

Consolidated financial statements and independent auditor's report  
**Senergy Holding Company – K.S.C.P. and its Subsidiaries**

**Kuwait**

31 December 2025

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# Independent Auditor's Report

To the Shareholders of  
Senergy Holding Company - K.S.C.P.  
Kuwait

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Senergy Holding Company - 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 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in 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 2025, 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 period. 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. We have determined the matters described below as the key audit matters.

#### *Impairment of Goodwill*

As at 31 December 2025, the carrying value of goodwill amounted to KD2,587,470 representing 17% of the Group's total assets. Goodwill is tested for impairment at least annually, and more frequently when events or changes in circumstances indicate that the carrying amount may be impaired.

The impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgment required in determining the assumptions to be used to estimate the recoverable amount. The Group engaged an external management expert to assist with the impairment testing.

## **Independent Auditor's Report to the Shareholders of Senergy Holding Company - K.S.C.P. (continued)**

### **Key Audit Matters (continued)**

#### *Impairment of Goodwill (continued)*

As part of our audit procedures, we obtained the valuation reports of the external management expert and tested the reasonableness of key assumptions, including profit forecasts and selection of growth rates and discount rates. We challenged assumptions and tested the integrity of supporting calculations and corroborated certain information with third party sources. We further evaluated management's sensitivity analysis to ascertain the impact of reasonably possible changes to key assumptions.

We also assessed the adequacy of the Group's disclosures regarding those assumptions, which are disclosed in Note 10 to the consolidated financial statements.

#### **Other Matter**

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 16 March 2025.

#### **Other information included in the Group's 2025 Annual Report**

Management is responsible for the other information. The other information comprises Board of Directors' report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the complete Group's Annual Report which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information 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.

When we read the Group's complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **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 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.

## **Independent Auditor's Report to the Shareholders of Senergy Holding Company - K.S.C.P. (continued)**

### **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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

**Independent Auditor's Report to the Shareholders of Senergy Holding Company - K.S.C.P.  
(continued)**

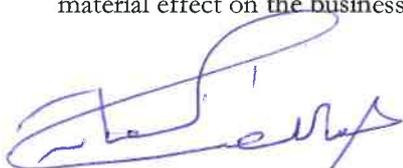
**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

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

**Report on Other Legal and Regulatory Requirements**

Furthermore, in our opinion, proper books of account 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 the 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 violations of the Companies Law No. 1 of 2016 and its Executive Regulations nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our audit and to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law 7 of 2010, as amended, relating to the Capital Markets Authority and its related regulations during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.



Abdullatif M. Al-Aiban (CPA)  
(Licence No. 94-A)  
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait  
23 February 2026

## Consolidated statement of profit or loss

	Notes	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
<b>Revenue</b>			
Revenue from contracts with customers	7	5,422,728	4,453,506
Cost of sales of goods and services rendered		(4,056,570)	(3,664,919)
<b>Gross profit</b>			
Rental income		411,560	405,775
Commission income		165,583	42,135
Income from term deposits		145,687	206,413
Foreign exchange differences		(1,669)	(5,300)
Net (charge)/reversal of impairment losses and other provisions		(2,549)	151,010
Gain on sale of financial assets at FVTPL		17,781	-
Change in fair value of financial assets at FVTPL		65,526	11,719
Other income		33,732	49,645
		<b>2,201,809</b>	<b>1,649,984</b>
<b>Expenses and other charges</b>			
General and administrative expenses		(1,379,179)	(1,138,066)
Finance costs		(113,604)	(107,224)
		<b>(1,492,783)</b>	<b>(1,245,290)</b>
<b>Profit for the year before income tax</b>			
		<b>709,026</b>	<b>404,694</b>
Income tax of overseas subsidiaries		(267,710)	(228,896)
<b>Profit for the year before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and directors' remuneration</b>			
		<b>441,316</b>	<b>175,798</b>
Provisions for KFAS, NLST and Zakat		(13,627)	(5,862)
Directors' remuneration	24	(35,000)	-
<b>Profit for the year</b>			
	8	<b>392,689</b>	<b>169,936</b>
<b>Profit for the year attributable to:</b>			
Owners of the Parent Company		227,717	59,672
Non-controlling interests		164,972	110,264
<b>Profit for the year</b>			
		<b>392,689</b>	<b>169,936</b>
<b>Basic and diluted earnings per share</b>	9	<b>1.14 fils</b>	<b>0.30 fils</b>

The notes set out on pages 11 to 52 form an integral part of these consolidated financial statements.

## Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
<b>Profit for the year</b>	<b>392,689</b>	<b>169,936</b>
<b>Other comprehensive (loss)/income:</b>		
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(39,148)	10,769
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</i>		
Net change in fair value of financial assets at fair value through other comprehensive income	(18,900)	-
<b>Total other comprehensive (loss)/income for the year</b>	<b>(58,048)</b>	<b>10,769</b>
<b>Total comprehensive income for the year</b>	<b>334,641</b>	<b>180,705</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Parent Company	181,310	68,561
Non-controlling interests	153,331	112,144
<b>Total comprehensive income for the year</b>	<b>334,641</b>	<b>180,705</b>

*The notes set out on pages 11 to 52 form an integral part of these consolidated financial statements.*

## Consolidated statement of financial position

	Notes	31 Dec. 2025 KD	31 Dec. 2024 KD
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill and intangible assets	10	2,595,545	2,604,083
Property, plant and equipment	11	5,035,887	4,981,871
Investment properties	12	754,961	799,898
Financial assets at fair value through other comprehensive income	30	6,399	25,299
Term deposits	13	1,292,927	1,520,000
Trade and other receivables	15	142,110	149,869
		<b>9,827,829</b>	<b>10,081,020</b>
<b>Current assets</b>			
Inventories	14	852,541	735,787
Term deposits	13	432,000	627,150
Due from related parties	23	310,972	313,208
Trade and other receivables	15	2,355,231	2,245,571
Financial assets at fair value through profit or loss	30	133,140	86,508
Cash and cash equivalents	16	1,713,125	897,388
		<b>5,797,009</b>	<b>4,905,612</b>
<b>Total assets</b>		<b>15,624,838</b>	<b>14,986,632</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	17	20,000,000	20,000,000
Share premium	17	181,866	181,866
Treasury shares	18	(181,866)	(181,866)
Treasury shares reserve		27,456	27,456
Fair value reserve		(95,134)	(76,332)
Foreign currency translation reserve		(639,180)	(611,575)
Accumulated losses		(9,922,100)	(10,196,667)
<b>Equity attributable to the owners of the Parent Company</b>		<b>9,371,042</b>	<b>9,142,882</b>
Non-controlling interests		1,637,993	1,543,787
<b>Total equity</b>		<b>11,009,035</b>	<b>10,686,669</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits	19	508,310	588,075
Islamic finance payables	20	1,208,819	418,648
Trade and other payables	21	41,881	41,881
Lease liabilities		309,230	471,375
		<b>2,068,240</b>	<b>1,519,979</b>
<b>Current liabilities</b>			
Islamic finance payables	20	757,850	659,995
Trade and other payables	21	1,630,002	1,958,221
Lease liabilities		159,711	161,768
		<b>2,547,563</b>	<b>2,779,984</b>
<b>Total liabilities</b>		<b>4,615,803</b>	<b>4,299,963</b>
<b>Total equity and liabilities</b>		<b>15,624,838</b>	<b>14,986,632</b>

  
Meshal Abdulrahman Al-Enezi  
Chairman

  
Faisal Riyadh Al-Saleh  
CEO

The notes set out on pages 11 to 52 form an integral part of these consolidated financial statements.

