the Group has the right to receive the payments for any executed works. Therefore, revenues from these contracts shall be recognized throughout the project duration which is an input method. The stage of completion is measured based on the total costs incurred as a proportion of the estimated total costs to be performed. The management believes that this method is appropriate to measure of the progress towards complete satisfaction of all performance obligations under financial reporting requirements of IFRS 15.

Revenue from installation contracts is recognised over time of the contract.

Revenue from sale of goods is recognised on point of time.

Interest income is recognised on effective yield basis.

Dividend income is recognised when the right to receive payment is established.

### 2.3.15 Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenues and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

### 2.3.16 Statutory deductions

KFAS

The Group calculates contribution to KFAS at 1% of profits in accordance with amended calculation based on a resolution of Foundation's BOD after disposal of transfer from net profit to Statutory reserve.

NLST

The Group calculates NLST in accordance with Law No. 19 of 2000 and Ministry of Finance's Resolution No.24 of 2006 at 2.5% of taxable profit of the year. As per Law, cash dividends of listed companies subjected to NLST have to be deducted from the profit for the year to determine taxable income.

Zakat

Zakat is calculated at 1% of profits in accordance with the Ministry of Finance resolution No 58. Of 2007.

Calculated Zakat is charged on the consolidated statement of income in accordance with these requirements.

### 2.3.17 Taxation

The income tax expense represents the sum of current and deferred income tax expense.

Taxation is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries in which the Group operates. Income tax payable on taxable profit ('current tax') is recognised as an expense in the period in which the profits arise in accordance with the fiscal regulations of the respective countries in which the Group operates.

Deferred tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Deferred tax assets and liabilities are measured using tax rates and applicable legislation at the reporting date.

## 3. Financial instruments

### 3.1 Financial risk factors

The Group's use of financial instruments exposes it to a variety of financial risks such as credit risk, market risk and liquidity risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. Risk management is carried out by a steering committee comprising of senior management and headed by the chairman. The committee identifies and evaluates financial risks in close co-operation with the Group's operating units and provides principles for overall risk management, as well as covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. The significant risks that the Group is exposed to are discussed below:

**(a) Market risk**

Market risk, comprising of foreign exchange risk, interest rate risk and equity price risk arises due to movements in foreign currency rates, interest rates and market prices of assets.

*(i) Foreign exchange risk*

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has operations outside Kuwait and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UAE Dirhams. The following is net foreign currencies positions as at the date of the consolidated financial statements:

| | 2024 | 2023 |
|---|---|---|
| UAE Dirhams | 1,578,167 | 1,140,746 |

Had the USD changed by 10% against the Kuwaiti Dinar, the consolidated financial statements of the Group would be changed as follows:

| | 2024 | 2023 |
|---|---|---|
| Net profit | 78,908 | 57,037 |

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the functional currency of the Parent Company and its subsidiaries. The Group's management monitors and measures currency exposures on recognized monetary assets and liabilities on a daily basis and manages this risk by setting limits on exposures to each currency and also to the extent possible by matching monetary assets and liabilities with similar currency exposures.

*(ii) Interest rate risk*

Interest rate risk arises from the risk that future cash flows or fair values of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from deposits and bank borrowings.

At 31 December 2024, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, profit for the year would have been lower/higher by KD Zero (KD 25,553 - 2023).

The Group's overall interest rate risks are monitored and interest rate sensitivity is measured on a daily basis by the risk management team.

**(b) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of bank deposits and trade receivables and contract assets. The Group manages this risk by dealing with government bodies, customers and financial institutions with high credit rating and obtaining guarantee whenever possible.

The table below detail the credit rating of the financial assets and contract assets and the maximum exposure to the credit risk:

| | Note | 31 December 2023 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Credit rating | | Method used | Gross amount | ECL | NBV |
| | | Internal | External | | | | |
| Trade receivables | 9 | (ii) | N/A | Lifetime ECL | 15,507,987 | (6,598,591) | 8,909,396 |
| Retention receivable | 9 | (ii) | N/A | Lifetime ECL | 11,767,870 | (3,182,386) | 8,585,484 |
| Contract assets | 10 | (i) | N/A | Lifetime ECL | 3,276,149 | - | 3,276,149 |
| Cash and cash equivalents | 11 | performing | Aa3 /Baa3 | 12-month ECL | 7,292,795 | (4,543) | 7,288,252 |

| | Note | 31 December 2024 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Credit rating | | Method used | Gross amount | ECL | NBV |
| | | Internal | External | | | | |
| Trade receivables | 9 | (ii) | N/A | Lifetime ECL | 14,481,247 | (6,650,435) | 7,830,812 |
| Retention receivables | 9 | (ii) | N/A | Lifetime ECL | 10,542,912 | (3,170,994) | 7,371,918 |
| Contract assets | 10 | (i) | N/A | Lifetime ECL | 197,148 | - | 197,148 |
| Cash and cash equivalents | 11 | performing | Aa3 /Baa3 | 12-month ECL | 13,252,338 | (4,543) | 13,247,795 |

(i) Although contract assets are subject to impairment testing in accordance with IFRS 9, the impact of expected credit losses is immaterial.