## Consolidated statement of changes in equity

	Equity attributable to the owners of the Parent Company							Non-controlling interests		Total		
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Fair value reserve KD	Foreign currency translation reserve		Accumulated losses KD	Sub-total KD		KD	KD
						translation reserve KD	accumulated losses KD					
<b>Balance at 1 January 2025</b>	20,000,000	181,866	(181,866)	27,456	(76,332)	(611,575)	(10,196,667)	9,142,882	1,543,787	10,686,669		
Arising on acquiring additional interest in a subsidiary (note 6.1)	-	-	-	-	-	-	46,850	46,850	(59,125)	(12,275)		
Total transactions with the owners	-	-	-	-	-	-	46,850	46,850	(59,125)	(12,275)		
Profit for the year	-	-	-	-	-	-	227,717	227,717	164,972	392,689		
Total other comprehensive loss for the year	-	-	-	-	(18,802)	(27,605)	-	(46,407)	(11,641)	(58,048)		
Total comprehensive (loss)/income for the year	-	-	-	-	(18,802)	(27,605)	227,717	181,310	153,331	334,641		
<b>Balance at 31 December 2025</b>	<b>20,000,000</b>	<b>181,866</b>	<b>(181,866)</b>	<b>27,456</b>	<b>(95,134)</b>	<b>(639,180)</b>	<b>(9,922,100)</b>	<b>9,371,042</b>	<b>1,637,993</b>	<b>11,009,035</b>		
<b>Balance at 1 January 2024</b>	20,000,000	181,866	(181,866)	27,456	(76,332)	(620,464)	(10,373,396)	8,957,264	1,575,589	10,532,853		
Arising on acquiring additional interest in a subsidiary	-	-	-	-	-	-	117,057	117,057	(143,946)	(26,889)		
Total transactions with the owners	-	-	-	-	-	-	117,057	117,057	(143,946)	(26,889)		
Profit for the year	-	-	-	-	-	-	59,672	59,672	110,264	169,936		
Total other comprehensive income for the year	-	-	-	-	-	8,889	-	8,889	1,880	10,769		
Total comprehensive income for the year	-	-	-	-	-	8,889	59,672	68,561	112,144	180,705		
<b>Balance at 31 December 2024</b>	<b>20,000,000</b>	<b>181,866</b>	<b>(181,866)</b>	<b>27,456</b>	<b>(76,332)</b>	<b>(611,575)</b>	<b>(10,196,667)</b>	<b>9,142,882</b>	<b>1,543,787</b>	<b>10,686,669</b>		

The notes set out on pages 11 to 52 form an integral part of these consolidated financial statements.

## Consolidated statement of cash flows

	Notes	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the year before income tax		709,026	404,694
Adjustments:			
Depreciation of property, plant and equipment	11	805,244	776,827
Depreciation of investment properties	12	44,937	70,863
Amortization of intangible assets		8,538	7,591
Reversal of provision for slow moving and obsolete inventories		-	(73)
Charge/(reversal) of expected credit losses of trade receivables	15	15,063	(2,710)
Reversal of other provisions		(12,514)	(148,227)
Finance costs		113,604	107,224
Income from term deposits		(145,687)	(206,413)
Provision charge for employees' end of service benefits	19	199,333	158,649
Gain on sale of financial assets at FVTPL		(17,781)	-
Change in fair value of financial assets at FVTPL		(65,526)	(11,719)
Dividend Income		(3,173)	-
Gain on sale of property, plant and equipment		(4,177)	(17,800)
		<b>1,646,887</b>	<b>1,138,906</b>
<b>Changes in operating assets and liabilities:</b>			
Inventories		(116,754)	(61,025)
Trade and other receivables		(379,764)	461,149
Due from related parties		2,236	280
Trade and other payables		(586,566)	34,456
Taxes paid		(227,990)	(166,841)
End of service benefits paid	19	(83,635)	(120,933)
<b>Net cash from operating activities</b>		<b>254,414</b>	<b>1,285,992</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(622,370)	(919,659)
Purchase of intangible assets		-	(3,550)
Purchase of investment properties	12	-	(92,950)
Proceeds from sale of property, plant and equipment		24,955	17,800
Proceeds from redemption of financial assets at FVTOCI		-	38
Proceeds from sale/redemption of financial assets at FVTPL		36,675	3,118
Net change in term deposits		422,223	644,150
Income received from term deposits		145,687	206,413
Net movement in restricted bank balances		(40,925)	(13,730)
Acquisition of additional interest in a subsidiary	6.1	(12,275)	(26,889)
<b>Net cash used in investing activities</b>		<b>(46,030)</b>	<b>(185,259)</b>

The notes set out on pages 11 to 52 form an integral part of these consolidated financial statements.

## Consolidated statement of cash flows (continued)

	Notes	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
<b>FINANCING ACTIVITIES</b>			
Net change in Islamic finance payable		812,862	(382,094)
Lease liabilities paid		(193,463)	(190,625)
Finance costs paid		(8,147)	(6,553)
<b>Net cash from/(used in) financing activities</b>		<b>611,252</b>	<b>(579,272)</b>
<b>Increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year	16	819,636	521,461
Net foreign exchange differences		(44,824)	13,307
<b>Cash and cash equivalents at end of the year</b>	<b>16</b>	<b>1,613,746</b>	<b>838,934</b>
<b>Material non-cash transactions:</b>			
Trade and other payables		166,197	-
Employees' end of service benefits		(166,179)	-
Trade and other receivables		266,265	-
Additions to lease liabilities		-	22,724
Additions to right of use assets (included within property, plant and equipment)		-	(26,279)
Additions to capital work in progress		(266,265)	-
Adjustment to prepaid expenses included in 'Trade and other receivables' (adjusted with right of use assets)		-	3,555

*The notes set out on pages 11 to 52 form an integral part of these consolidated financial statements.*

## Notes to the consolidated financial statements (continued)

### 1 Incorporation and activities

Senergy Holding Company - K.S.C.P. (the “Parent Company”) was incorporated in the State of Kuwait on 22 March 1983 and its shares are publicly traded on Boursa Kuwait.

The Group comprises the Parent Company and its subsidiaries (together referred as “the Group”). Details of the subsidiaries are disclosed in Note 6.