(ii) The Group has applied the simplified approach of IFRS 9 to measure the loss allowance at lifetime ECL for trade receivable, retention receivable and contract assets. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The following table shows the calculation of credit losses:

| | 31 December 2023 | | |
|---|---|---|---|
| **Aging backets of trade receivables** | **Gross carrying amount at default** | **Expected credit loss rate** | **Lifetime ECL** |
| Less than 30 days | 4,054,874 | 0.41% | 16,682 |
| 31 – 60 days | 1,987,906 | 1.28% | 25,457 |
| 61 – 90 days | 162,232 | 6.95% | 11,273 |
| 91 – 120 days | 376,611 | 8.93% | 33,632 |
| 121 – 150 days | 72,670 | 16.08% | 11,688 |
| 151 – 180 days | 103,522 | 13.61% | 14,094 |
| 181 – 210 days | 182,194 | 26.37% | 48,046 |
| 211 – 240 days | 54,182 | 21.22% | 11,500 |
| 240 days and above | 8,513,796 | 75.48% | 6,426,219 |
| | 15,507,987 | | 6,598,591 |

| | 31 December 2023 | | |
|---|---|---|---|
| **Retention Receivable** | **gross carrying amount at default** | **Expected credit loss rate** | **Lifetime ECL** |
| Retention not due | 8,666,875 | 0.94% | 81,391 |
| Retention due | 3,100,995 | 100% | 3,100,995 |
| | 11,767,870 | | 3,182,386 |

| Aging brackets of post-paid trade receivables | 31 December 2024 gross carrying amount at default | Expected credit loss rate | Lifetime ECL |
|---|---|---|---|
| Less than 30 days | 3,206,699 | 0.47% | 15,231 |
| 31 – 60 days | 177,551 | 4.54% | 8,054 |
| 61 – 90 days | 384,169 | 2.67% | 10,258 |
| 91 – 120 days | 1,047,995 | 13.95% | 146,237 |
| 121 – 150 days | 664,110 | 19.99% | 132,724 |
| 151 – 180 days | 1,093,106 | 15.79% | 172,623 |
| 181 – 210 days | 81,302 | 15.93% | 12,953 |
| 211 – 240 days | 107,664 | 23.12% | 24,892 |
| 240 days and above | 7,718,651 | 79.39% | 6,127,463 |
| | 14,481,247 | | 6,650,435 |

| Retention receivables | 31 December 2024 gross carrying amount at default | Expected credit loss rate | Lifetime ECL |
|---|---|---|---|
| Retention not due | 7,452,915 | 1.09% | 80,997 |
| Retention due | 3,089,997 | 100% | 3,089,997 |
| | 10,542,912 | | 3,170,994 |

Movement of provision for expected credit loss of trade and other receivables are as follows:

| | 2024 | 2023 |
|---|---|---|
| Balance as at 1 January | 9,780,977 | 9,780,856 |
| Expected credit loss provided during the year | 52,199 | - |
| Foreign exchange translation | (11,747) | 121 |
| Balance as at 31 December | 9,821,429 | 9,780,977 |

**(c) Liquidity risk**

Liquidity risk is the risk that the Group may not be able to meet its funding requirements. Liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values, as the impact of discounting is not significant.

| | Less than 1 year | Between 1 and 2 years | Total |
|---|---|---|---|
| **At 31 December 2024** | | | |
| Trade payables and other credit balances | 12,957,104 | - | 12,957,104 |
| Lease liabilities | 139,950 | 150,659 | 290,609 |
| **At 31 December 2023** | | | |
| Trade payables and other credit balances | 14,933,355 | - | 14,933,355 |
| Lease liabilities | 171,900 | 189,218 | 361,118 |

**3.2 Capital risk management**

The Group manages its capital to ensure that' entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising share capital, reserves, retained earnings and treasury shares).

### 3.3 Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- Level one:Quoted prices in active markets for identical assets or liabilities.
- Level two:Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that is not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

The fair values of other financial assets and financial liabilities approximately equal its book value as at the consolidated financial statements date.

## 4. Critical accounting judgments and estimates

In the application of the Group's accounting policies, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the assets recognised in the consolidated financial statements.

*Classification of real estate investments*

Management decides on acquisition of real estate whether it should be classified as held for trading or investment property.

The Group classifies property as held for trading if this is acquired principally for sale in the ordinary course of the business.

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation.

**Sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the consolidated financial statements date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

*Fair value measurements and valuation techniques*

Certain assets and liabilities of the Group are measured at fair value for the purposes of preparing the consolidated financial statements. The Group's management determines the main appropriate techniques and inputs required for measuring the fair value. In determining the fair value of assets and liabilities, management uses observable market data as appropriate, in case no observable market data is available the Group uses an external valuer qualified to do the valuation. Information regarding the required valuation techniques and inputs used to determine the fair value of financial assets and liabilities is disclosed in note (3.3 and 6).

*Impairment of non-financial assets*

The Group reviews its non-financial assets periodically to assess whether a provision for impairment should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty. Note 5 sets out the impact thereof on the consolidated financial statements.

*Impairment of financial assets*

The Group assesses whether the credit risk associated with financial assets and other items has increased substantially since the initial recognition in order to determine whether the expected credit loss for the 12 month period or expected credit loss over the lifetime of the financial instrument should be recognized (Note 3.1).

*Impairment of associates*

Impairment testing of the associate is carried out when there is an indication of such impairment. Impairment is assessed for the entire carrying value of the Group's investment in the associate including goodwill, therefore no impairment study for goodwill is required independently.

*Revenue recognition*

Construction contract revenue is measured over the life of the project according to the percentage of completion method. The Group's management are required to exercise judgement in their assessment of the work performed, variation order; the completeness and accuracy of forecast costs to complete. The actual results of contracts can vary substantially. These estimates often need to be adjusted based on future events and when the results of items that were judged uncertain.

*Warranty and commissioning provisions*

The Group's management estimates the related provision for warranty and commissioning based on historical warranty claim and commissioning cost information, as well as recent trends that might suggest that past cost information may differ from future claims. Factors that could impact the estimated warranty claim and commissioning cost include the success of Group's productivity and quality initiatives, as well as spare parts and labour costs (Note 14).

Hyperinflation

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries or associates is the currency of a hyperinflationary economy.

Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

- The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- Prices are quoted in a relatively stable foreign currency;
- Sales or purchase prices take expected losses of purchasing power during short credit period into account;
- Interest rates, wages and prices are linked to a price index; and
- The cumulative inflation rate over three years is approaching, or exceeds, 100%.

Management exercises judgement as to when a restatement of the financial statements of a Group entity becomes necessary. Following management's assessment, the Group's subsidiary & associates in Republic of Lebanon have been accounted for as an entity operating in hyperinflationary economy. The results, cash flows and financial positions of its subsidiary and associate have been expressed in terms of the measuring units current at the reporting date.

## 5. Property, plant and equipment

| | Lands & buildings | Vehicles | Equipment & Heavy Equipment | Furniture & fixtures | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **As at 1 January 2023** | 12,431,603 | 6,505,380 | 11,899,725 | 1,761,622 | 32,598,330 |
| Additions | 137,412 | 178,525 | 1,041,085 | 62,486 | 1,419,508 |
| Disposals | - | (111,321) | (32,785) | (10,379) | (154,485) |
| **As at 31 December 2023** | 12,569,015 | 6,572,584 | 12,908,025 | 1,813,729 | 33,863,353 |
| Additions | 872,232 | 101,459 | 738,129 | 28,226 | 1,740,046 |
| Disposals | (52,653) | (379,146) | (1,675,007) | (50,571) | (2,157,377) |
| **As at 31 December 2024** | 13,388,594 | 6,294,897 | 11,971,147 | 1,791,384 | 33,446,022 |
| **Depreciation** | | | | | |
| **As at 1 January 2023** | 6,396,876 | 6,055,690 | 11,100,469 | 1,454,566 | 25,007,601 |
| Charge for the year | 498,944 | 298,867 | 1,270,701 | 129,636 | 2,198,148 |
| Disposals | - | (97,306) | (9,658) | (10,342) | (117,306) |
| **As at 31 December 2023** | 6,895,820 | 6,257,251 | 12,361,512 | 1,573,860 | 27,088,443 |
| Charge for the year | 462,130 | 171,116 | 716,399 | 97,758 | 1,447,403 |
| Disposals | (50,333) | (360,638) | (1,673,684) | (49,420) | (2,134,075) |
| Impairment | 331,100 | - | - | - | 331,100 |
| **As at 31 December 2024** | 7,638,717 | 6,067,729 | 11,404,227 | 1,622,198 | 26,732,871 |
| **Net book value (Before adjustments generated from Hyperinflation)** | | | | | |
| As at 31 December 2023 | 5,673,195 | 315,333 | 546,513 | 239,869 | 6,774,910 |
| **As at 31 December 2024** | 5,749,877 | 227,168 | 566,920 | 169,186 | 6,713,151 |
| *Hyperinflation adjustments (Note 22)* | | | | | |
| Effect as at 31 December 2022 | 138,293 | 145 | (22,699) | (43,261) | 72,478 |
| Change in carrying value | 4,335,527 | - | 560,807 | 510,896 | 5,407,230 |
| Depreciation adjustments | (1,959,360) | - | (498,747) | (444,610) | (2,902,717) |
| Foreign currency translation adjustments | (1,799,063) | 39 | (13,328) | (55,216) | (1,867,568) |
| Effect as at 31 December 2023 | 715,397 | 184 | 26,033 | (32,191) | 709,423 |
| Change in carrying value | 1,206,564 | | 157,777 | 127,501 | 1,491,842 |
| Depreciation adjustments | (537,779) | | (142,769) | (92,352) | (772,900) |
| Foreign currency translation adjustments | 35,091 | 36 | 642 | 871 | 36,640 |
| Effect as at 31 December 2024 | 1,419,273 | 220 | 41,683 | 3,829 | 1,465,005 |
| **Adjusted net carrying amount as at 31 December 2023** | 6,388,592 | 315,517 | 572,546 | 207,678 | 7,484,333 |
| **Adjusted net carrying amount as at 31 December 2024** | 7,169,150 | 227,388 | 608,603 | 173,015 | 8,178,156 |