The Parent Company carries out its activities in accordance with Islamic Sharia’a principles, as approved by the Parent Company’s Fatwa and Sharia’a Supervisory Board. The Parent Company’s principal activities are as follows:

- Owning shares of Kuwaiti or foreign shareholding and limited liabilities companies as well as participating in forming, administering, financing, and providing third party guarantees for these companies.
- Financing companies owned or guaranteeing them against third parties provided that the contribution ratio of the holding company in the capital of these companies shall not be less than at least 20%.
- Owning industrial rights for patents, trade names, designs and leasing the same to other companies for their use inside or outside Kuwait.
- Owning movable and real estate properties that are necessary to practice its activities in accordance to the law.
- Use of surplus funds available with the Parent Company by investing it in portfolios managed by specialized companies.

The Parent Company’s registered office is located at Ahmadi, Block 8, Building 42 in Gulf International General Trading & Contracting Co. Complex, Mezzanine, and its registered postal address is P.O. Box 9920, Ahmadi 61010, State of Kuwait.

These consolidated financial statements for the year ended 31 December 2025 were authorised for issue by the Parent Company’s board of directors on 23 February 2026. The general assembly of the Parent Company’s shareholders has the power to amend these consolidated financial statements after issuance.

### 2 Statement of compliance

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

These consolidated financial statements have been prepared under the assumption the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Group has considered various factors and has a reasonable expectation that the Group has and will have adequate resources to continue its operations for the foreseeable future.

### 3 Changes in accounting policies

#### 3.1 New and amended IFRS Accounting Standards adopted by the Group

The following amendments to existing IFRS Accounting Standards were effective for the current period.

*Standard or Interpretation*

*Effective for annual periods beginning*

IAS 21 Amendments – Lack of exchangeability

1 January 2025

## Notes to the consolidated financial statements (continued)

### 3 Changes in accounting policies (continued)

#### 3.1 New and amended IFRS Accounting Standards adopted by the Group (continued)

##### IAS 21 Amendments – Lack of exchangeability

The amendments to IAS 21 addresses determination of exchange rate when there is long term lack of exchangeability. The amendments:

- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

#### 3.2 IASB Standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

*Standard or Interpretation*

*Effective for annual periods beginning*

IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments - Amendments	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Annual Improvements to IFRS Accounting Standards – volume 11	1 January 2026

## Notes to the consolidated financial statements (continued)

### 3 Changes in accounting policies (continued)

#### 3.2 IASB Standards issued but not yet effective (continued)

##### **IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments - Amendments**

The amendments to IFRS 9 and IFRS 7 addresses three changes:

- derecognition of a financial liability settled through electronic transfer whereby entities are permitted to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option would be required to apply it to all settlements made through the same electronic payment system.
- Classification of financial assets based on a) contractual terms that are consistent with basic lending arrangements, b) assets with non-recourse description has been enhanced to include a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets, and c) contractually linked instruments have been clarified, and
- Disclosures relating to a) financial assets at FVTOCI where entities are required to disclose fair value gain or loss separately for financial assets derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period, and b) contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

##### **IFRS 18 Presentation and Disclosure in Financial Statements**

The new standard will replace the IAS 1 Presentation of Financial Statements though it contains a number of the current requirements in the IAS 1. IFRS 18 sets out to ensure the financial statements provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- Two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes
- The classification of all income and expenses within the statement of profit or loss in one of five categories
- Disclosures of management-defined performance measures (MPM)
- An improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes

Some of the disclosure requirements previously contained in IAS 1 have been transferred to IAS 8 without any material changes. This applies in particular to disclosures on accounting policies and sources of estimation uncertainty. As a result of these changes, IAS 8 will be renamed 'Basis of Preparation of Financial Statements'. The publication of IFRS 18 also results in consequential amendments to other IFRS Accounting Standards, including IAS 7.

## Notes to the consolidated financial statements (continued)

### 3 Changes in accounting policies (continued)

#### 3.2 IASB Standards issued but not yet effective (continued)

##### IFRS 18 Presentation and Disclosure in Financial Statements (continued)

Management is currently working to identify all of the impacts that IFRS 18 will have on the primary consolidated financial statements and notes to the consolidated financial statements.

##### IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows reduced disclosure requirements for an entity instead of the disclosure requirements in other IFRS Accounting Standards if the entity 1) is a subsidiary, 2) it does not have public accountability, 3) it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. An entity electing to apply IFRS 19 is required to apply other IFRS Accounting Standards, except for the disclosure requirements.

Management does not anticipate adoption of the new standard for its consolidated financial statements of the Group.

##### Annual Improvements to IFRS Accounting Standards – volume 11

The annual improvement project updates a number of standards primarily providing clarifications and removing inconsistencies.

Management does not anticipate adoption of the amendments will have a significant impact on the Group's consolidated financial statements.

### 4 Material accounting policies

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below.

#### 4.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income that are measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars (“KD”) which is the functional and presentation currency of the Parent Company.

The Group has elected to present the “consolidated statement of profit or loss and other comprehensive income” in two statements: the “consolidated statement of profit or loss” and “consolidated statement of profit or loss and other comprehensive income”.

#### 4.2 Basis of consolidation

The Group controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company's financial statements.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### 4.2 Basis of consolidation (continued)

All transactions and balances between the Group's companies are eliminated on consolidation, including unrealised gains and losses on transactions between the Group's companies. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the Parent Company and the non-controlling interests based on their respective ownership interests.

When a controlling interest in the subsidiaries is disposed of, the difference between the selling price and the net asset value plus cumulative translation difference and goodwill is recognised in the consolidated statement of profit or loss. 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, or the cost on initial recognition of an investment in an associate or a joint venture.

However, changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount 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 noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Parent Company.

#### 4.3 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated statement of profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### 4.3 Business combinations (continued)

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in the consolidated statement of profit or loss immediately.

#### 4.4 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. Risks induced by climate changes include transition risks (eg regulatory changes and reputational risks) and physical risks due to weather related events (e.g. storms, wildfires, rising sea levels). The Group has not identified significant risks induced by climate changes that could negatively and materially affect the Group's consolidated financial statements. Management continuously assesses the impact of climate-related matters.

#### 4.5 Revenue recognition

The Group recognises revenue from the following major sources:

- Sale of goods
- Rendering of services
- Rental income
- Commission income

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The Group follows a 5-step process:

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

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

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

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts, if any, as other liabilities in the consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable, if any, in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### 4.5 Revenue recognition (continued)

##### 4.5.1 Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer generally upon delivery or shipment of the goods.

Revenue from the sale of goods with no significant services obligation is recognised on delivery.

In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration and consideration payable to the customer (if any).

##### 4.5.2 Rendering of services

The Group provides drilling and maintenance services. Revenue from these services is recognised on a time-and-materials basis as the services are provided. Customers are invoiced periodically in accordance with individual contracts as work progresses. Any amounts remaining unbilled at the end of a reporting period are presented in the consolidated statement of financial position as accounts receivable as only the passage of time is required before payment of these amounts will be due.

##### 4.5.3 Rental income

Rental income recognised in accordance with accounting policy set out in note 4.13.

##### 4.5.4 Commission income

The Group earns commission income from a diverse range of services it provides to its customers. Commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services. The Group is acting as an agent and recognises revenue at the net amount that is retained for these arrangements. Revenue is recognised at a point in time because this is when the customer benefits from the Group's services.

#### 4.6 Dividend income

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

#### 4.7 Income from term deposits

Income from term deposits is recognised using the effective interest method.

#### 4.8 Operating expenses

Operating expenses are recognised in consolidated statement of profit or loss upon utilisation of the service or at the date of their occurrence.

#### 4.9 Finance costs

Finance costs are recognised on a time proportion basis taking into account the outstanding balance of borrowing payable and applicable profit rate.

Finance costs that are directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Capitalisation of finance costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Other finance costs are recognised as an expense in the period in which they are incurred.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### 4.10 Taxation

##### *4.10.1 Kuwait Foundation for the Advancement of Sciences (KFAS)*

The contribution to KFAS is calculated at 1% of taxable profit of the Group attributable to the shareholders of the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

##### *4.10.2 National Labour Supporting Tax*

NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the Group attributable to the shareholders of the Parent Company. As per law, income from associates and subsidiaries, direct cash dividends from listed companies which are subjected to NLST have to be deducted from the profit for the year.

##### *4.10.3 Zakat*

Contribution to Zakat is calculated at 1% of the profit of the Group attributable to the shareholders of the Parent Company in accordance with Law No. (46) of 2006.

##### *4.10.4 Taxation on overseas subsidiaries*

Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate.

#### 4.11 Segment reporting

The Group has two operating segments: Investment management and Drilling and maintenance. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources. All inter-segment transfers are carried out at arm's length prices.

For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

#### 4.12 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, 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 on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### 4.13 Leases

##### *The Group as a lessee*

The Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

##### Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet measured as follows:

##### *Right-of-use asset*

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the Group accounts for its right-of-use assets as investment properties carried at fair value. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property. Any gain or loss resulting from either a change in the fair value is immediately recognised in the consolidated statement of profit or loss.

##### *Lease liability*

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### 4.13 Leases (continued)

##### *The Group as a lessor*

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group classifies its leases as either operating or finance leases. When the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as finance lease or operating lease by reference to the right-of-use of asset arising from the head-lease.,

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

Amounts due under finance leases are recognised as receivables. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding for the finance lease.

#### 4.14 Financial instruments

##### **4.14.1 Recognition, initial measurement and derecognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by directly attributable transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

A financial asset (or, where applicable a part of financial asset or part of Group of similar financial assets) is derecognised when:

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and either
  - (a) the Group has transferred substantially all the risks and rewards of the asset or
  - (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in consolidated statement of profit or loss.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### 4.14 Financial instruments (continued)

##### 4.14.2 Classification of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through Other Comprehensive Income (FVTOCI)
- financial assets at fair value through profit or loss (FVTPL)

The classification is determined by both:

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

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

- the Group may irrevocably elect to present subsequent changes 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.

##### 4.14.3 Subsequent measurement of financial assets

###### • Financial assets at amortised cost

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

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

After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Group's financial assets at amortised cost comprise of the following:

###### - Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances with banks and other financial institutions which are subject to an insignificant risk of changes in value.

###### - Term deposits

Term deposits comprise amounts invested with banks and financial institutions in Islamic investment products. Term deposits are stated at the gross amount of the receivable, net of deferred profit receivable and provision for impairment, if any. Profit receivable is recognised on a time apportionment basis taking account of the profit rate attributable and the balance outstanding.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### 4.14 Financial instruments (continued)

##### 4.14.3 Subsequent measurement of financial assets (continued)

- *Financial assets at amortised cost (continued)*

- *Trade and other receivables*

Trade and other receivables are stated at original amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred

- *Due from related parties*

Due from related parties are financial assets originated by the Group by providing money directly to the borrower that have fixed or determinable payments and are not quoted in an active market.

- *Financial assets at FVTOCI*

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

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

Any gains or losses recognised in other comprehensive income will be recycled to the consolidated statement of profit or loss upon derecognition of the asset (except for equity investments at FVTOCI as detailed below).

##### *Equity investments at FVTOCI*

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity.

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### 4.14 Financial instruments (continued)

##### 4.14.3 Subsequent measurement of financial assets (continued)

- *Financial assets at FVTPL*

Financial assets that do not meet the criteria for measurement at amortised cost or FVTOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below). The category also contains investments in equity shares.

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

The Group's financial assets at FVTPL comprise Investment in equity shares.

##### 4.14.4 Impairment of financial assets

All financial assets except for those at FVTPL and equity investments at FVTOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets at amortised cost or at FVTOCI.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. 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 asset.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### 4.14 Financial instruments (continued)

##### 4.14.4 Impairment of financial assets (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group considers a financial asset to be in default when contractual payments are more than 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held.

##### 4.14.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include trade and other payables, notes payable and Islamic finance payable.

The subsequent measurement of financial liabilities depends on their classification as follows:

- **Financial liabilities at amortised cost**

These are stated at amortised cost using effective interest rate method. The Group categorises financial liabilities at amortised cost into the following categories:

##### *Payables and other liabilities*

Payables and other liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed or not.

##### *Islamic finance payables*

After initial recognition, profit-bearing Islamic finance payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

#### 4.15 Amortised cost of financial instruments

This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### 4.16 Inventories

Inventories are stated at the lower of cost or net realisable value and the cost is determined according to the weighted average method. Net realisable value is estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

#### 4.17 Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

#### 4.18 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### 4.19 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

#### 4.20 Impairment testing of goodwill and non-financial assets

For impairment assessment purposes, assets are Grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually.

All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### 4.20 Impairment testing of goodwill and non-financial assets (continued)

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

#### 4.21 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the cost model. Investment properties are initially measured at cost, being the purchase price and any directly attributable expenditure for a purchased investment property and cost at the date when construction or development is complete for a self-constructed investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses. Gains and losses arising from the sale of investment properties are included in the consolidated statement of profit or loss. Land is not depreciated.

The estimated useful life for the calculation of depreciation, excluding land, is 20 years using straight line method. The carrying amounts are reviewed at each reporting date on an individual basis to assess whether they are recorded in excess of their recoverable amount. Provision for impairment losses, if any, are made where carrying values exceed the recoverable amount.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the cost at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

#### 4.22 Property, plant and equipment

Land is stated at cost less any impairment losses based upon the reports of independent professional valuers.

Property, plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Capital expenditure on assets in the course of construction are classified as assets under construction. Such costs are subsequently charged to the consolidated statement of profit or loss if the project is abandoned, or, if the project is, completed, are capitalised and transferred to the appropriate property and equipment category, from which time depreciation is charged using the rate applicable to the category concerned. Interest incurred on funds specifically obtained to finance construction activities are capitalised using the actual interest rate incurred during construction.

Property, plant and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses, if any. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property, plant and equipment.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### 4.22 Property, plant and equipment (continued)

The useful life and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of property, plant and equipment. In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter. Furthermore, the Group considers climate-related matters, including physical and transition risks. Specifically, the Group determines whether climate-related legislation and regulations might impact either the useful life or residual values. The following useful lives are applied:

- |                          |               |
|--------------------------|---------------|
| • Furniture and fixtures | 5 – 7 years   |
| • Motor vehicles         | 4 years       |
| • Machines and equipment | 2-10 years    |
| • Building               | 10 – 20 years |

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is recognised in the consolidated statement of profit or loss.