- Lands and buildings include leasehold lands leased from the Government of Kuwait with an amount of KD 2,394,972 as at 31 December 2024 (1,922,693 – 2023), on which buildings are constructed with a carrying value of KD 1,028,062 as at 31 December 2024 (KD 1,162,851 – 2023).
- As a lessee, the Group has leased many assets, including buildings and lands. The average period of the leased buildings and leased lands are 5 years. The impact resulting from the application of IFRS 16 has been recorded under lands and buildings.
- Property, plant and equipment include hotel in Lebanon, the related net book value amounted to KD 4.4 Million approximately as at 31 December 2024 (KD 3.8 Million – 2023). The hotel incurred losses due to the continued effect of the Lebanese liquidity crises, in addition to the other factor disclosed in note 24 which is an indication of impairment. Management of the group, with the assistance of an independent valuer, determined the recoverable value of the hotel. The Group management concluded that the restated net carrying value after applying IAS 29 is less than the hotel's recoverable amount and accordingly no impairment has been recorded for the year ended 31 December 2024 (Nil – 2023). The recoverable value of the hotel was determined in accordance with the fair value less cost to sell. The determination of the fair value less cost to sell assumes the conversion of the hotel to office spaces "which is the highest and best use of the property". The fair value of the office spaces was identified using the market comparable approach, and the Group's assessment of the cost to sell include the conversion of the hotel to office spaces.

- The management of the group recorded an impairment of a plot of land with an amount of KD 331,100 in the consolidated statement of income. The fair value of the land was identified using the value to sell method based on valuations carried out by independent valuers not related to the Group using the comparable market

## 6. Investment properties

The below table is the investment properties movement during the year:

| | 2024 | 2023 |
|---|---|---|
| Balance as at 1 January | 7,171,672 | 6,984,821 |
| Additions | 23,235 | - |
| Changes in fair value | 3,339,122 | 186,851 |
| Balance as at 31 December | 10,534,029 | 7,171,672 |

- The fair value of the Group's investment properties as at 31 December 2024 has been arrived at on the basis of a valuation carried out on the respective dates by independent valuer not related to the Group. The independent valuer is registered at the related governmental bodies, and he has appropriate and recent experience in the valuation of properties in the relevant locations. The fair value of properties held for trading was determined based using either the market comparable approach or the capitalized income approach (Level 2 and 3).
- In estimating the fair value of the properties, the highest and best use of the properties is their current use.
- There has been no change to the valuation technique during the year.
- The property rental income earned by the group from its investment property, all of which is leased out under operating leases, amounted to 582,929 (509,272 as of 31 December 2023).

## 7. Investment in associates

| | Activities | Ownership % | 2024 | 2023 |
|---|---|---|---|---|
| Spears 1788 Group S.A.L. | Holding - Real Estate | 40 | 1,410,127 | 1,528,864 |
| Other | | | 136,423 | 136,423 |
| | | | 1,546,550 | 1,665,287 |

Below table showing the results of associate during the year:

| | 2024 | 2023 |
|---|---|---|
| Balance as at 1 January | 1,665,287 | 1,768,204 |
| Share of results | (233,062) | (16,305) |
| Capital increase | 52,184 | - |
| Dividends received | - | (65,373) |
| Translation differences including effect of hyperinflation | 62,141 | (21,239) |
| Balance as at 31 December | 1,546,550 | 1,665,287 |

Summarized financial information of Spears 1788 Group S.A.L. as at 31 December is as follows:

| | 2024 | 2023 |
|---|---|---|
| Current assets | 22,581 | 4,287 |
| Non-current assets | 6,528,001 | 6,275,015 |
| Current liabilities | 3,025,264 | 2,457,144 |

## 8. Inventories

| | 2024 | 2023 |
|---|---|---|
| Raw materials | 2,142,514 | 2,454,379 |
| Spare parts | 1,385,248 | 1,380,287 |
| | 3,527,762 | 3,834,666 |
| Provision for obsolescence | (349,999) | (350,872) |
| | 3,177,763 | 3,483,794 |

The cost of inventories recognized as expenses during the year in respect of cost of sales was KD 6,336,347 as at 31 Dec 2024 (2023: KD 5,005,286).

## 9. Trade receivables and other debit balances

| | 2024 | 2023 |
|---|---|---|
| Trade receivables | 14,481,247 | 15,507,987 |
| Retention receivables | 10,542,912 | 11,767,870 |
| | 25,024,159 | 27,275,857 |
| Expected credit loss | (9,821,429) | (9,780,977) |
| | 15,202,730 | 17,494,880 |
| Advance to suppliers | 1,354,993 | 3,637,571 |
| Other debit balances | 387,564 | 331,400 |
| | 16,945,287 | 21,463,851 |

The ECL has been estimated in accordance with the simplified approach as per IFRS 9 (Note 3.1).

The Group holds letter of guarantee and letters of credit amounting to KD 343,000 as collaterals (KD 243,000 – 2023).

During the year, the Group received an amount of 446,873 Kuwaiti dinars out of a total amount of 1,627,879 Kuwaiti dinars which represent retention receivable due to the group from a customer pursuant to the ruling issued in favor of the group by the Court of Appeal. That ruling was appealed by both parties. The amount collected was recorded as collection from retention (note 14) until the finalization of all legal stages.

## 10. Contracts assets / liabilities

| | 2024 | 2023 |
|---|---|---|
| Construction costs incurred plus recognized profits less recognized losses to date | 67,781,295 | 63,583,439 |
| Less: progress billings | (69,774,118) | (62,175,037) |
| | (1,992,823) | 1,408,402 |
| Recognized and included in the consolidated financial statements as amounts: | | |
| - Contracts assets | 197,148 | 3,276,149 |
| - Contracts liabilities | (2,189,971) | (1,867,747) |
| | (1,992,823) | 1,408,402 |

- The Group recognises contract assets for executed works that have not yet been invoiced to customers. These amounts will subsequently be transferred to trade receivables upon issuing invoices to the customers.
- Contract liabilities represent amounts collected from customers in excess of the revenues recognised to date, according to the percentage of completion method.

## 11. Cash and cash equivalents

| | 2024 | 2023 |
|---|---|---|
| Current and call accounts | 5,792,342 | 3,302,986 |
| Time deposits | 7,455,453 | 3,985,266 |
| Cash on hand | 51,678 | 54,045 |
| | 13,299,473 | 7,342,297 |

The average interest rate on the deposits was 3.85% to 3.9% as at 31 December 2024 (3.2% to 4.0% - 2023).

## 12. Equity

### Share capital

On 6 May 2024, the extraordinary assembly meeting of the company's shareholders approved an increase in the authorised, issued, and paid-up capital from KD 12,162,908 (comprising 121,629,083 shares) to KD 13,014,312 (comprising 130,143,118 shares) by issuing 8,514,035 bonus shares amounting to KD 851,404. The commercial register was amended on 21 May 2024.

The authorised, issued, and paid-up share capital of the Parent Company amounted to KD 13,014,312, comprising 130,143,118 shares of 100 fils each as of 31 December 2024 (KD 12,162,908 comprises of 121,629,083 shares as of 31 December 2023) and all shares are in cash.

**Treasury shares**

| | 2024 | 2023 |
|---|---|---|
| Number of shares | 3,177,752 | 2,944,756 |
| Percentage of issued shares % | 2.44 | 2.42 |
| Market value (KD) | 1,077,258 | 686,128 |

The Parent Company is required to retain reserves and retained earnings equivalent to the value of treasury shares throughout the year, during which they are held by the Parent Company, pursuant to instructions of the relevant regulatory authorities.

**Statutory reserve**

In accordance with the Companies Law and the Parent Company's Articles of Association, and by virtue of a decision by the Ordinary General Assembly based on the BOD's proposal, a percentage not less than 10% of the profits shall be transferred annually to the statutory reserve. The General Assembly may discontinue such deduction if the statutory reserve exceeds half of the Parent Company paid up capital.

**Voluntary reserve**

In accordance with the Companies Law and the Parent Company's Articles of Association, and by virtue of a decision by the Ordinary General Assembly based on the BOD's proposal, a percentage not less than 10% of the net profits may be transferred to provide the voluntary reserve for the purpose specified by the General Assembly.