#### 4.23 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

#### 4.24 Equity, reserves and dividend payments

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

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Legal and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the Companies' Law and the Parent Company's memorandum of incorporation and articles of association, as amended.

Foreign currency translation reserve comprises of foreign currency translation differences arising from the translation of financial statements of the Group's foreign subsidiaries and associates into Kuwaiti Dinar.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### 4.24 Equity, reserves and dividend payments (continued)

Cumulative changes in fair value reserve comprises of gains and losses relating to investments at fair value through other comprehensive income.

Accumulated losses include all current and prior period retained profits and losses. All transactions with owners of the Parent Company are recorded separately within consolidated statement of changes in equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved by a General Assembly of the shareholders.

#### 4.25 Treasury shares

Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. Treasury shares are accounted for under cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity. Treasury shares are not entitled to cash dividends that the Group may distribute. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

When the treasury shares are reissued, gains are recorded directly in "treasury shares reserve" in the shareholders' equity. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and legal reserve. Subsequent to this, should profits arise from sale of treasury shares an amount is transferred to reserves and retained earnings equal to the loss previously charged to this account.

#### 4.26 Related party transactions

Related parties are major shareholders, board of directors, executive staff, their family members and the companies owned by them. All related party transactions are carried out with the approval of the Group's management.

#### 4.27 End of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts.

The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

With respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

#### 4.28 Foreign currency translation

##### 4.28.1 Functional and presentation currency

The consolidated financial statements are presented in currency Kuwait Dinar (KD), which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### 4.28 Foreign currency translation (continued)

##### 4.28.2 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in consolidated statement of profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

##### 4.28.3 Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to the consolidated statement of profit or loss and are recognised as part of the gain or loss on disposal.

### 5 Significant management judgements and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### 5.1 Significant management judgments

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

##### 5.1.1 Business model assessment

The Group classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in note 4.14). This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

## Notes to the consolidated financial statements (continued)

### 5 Significant management judgements and estimation uncertainty (continued)

#### 5.1 Significant management judgments (continued)

##### *5.1.2 Significant increase in credit risk*

Estimated credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define “significant” increase. Therefore, assessment whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

##### *5.1.3 Control assessment*

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement

##### *5.1.4 Judgements in determining the timing of satisfaction of performance obligations*

The determination of the whether or not performance obligation criteria set out in IFRS 15 relating to transfer of control of goods and services to customers has been satisfied requires significant judgement.

#### 5.2 Estimates uncertainty

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

##### *5.2.1 Impairment of financial assets*

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future. The Group based these estimates using reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

##### *5.2.2 Useful lives of depreciable assets*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain relevant assets.

##### *5.2.3 Fair value of financial instruments*

Management apply valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm’s length transaction at the reporting date.

## Notes to the consolidated financial statements (continued)

### 5 Significant management judgements and estimation uncertainty (continued)

#### 5.2 Estimates uncertainty (continued)

##### 5.2.4 Impairment of assets with definite lives

At the financial position date, the Group's management assesses, whether there is any indication that assets with definite lives may be impaired. The recoverable amount of an asset is determined based on the "value in use" method. This method uses estimated cash flow projections over the estimated useful life of the asset.

##### 5.2.5 Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

##### 5.2.6 Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

### 6 Subsidiaries

Name of subsidiary	Country of incorporation	Ownership percentage		Principal activities
		31 Dec. 2025	31 Dec. 2024	
Senergy Services for Energy Services Company K.S.C. (Closed)	Kuwait	99.67%	99.67%	Holding company Holding industrial property rights and investing in financial instruments.
Eastern Industrial & Oilfield Services B.S.C. (Closed)	Bahrain	100%	100%	Supporting activities to oil wells drilling and related maintenance
Senergy Oilfield Solutions Company K.S.C (Closed) (note 6.1)	Kuwait	92.14%	91.57%	General trading and contracting services
Gulf International General Trading and Contracting Company W.L.L. (note 6.2) <i>Held through Senergy Services for Energy Services Company K.S.C. (Closed)</i>	Kuwait	100%	100%	
Eastern International Testing Services Company W.L.L. <i>Held through Senergy Oilfield Solutions Company K.S.C (Closed)</i>	Kuwait	70%	70%	Maintenance of oil wells' facilities and oil refineries
Eastern National Oilfield Services (Private) Limited <i>Held through Eastern International Testing Services Company W.L.L.</i>	Pakistan	100%	100%	Providing wireline services
Eastern Testing Services (Private) Limited	Pakistan	100%	100%	Well testing services for oil and gas sector

## Notes to the consolidated financial statements (continued)

### 6 Subsidiaries (continued)

- 6.1 During the year, the Group acquired an additional 0.571% equity interest in one of its subsidiaries, Senergy Oilfields Solutions – K.S.C. (Closed), for a total consideration of KD12,275. As a result of this transaction, the Group recognised a gain of KD46,850, representing the difference between the fair value of the consideration paid and the share of net assets acquired, which was recorded directly in equity.
- 6.2 The Group has pledged its ownership in its subsidiary, Gulf International General Trading and Contracting Company W.L.L., as collateral for certain Islamic finance payable obtained from a related party (note 20).
- 6.3 *Subsidiaries with material non-controlling interests*

The Group includes the following subsidiaries with material non-controlling interests:

Company name	Proportion of ownership interests and voting rights held by the NCI		Profit / allocated to NCI		Accumulated NCI	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	%	%	KD	KD	KD	KD
Senergy Oilfield Solutions Company K.S.C. (Closed)	7.86%	8.43%	18,399	12,949	825,555	720,659
Eastern International Testing Services Company W.L.L.	30%	30%	145,806	97,235	947,813	813,169

## Notes to the consolidated financial statements (continued)

### 6 Subsidiaries (continued)

#### 6.3 Subsidiaries with material non-controlling interests (continued)

Summarised financial information for the above subsidiaries, before intragroup eliminations, is set out below:

	Senergy Oilfield Solutions Company K.S.C. (Closed)		Eastern International Testing Services Company W.L.L.	
	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD
Non-current assets	2,926,037	3,113,370	750,186	406,806
Current assets	8,826,423	7,848,589	3,491,740	3,269,288
<b>Total assets</b>	<b>11,752,460</b>	<b>10,961,959</b>	<b>4,241,926</b>	<b>3,676,094</b>
Non-current liabilities	561,511	463,588	185,997	164,109
Current liabilities	683,891	225,482	896,554	801,413
<b>Total liabilities</b>	<b>1,245,402</b>	<b>689,070</b>	<b>1,082,551</b>	<b>965,522</b>
Equity attributable to shareholders of the parent company	9,826,702	9,552,230	2,211,561	1,897,403
Non-controlling interests	680,356	720,659	947,814	813,169
<b>Revenue</b>	<b>2,226,679</b>	<b>1,786,247</b>	<b>2,257,752</b>	<b>1,773,390</b>
Profit for the year attributable to the shareholders of the parent company	215,771	140,684	340,213	226,883
Profit for the year attributable to NCI	18,399	12,949	145,806	97,235
<b>Profit for the year</b>	<b>234,170</b>	<b>153,633</b>	<b>486,019</b>	<b>324,118</b>
Total comprehensive (loss)/income for the year attributable to the shareholders of the parent company	-	-	(26,053)	12,004
Total comprehensive (loss)/income for the year attributable to NCI	-	-	(11,166)	5,145
<b>Total comprehensive (loss)/income for the year</b>	<b>-</b>	<b>-</b>	<b>(37,219)</b>	<b>17,149</b>
Net cash (used in) / from operating activities	(165,012)	(92,234)	590,091	316,944
Net cash from / (used in) investing activities	230,691	609,137	(5,584)	(60,192)
Net cash from / (used in) used in financing activities	339,553	(521,188)	(19,604)	(23,269)
<b>Net cash outflow</b>	<b>405,232</b>	<b>(4,285)</b>	<b>564,903</b>	<b>233,483</b>

### 7 Revenue from contracts with customers

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
<b>Revenue recognised at a point in time</b>		
Sale of goods	216,874	412,779
<b>Revenue recognised overtime</b>		
Rendering of services	5,205,854	4,040,727
	<b>5,422,728</b>	<b>4,453,506</b>
<b>Geographical markets</b>		
Kuwait	3,264,578	2,831,231
Pakistan	2,158,150	1,622,275
	<b>5,422,728</b>	<b>4,453,506</b>

## Notes to the consolidated financial statements (continued)

### 8 Profit for the year

Profit for the year is stated after charging following expenses:

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Staff costs included in:		
- Cost of sales of goods and services rendered	1,276,445	1,123,175
- Expenses and other charges	692,303	605,436
	<b>1,968,748</b>	<b>1,728,611</b>
Depreciation charges included in:		
- Cost of sales of goods and services rendered	720,969	703,415
- Expenses and other charges	129,212	129,210
	<b>850,181</b>	<b>832,625</b>

### 9 Basic and diluted earnings per share

Basic and diluted earnings per share attributable to the owners of the Parent Company is calculated by dividing the profit for the period attributable to the owners of the Parent Company by weighted average number of shares outstanding during the year, excluding treasury shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Profit for the year attributable to the owners of the Parent Company (KD)	227,717	59,672
Weighted average number of shares outstanding during the period (excluding treasury shares) (Shares)	199,722,131	199,722,131
Basic and diluted earnings per share (Fils)	1.14	0.3

### 10 Goodwill and intangible assets

	31 Dec. 2025 KD	31 Dec. 2024 KD
Goodwill (note 10.1)	2,587,470	2,587,470
Intangible assets	8,075	16,613
	<b>2,595,545</b>	<b>2,604,083</b>

#### 10.1 Goodwill

The goodwill resulted from acquisition of certain subsidiaries, “Senergy Oilfield Solutions Company K.S.C (Closed)” and “Gulf International General Trading and Contracting Company W.L.L”. Goodwill has been allocated to those subsidiaries (cash generating unit or “CGUs”) for impairment testing.

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the CGUs to which these items are allocated. The recoverable amount of the cash-generating units (CGUs) has been determined based on value-in-use calculations, using discounted-cash flows and adjusted net asset value (NAV) approaches.

## Notes to the consolidated financial statements (continued)

### 10 Goodwill and intangible assets (continued)

#### 10.1 Goodwill (continued)

Management used the following approach to determine values to be assigned to the following key assumptions in the value in use calculations.

*Key assumption*      *Basis used to determine value to be assigned to key assumption*

**Growth rate**      Value-in-use calculations, using discounted-cash flows approach are made using cash flow projections from financial budgets approved by management covering a five-year period based on the historical pattern of sales volume, revenue growth and budget gross margin.

Cash flows beyond the five-year period have been extrapolated using a terminal growth rate of 2.6% (2024: 2.82%). This growth rate does not exceed the long-term average growth rate of the market in which the CGU operates.

**Discount rate**      Discount rate of 16.8% (2024: 14.8%). Discount rate used is pre-tax and reflect specific risks relating to the relevant CGU.

For an adjusted NAV approach, the NAV of the CGU is adjusted, as necessary, to reflect considerations such as fair value adjustments to the carrying values, market liquidity discounts and other specific factors related to the CGU.

The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors result in any of the goodwill allocated to appropriate cash generating units being impaired. Based on the above analysis, there are no indications that goodwill included in any of the cash generating units is impaired.

## Notes to the consolidated financial statements (continued)

### 11 Property, plant and equipment

	Land KD	Buildings KD	Furniture & fixtures KD	Machines and equipment KD	Motor vehicles KD	Right-of-use assets KD	Assets under construction KD	Total KD
<b>31 December 2025:</b>								
<b>Cost</b>								
At the beginning of the year	2,713	1,106,746	833,303	7,299,362	3,306,487	1,453,427	-	14,002,038
Additions	-	-	3,835	530,222	88,313	-	266,265	888,635
Disposals	-	-	(8,355)	(14,369)	(17,714)	(734)	-	(41,172)
Exchange differences	(73)	(508)	(258)	(31,638)	(2,066)	(1,797)	-	(36,340)
<b>At the end of the year</b>	<b>2,640</b>	<b>1,106,238</b>	<b>828,525</b>	<b>7,783,577</b>	<b>3,375,020</b>	<b>1,450,896</b>	<b>266,265</b>	<b>14,813,161</b>
<b>Accumulated depreciation</b>								
At the beginning of the year	-	649,583	779,859	5,163,410	2,277,132	150,183	-	9,020,167
Charge for the year	-	49,014	18,959	534,273	105,241	97,757	-	805,244
Disposals	-	-	-	(19,656)	(738)	-	-	(20,394)
Exchange differences	-	(210)	(184)	(25,938)	(541)	(870)	-	(27,743)
<b>At the end of the year</b>	<b>-</b>	<b>698,387</b>	<b>798,634</b>	<b>5,652,089</b>	<b>2,381,094</b>	<b>247,070</b>	<b>-</b>	<b>9,777,274</b>
<b>Net book value</b>								
At 31 December 2025	2,640	407,851	29,891	2,131,488	993,926	1,203,826	266,265	5,035,887

## Notes to the consolidated financial statements (continued)

### 11 Property, plant and equipment (continued)

	Land KD	Buildings KD	Furniture & fixtures KD	Machines and equipment KD	Motor vehicles KD	Right-of-use assets KD	Total KD
<b>31 December 2024:</b>							
<b>Cost</b>							
At the beginning of the year	2,664	887,142	820,821	6,993,184	2,971,998	1,426,096	13,101,905
Additions	-	219,265	11,823	349,314	339,257	26,279	945,938
Disposals	-	-	-	(62,738)	(5,500)	-	(68,238)
Exchange differences	49	339	659	19,602	732	1,052	22,433
<b>At the end of the year</b>	<b>2,713</b>	<b>1,106,746</b>	<b>833,303</b>	<b>7,299,362</b>	<b>3,306,487</b>	<b>1,453,427</b>	<b>14,002,038</b>
<b>Accumulated depreciation</b>							
At the beginning of the year	-	627,805	722,539	4,732,744	2,158,892	51,395	8,293,375
Charge for the year	-	21,659	56,795	477,101	123,520	97,752	776,827
Disposals	-	-	-	(62,738)	(5,500)	-	(68,238)
Exchange differences	-	119	525	16,303	220	1,036	18,203
<b>At the end of the year</b>	<b>-</b>	<b>649,583</b>	<b>779,859</b>	<b>5,163,410</b>	<b>2,277,132</b>	<b>150,183</b>	<b>9,020,167</b>
<b>Net book value</b>							
At 31 December 2024	2,713	457,163	53,444	2,135,952	1,029,355	1,303,244	4,981,871

## Notes to the consolidated financial statements (continued)

### 12 Investment properties

	Right-of-use asset KD	Buildings KD	31 Dec. 2025 KD	31 Dec. 2024 KD
<b>Cost</b>				
At the beginning of the year	708,978	885,584	1,594,562	1,501,612
Additions	-	-	-	92,950
<b>At the end of the year</b>	<b>708,978</b>	<b>885,584</b>	<b>1,594,562</b>	<b>1,594,562</b>
<b>Accumulated depreciation</b>				
At the beginning of the year	-	794,664	794,664	723,801
Charge for the year	-	44,937	44,937	70,863
<b>At the end of the year</b>	<b>-</b>	<b>839,601</b>	<b>839,601</b>	<b>794,664</b>
<b>Net book value</b>				
<b>At 31 December</b>	<b>708,978</b>	<b>45,983</b>	<b>754,961</b>	<b>799,898</b>

The Group's investment properties are located in Kuwait. The Group partially occupies the investment properties for administrative purposes.

Notwithstanding the contractual lease term of the right-of-use asset which represents leasehold land, management considers that, based on market experience, the leases are renewable indefinitely, at similar nominal rates of ground rent, and with no premium payable for renewal of the lease, and accordingly, this lease have been accounted for an indefinite useful life or freehold land. As a result, the useful life of buildings are not adjusted in line with the expiry of the lease period.

The fair value of the of the investment properties at the consolidated statement of financial position date was estimated amount of KD2,891,850 (2024: KD2,908,750). The fair values of investment properties are based on a valuation performed by two accredited independent valuers; one of which is a local bank. The valuation is based on income capitalisation approach which capitalises the monthly estimated rental income stream, net of projected operating costs using a discount rate derived from the market yields. When actual rent differs materially from estimated rents, adjustments have been made to the estimated rental value. When using the estimated rental stream approach, adjustments to actual rental are incorporated for factors such as current occupancy levels, the terms of in-place leases, expectations for rentals from future leases and unlicensed rented areas. As the significant valuation inputs used are based on unobservable market data these are classified under level 3 fair value hierarchy. In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

The method used for the purpose of measuring fair value are changed compared to the previous reporting period. However, no impact on the carrying amounts recognised in the consolidated statement of financial position.

### 13 Term deposits

These represent deposits in Islamic products placed with local and foreign Islamic banks with a maturity of more than three months. Deposits carry a rate of return of 4.3% - 9.75 (2024: 4.6% - 18.5%) per annum.

Term deposits amounting to KD1,215,533 (2024: KD1,315,482) are pledged against bank facilities (notes 20 and 29).

## Notes to the consolidated financial statements (continued)

### 14 Inventories

	31 Dec. 2025 KD	31 Dec. 2024 KD
Finished goods and goods for resale	471,117	310,060
Spare parts and consumables	436,189	480,492
	<b>907,306</b>	<b>790,552</b>
Less: provision for slow moving and obsolete inventories	<b>(54,765)</b>	<b>(54,765)</b>
	<b>852,541</b>	<b>735,787</b>

Inventories recognised as an expense during the year ended 31 December 2025 amounted to KD1,074,159 (2024: KD1,003,247). These were included in cost of sales and cost of providing services.

### 15 Trade and other receivables

	31 Dec. 2025 KD	31 Dec. 2024 KD
<b>Financial assets</b>		
<b>Non-current</b>		
Restricted balances	142,110	149,869
<b>Current</b>		
Trade receivables	1,777,105	1,692,625
Less: Allowance for expected credit losses	<b>(1,184,501)</b>	<b>(1,169,438)</b>
	<b>592,604</b>	<b>523,187</b>
Refundable deposits	3,077	20,502
Staff receivables	16,603	23,068
Accrued income	-	224,413
Other receivables	106,597	787,682
	<b>718,881</b>	<b>1,578,852</b>
<b>Non-financial assets</b>		
Advances to suppliers	1,293,244	510,517
Prepayments	343,106	156,202
	<b>1,636,350</b>	<b>666,719</b>
	<b>2,355,231</b>	<b>2,245,571</b>

Trade receivables are non-interest bearing.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses on trade receivables. The loss rates are based on days past due for groupings of different debtor segments with similar loss patterns. The calculation also considers the past default experience of the debtor, current and forward-looking factors affecting the debtor's ability to settle the amount outstanding, general economic condition of the industry in which the debtor operates and an assessment of both current as well as the forecast direction of conditions at the reporting date.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery.

## Notes to the consolidated financial statements (continued)

### 15 Trade and other receivables (continued)

The expected credit loss for the trade receivables at 31 December 2025 and 31 December 2024 was determined as follows:

	Less than 120 days KD	121-365 days KD	More than a year KD	Total KD
<b>31 December 2025:</b>				
Expected credit loss rate	1%	75%	93%	
Total carrying amount	522,707	22,111	1,232,287	1,777,105
Less: expected credit loss	(5,253)	(16,614)	(1,162,634)	(1,184,501)
<b>Total trade receivables</b>	<b>517,454</b>	<b>5,497</b>	<b>69,653</b>	<b>592,604</b>
<b>31 December 2024:</b>				
Expected credit loss rate	1%	75%	93%	
Total carrying amount	433,484	46,479	1,212,662	1,692,625
Less: expected credit loss	(4,205)	(34,923)	(1,130,310)	(1,169,438)
<b>Total trade receivables</b>	<b>429,279</b>	<b>11,556</b>	<b>82,352</b>	<b>523,187</b>

The movement in the allowance for expected credit losses is as follows:

	2025 KD	2024 KD
Balance at the beginning of the year	1,169,438	1,227,374
Charge/(reversal) during the year	15,063	(2,710)
Write-offs	-	(56,019)
Exchange differences	-	793
<b>Balance at the end of the year</b>	<b>1,184,501</b>	<b>1,169,438</b>

### 16 Cash and cash equivalents

	31 Dec. 2025 KD	31 Dec. 2024 KD
Cash in hand	42,654	14,687
Cash at banks and financial institutions	1,670,471	882,701
<b>Cash and cash equivalents in consolidated statement of financial position</b>	<b>1,713,125</b>	<b>897,388</b>
Less: restricted balances (note 16.1)	(99,379)	(58,454)
<b>Cash and cash equivalents for the purpose of consolidated statement of cash flows</b>	<b>1,613,746</b>	<b>838,934</b>

16.1 Restricted balances represent bank balances pledged against bank facilities (notes 20 and 29).

### 17 Share capital and share premium

At 31 December 2025, the authorised, issued and paid up share capital of the Parent Company comprises of 200,000,000 shares of 100 Fils each (31 December 2024: 200,000,000 of 100 Fils each). All shares are cash shares.