## 13. Other reserves

| | Treasury share reserve | Foreign currency translation reserve | Total |
|---|---|---|---|
| **Balance as at 1 January 2023** | 585,174 | 2,282,446 | 2,867,620 |
| Total other comprehensive income items | - | 506,096 | 506,096 |
| **Balance as at 31 December 2023** | 585,174 | 2,788,542 | 3,373,716 |
| **Balance as at 1 January 2024** | 585,174 | 2,788,542 | 3,373,716 |
| Total other comprehensive income items | - | 839,254 | 839,254 |
| **Balance as at 31 December 2024** | 585,174 | 3,627,796 | 4,212,970 |

## 14. Trade payables and other credit balances

| | 2024 | 2023 |
|---|---|---|
| Trade payables | 6,088,602 | 6,623,434 |
| Contract advances – construction | 2,237,872 | 3,639,185 |
| Provisions for warranty and maintenance | 1,924,763 | 2,757,252 |
| Accrued to staff | 866,786 | 884,680 |
| Accrued expense | 283,242 | 194,049 |
| Lease contracts liabilities | 139,950 | 171,900 |
| Cash dividends | 81,559 | 146,870 |
| Contribution to Zakat | 44,917 | 12,827 |
| Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) | 40,426 | 23,422 |
| Contribution to National Labour Support Tax (NLST) | 112,294 | 32,067 |
| Other credit balances | 439,552 | 447,669 |
| collection from retention (note 9) | 416,514 | - |
| Deferred tax liability | 280,627 | - |
| | 12,957,104 | 14,933,355 |

Lease liabilities related to right of use assets as follows:

| | 2024 | 2023 |
|---|---|---|
| ***Lease contracts liabilities – current*** | | |
| Amounts due within 12 months | 139,950 | 171,900 |
| ***Lease contracts liabilities – non-current*** | | |
| Amounts due after 12 months | 150,659 | 189,218 |
| | 290,609 | 361,118 |

The movement on the provision for warranty, maintenance and others is as follows:

| | 2024 | 2023 |
|---|---|---|
| Opening Balance | 2,757,252 | 4,091,267 |
| Provided | - | 194,000 |
| Used | (832,489) | (647,065) |
| Reversal | - | (880,950) |
| Closing Balance | 1,924,763 | 2,757,252 |

Provisions for the warranty and maintenance were provided to meet the obligations of the executed and delivered construction works to the customers in accordance with contracts. The provision made represents management's best estimate taking into consideration the expected cost to fulfil the obligation during the specified period.

## 15. Revenue

The Group's revenues arise from construction, installation, maintenance and sale of goods mainly in Kuwait:

| | Timing of revenue recognition | 2024 | 2023 |
|---|---|---|---|
| Construction Contracts | Over time | 30,952,928 | 23,309,957 |
| Sales of goods | Point of time | 5,960,509 | 5,729,980 |
| Installation and maintenance | Over time | 2,683,764 | 2,760,635 |
| | | 39,597,201 | 31,800,572 |

Revenues from construction contracts include revenues of KD 25,342,532 (KD 14,320,501 - 2023) realized from contracts with government entities in the State of Kuwait.

The transaction price allocated to performance obligation not yet fulfilled as at 31 December 2024 is KD 64,766,872 (2023 – KD 54,778,018).

## 16. Cost of sales

| | 2024 | 2023 |
|---|---|---|
| Subcontract costs | 18,896,927 | 11,209,428 |
| Materials | 5,384,983 | 5,534,165 |
| Staff costs | 4,603,899 | 5,328,942 |
| Lease rentals | 2,812,510 | 1,423,304 |
| Oil & Fuel | 1,899,710 | 1,968,294 |
| Depreciation and amortization | 1,114,760 | 1,213,916 |
| Repairs and maintenance | 306,568 | 419,845 |
| Others | 1,263,811 | 1,467,691 |
| | 36,283,168 | 28,565,585 |

## 17. Net other operating income

| | 2024 | 2023 |
|---|---|---|
| Interest Income | 223,096 | 176,757 |
| closing of credit balances | 263,855 | - |
| Foreign exchange gains | 161,414 | 63,737 |
| Others | (4,754) | (10,627) |
| | 643,611 | 229,867 |

## 18. (Provide) /Reversal of provisions and impairment

| | 2024 | 2023 |
|---|---|---|
| Reversal of provision for warranty, maintenance and others | - | 686,950 |
| Expected credit losses – (note 3.1) | (52,199) | - |
| Impairment of property, plant and equipment (note 5) | (331,100) | - |
| | (383,299) | 686,950 |

## 19. General and administrative expenses

| | 2024 | 2023 |
|---|---|---|
| Salaries and wages | 1,278,567 | 1,228,462 |
| Depreciation and amortization | 156,612 | 169,280 |
| Lease rentals | 36,272 | 34,692 |
| Repairs and maintenance | 32,167 | 28,273 |
| Others | 558,376 | 408,373 |
| | 2,061,994 | 1,869,080 |

## 20. Net gain from investment properties

| | 2024 | 2023 |
|---|---|---|
| Rents revenue | 582,929 | 509,272 |
| Less: Rents expenses | (177,199) | (269,697) |
| Net rental income | 405,730 | 239,575 |
| change in fair value of investment properties | 3,339,122 | 186,851 |
| | 3,744,852 | 426,426 |

## 21. Earnings per share

Earnings per share is calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year.

The weighted average number of shares outstanding during the year is calculated as follows:

| | 2024 | 2023 |
|---|---|---|
| Weighted average number of issued and fully paid-up shares | 130,143,118 | 130,143,118 |
| Less: weighted average number of treasury shares | (3,174,711) | (3,174,711) |
| Weighted average number of shares outstanding | 126,968,407 | 126,968,407 |
| Net profit for the year | 4,246,104 | 2,486,153 |
| Earnings per share (fils) | 33.44 | 19.58 |

Earning per share for current and comparative period has been adjusted taking into consideration the effect of bonus shares issued during the current year (note 23).

## 22. HYPERINFLATION ADJUSTMENT

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the statement of financial position date and that comparative figures for prior periods be stated in the same terms to the latest statement of financial position date. This has been applied in Tameer Lebanon Holding Company (subsidiary) and Spears 1788 Group SAL (associate), and the restatement effect has been calculated by means of conversion factors derived from the Consumer Price Index (CPI) provided by The Central Administration of Statistics, Republic of Lebanon. The conversion factors used to restate the financial statements of the subsidiary are as follows:

| Year | Index | Conversion factor |
|---|---|---|
| 31-Dec-24 | 7,061 | 1.00 |
| 31-Dec-23 | 5,978 | 1.18 |
| 31-Dec-22 | 2,045 | 3.45 |
| 31-Dec-21 | 921 | 7.67 |
| 31-Dec-20 | 284 | 24.86 |
| 31-Dec-19 | 115 | 61.40 |
| 31-Dec-18 | 108 | 65.38 |
| 31-Dec-17 | 104 | 67.89 |
| 31-Dec-16 | 99 | 71.32 |
| 31-Dec-15 | 96 | 73.55 |
| 31-Dec-14 | 99 | 71.32 |
| 31-Dec-13 | 131 | 53.90 |
| 31-Dec-12 | 129 | 54.74 |
| 31-Dec-11 | 118 | 59.84 |
| 31-Dec-10 | 114 | 61.94 |
| 31-Dec-09 | 109 | 64.78 |

The above-mentioned restatement has been accounted for as follows:

i. Financial statements prepared in the currency of a hyperinflationary economy are stated after applying the measuring unit current at the statement of financial position date and corresponding figures for the previous period are stated on the same basis. Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the statement of financial position date. Monetary items are money held and items to be recovered or paid in money;

ii. Non-monetary assets and liabilities that are not carried at amounts current at the statement of financial position date and components of shareholders' equity are restated by applying the relevant conversion factors;

iii. Comparative financial statements are restated using general inflation indices in terms of the measuring unit current at the statement of financial position date.

iv. The effect on the net monetary position of the Group is included in the consolidated statement of income as a monetary gain or loss from hyperinflation

**The impact of hyperinflation is allocated as follows:**

| | 2024 | 2023 |
|---|---|---|
| Net Monetary loss from hyperinflation - consolidated statement of income | (2,533) | (14,274) |
| Impact of restatement of corresponding figures - Other comprehensive income | 826,964 | 510,720 |
| **Total impact of hyperinflation** | 824,431 | 496,446 |

## 23. Dividends

- On 6 May 2024, the ordinary and extraordinary general assembly meeting of shareholders was held and approved the consolidated financial statements for the year ended 31 December 2023, also approved the below:
  - Board of Directors' remuneration of KD 48,000 for the year ended 31 December 2023.
  - Distributing of 15 files as cash dividends for the year ended 31 December 2023 (after deducting treasury shares).
  - Bonus share of 7% equal to 8,514,035 shares.
- On 16 March 2025, the Board of Directors proposed cash dividends of 15 Fils per share (after deduction of treasury shares) for the year ended 31 December 2024. In addition to 5 % bonus shares. The Board also proposed BOD remuneration to members of KD 48,000. These proposals are subject to approval from the General Assembly of the Parent Company and the competent authorities.

## 24. Operating Segment

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 "Operating Segments". IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the "Executive management" who are the Chief Operating decision-makers in order to allocate resources to the segment and to assess its performance. The Group CEO is identified as a chief operating decision maker for the Group.

The management of the Group assessed the Group into three key business units: Construction, installation and maintenance, Investment of surplus funds and hotels. These businesses are the basis on which the Group reports its primary segment information to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. The Construction, installation and maintenance primarily engages in the Construction, installation and maintenance works, maintenance for clients in the market. The Investment of surplus funds is related to investments in associates and investments properties. Also, Hotels activities for rental income and assets based operations activities. The above segments are the basis on which the Group reports its segment information. Transactions between segments are conducted at estimated market rates on an arm's length basis and eliminated on consolidation.

Segment results include revenue and expenses directly attributable to a segment.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment. Capital expenditure represents the total cost incurred during the year to acquire assets that are expected to be used for periods exceeding one year.

**Segment information:**

| Year ended 31 December 2024 | Construction, installation & maintenance | Investments | Hotels | Unallocated | Total |
|---|---|---|---|---|---|
| Operating income | 39,597,203 | 3,725,553 | 378,857 | 611,848 | 44,313,461 |
| Operating expenses | (36,330,602) | (839,520) | (594,000) | (2,303,235) | (40,067,357) |
| Net profit for the year | 3,266,601 | 2,886,033 | (215,143) | (1,691,387) | 4,246,104 |
| | | | | | |
| Assets | 35,519,926 | 12,080,579 | 4,539,793 | 1,739,562 | 53,879,860 |
| Liabilities | 16,352,167 | 448,225 | 84,001 | 1,510,798 | 18,395,191 |

| Year ended 31 December 2023 | Construction, installation, & maintenance | Investments | Hotels | Unallocated | Total |
|---|---|---|---|---|---|
| Operating income | 32,681,522 | 710,570 | 467,752 | 209,781 | 34,069,625 |
| Operating expenses | (28,759,294) | (274,880) | (557,992) | (1,991,306) | (31,583,472) |
| Net profit for the year | 3,922,228 | 435,690 | (90,240) | (1,781,525) | 2,486,153 |
| | | | | | |
| Assets | 37,349,279 | 8,836,959 | 3,960,855 | 1,741,929 | 51,889,022 |
| Liabilities | 18,175,630 | 120,112 | 54,744 | 1,352,515 | 19,703,001 |

**Revenues from major products and services**

The group's revenues from its major products and services are disclosed in note 15.

**Geographical information**

The group's revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:

| | Revenue | | Assets | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Kuwait | 38,942,420 | 31,791,520 | 34,669,370 | 36,897,684 |
| United Arab Emirates | 3,737,522 | 713,571 | 11,095,190 | 7,548,142 |
| Oman | 1,033,569 | 1,083,478 | 1,032,953 | 1,037,978 |
| Lebanon | 599,950 | 481,056 | 7,067,388 | 6,386,095 |
| Other | - | - | 14,959 | 19,123 |
| | 44,313,461 | 34,069,625 | 53,879,860 | 51,889,022 |

During the current year, a military conflict between Israel and Hezbollah occurred in southern Lebanon. The Group is closely monitoring the situation in Lebanon and its potential impact on their business. The recoverable amount of the underlying assets is estimated to determine the extent of the impairment loss (note 5).

## 25. Related party transactions

The Group enters into transaction with related parties on terms and conditions approved by management. 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 or operational decisions.

In the normal course of business the Group enters into transactions with related parties, (i.e. companies owned by shareholders and directors). Terms of these transactions are approved by the Group's management.

Details of related parties balances and transactions other than those disclosed elsewhere in the financial statements are as follows:

Balances:

| | 2024 | 2023 |
|---|---|---|
| Post employment benefits | 263,225 | 226,828 |
| Due from related parties | 583,620 | 427,300 |

**Transactions:**

| | 2024 | 2023 |
|---|---|---|
| Revenues | 682,548 | 783,867 |
| Salaries and other short-term employee benefits | 653,456 | 646,529 |
| Termination benefits | 36,397 | 26,794 |
| Board of Directors remuneration | 48,000 | 48,000 |

## 26. Subsidiaries

| Subsidiary | Percentage of Ownership (%) | |
|---|---|---|
| | 2024 | 2023 |
| KCPC Construction (L.L.C) - Dubai, United Arab Emirates | 90 | 90 |
| Prime 28 Limited - Dubai, United Arab Emirates | 100 | 100 |
| Mass International – Oman | 70 | 70 |
| KCPC - Qatar W.L.L – Qatar | 50 | 50 |
| Grey Lines Company O.P.C – Kuwait | 100 | 100 |
| Technical Kuwaiti Company for Elevators, Escalators & Contracting O.P.C - Kuwait | 100 | 100 |
| Tameer Holding Company S.A.L – Lebanon | 100 | 100 |
| Maamel Real Estate O.P.C – Kuwait | 100 | 100 |
| Tamara for Agriculture Contracting Company O.P.C. – Kuwait | 100 | 100 |
| Al.Maamel International Contracting Company – KSA | 100 | 100 |

Subsidiaries total assets consolidated in the consolidated financial statements amounted to KD 19,208,779 as at 31 December 2024 (KD 15,137,047 - 2023) and its net profit amounted to KD 3,003,918 (net profits KD 922,648 - 2023).

The management relied on Management account of subsidiaries with a total asset amounted to KD 14,959 as at 31 December 2024 (KD 852,459-2023) in preparing the consolidated financial statement.

The objectives of the subsidiaries are to engage in contracting activities and ownership of real estate and land. Residual interests in subsidiaries incorporated in Kuwait are held through nominees, residual interests in subsidiaries incorporated outside Kuwait are held through letters of assignment.

## 27. Commitments and contingent liabilities

The Group has the following commitments and contingent liabilities:

| | 2024 | 2023 |
|---|---|---|
| **Commitments** | | |
| Letters of credit | 221,974 | 1,422,531 |
| **Contingent liabilities** | | |
| Letters of guarantee | 58,865,350 | 51,301,244 |