The share premium is non-distributable.

## Notes to the consolidated financial statements (continued)

### 18 Treasury shares

	31 Dec. 2025	31 Dec. 2024
Number of shares	277,869	277,869
Percentage of issued shares	0.14%	0.14%
Cost (KD)	181,866	181,866
Market value (KD)	30,843	16,672

Reserves of the Parent Company equivalent to the cost of treasury shares have been earmarked as non-distributable.

### 19 Employees' end of service benefits

The movement in the employees' end of service benefits is as follows:

	2025 KD	2024 KD
As at 1 January	588,075	691,161
Charge during the year	199,333	158,649
Reversal of provision during the year	(12,222)	(144,317)
Settled during the year	(253,635)	(120,933)
Exchange differences	(13,241)	3,515
<b>As at 31 December</b>	<b>508,310</b>	<b>588,075</b>

### 20 Islamic finance payables

	31 Dec. 2025 KD	31 Dec. 2024 KD
Gross amount	2,347,846	1,206,964
Less: deferred costs	(381,177)	(128,321)
	<b>1,966,669</b>	<b>1,078,643</b>

	31 Dec. 2025 KD	31 Dec. 2024 KD
Murabaha Payable (i)	1,149,402	1,078,643
Mudaraba Payable (ii)	709,517	-
Wakala Payable (ii)	107,750	-
<b>Total</b>	<b>1,966,669</b>	<b>1,078,643</b>

- i) Murabaha payable obtained in Kuwaiti Dinar from local Islamic banks carry an annual effective profit rate of 7.75% - 8.5% (2024: 8% - 9%) and repayable in different unequal instalments ending on 30 September 2029.
- ii) Mudaraba payable represents Islamic financing obtained in Kuwaiti Dinar from a related party in form of "Mudaraba Agreement" carry an annual effective profit rate of 12% and repayable in unequal instalments ending on 31 October 2028.
- iii) Wakala payable obtained in Kuwaiti Dinar from local Islamic banks carry an annual effective profit rate of 7.75% and repayable on 19 October 2026.

## Notes to the consolidated financial statements (continued)

### 20 Islamic finance payables (continued)

Islamic finance payables are secured by pledge of investment in subsidiary, term deposits and cash and cash equivalents (notes 6, 13 and 16).

The Islamic finance payables are due for repayment as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Within one year	757,850	659,995
Over one year	1,208,819	418,648
	<b>1,966,669</b>	<b>1,078,643</b>

### 21 Trade and other payables

	31 Dec. 2025 KD	31 Dec. 2024 KD
<b>Financial liabilities</b>		
<b>Non-current</b>		
Refundable deposits	41,881	41,881
<b>Current</b>		
Accounts payable	745,949	582,949
Accrued staff leaves	126,325	139,402
Accrued expenses	255,910	272,972
Other liabilities	378,653	837,908
	<b>1,506,837</b>	<b>1,833,231</b>
<b>Non-financial liabilities</b>		
Advance rent received	123,165	124,990
	<b>123,165</b>	<b>124,990</b>
	<b>1,630,002</b>	<b>1,958,221</b>

### 22 Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Lease liabilities KD	Islamic finance payables KD	Total KD
Balance at 1 January 2025	633,143	1,078,643	1,711,786
Cash items:			
• Repayment	(193,463)	(985,521)	(1,178,984)
• Proceeds	-	1,798,383	1,798,383
Non-cash items:			
• Finance costs	30,293	75,164	105,457
• Foreign currency adjustments	(1,032)	-	(1,032)
Balance at 31 December 2025	<b>468,941</b>	<b>1,966,669</b>	<b>2,435,610</b>

## Notes to the consolidated financial statements (continued)

### 22 Reconciliation of liabilities arising from financing activities (continued)

	Lease liabilities KD	Islamic finance payables KD	Total KD
Balance at 1 January 2024	759,509	1,399,049	2,158,558
Cash items:			
• Repayment	(190,625)	(963,580)	(1,154,205)
• Proceeds	-	581,486	581,486
Non-cash items:			
• Additions	22,724	-	22,724
• Finance costs	38,983	61,688	100,671
• Foreign currency adjustments	2,552	-	2,552
<b>Balance at 31 December 2024</b>	<b>633,143</b>	<b>1,078,643</b>	<b>1,711,786</b>

### 23 Related party balances and transactions

Related parties represent directors and key management personnel of the Group, major shareholders and companies in which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Parent Company management.

Details of balances and transactions between the Group and its other related parties are disclosed below.

	31 Dec. 2025 KD	31 Dec. 2024 KD
<b>Balances included in the consolidated statement of financial position:</b>		
Due from related parties	310,972	313,208
Financial assets at fair value through profit or loss	133,140	86,508
Islamic finance payables – major shareholder	709,517	-
Trade and other receivables – major shareholder	8,333	8,333
Trade and other payables – major shareholder	4,476	-
<b>Key management compensation:</b>		
Employees' end of service benefits	92,793	94,429

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
<b>Amounts included in the consolidated statement of profit or loss:</b>		
General and administrative expenses	97,517	2,152
Finance costs – major shareholder	9,517	-
Directors' remuneration	35,000	-
<b>Key management compensation:</b>		
Salaries and other short-term benefits	194,347	96,773
End of service benefits	7,490	7,183

## Notes to the consolidated financial statements (continued)

### 24 Proposed dividends and annual general assembly

Subsequent to the reporting date, the board of directors of the Parent Company have proposed the following:

- Not to distribute dividends for the year ended 31 December 2025.
- To distribute directors' remuneration of KD35,000 for the year then ended.
- To write off the full amount of accumulated losses as at 31 December 2025 by using the share premium amount of KD27,456 and the remaining amount of KD9,894,644 against the share capital.

This proposal is subject to the approval of the general assembly and the regulatory authorities.

The Annual General Assembly of the shareholders of the Parent Company held on 1 May 2025 approved the consolidated financial statements for the year ended 31 December 2025 and the Board of Directors' proposal not to distribute dividends for the year then ended.

### 25 Segmental information

The Group activities are concentrated in two main segments: investment management and drilling and maintenance. The segments' results are reported to the senior management in the Group.

The following is the segments information, which conforms with the internal reporting presented to management:

	Year ended 31 December 2025			Year ended 31 December 2024		
	Investment management KD	Drilling and Maintenance KD	Total KD	Investment management KD	Drilling and Maintenance KD	Total KD
Revenue from contracts with customers	-	5,422,728	5,422,728	-	4,453,506	4,453,506
Rental income	411,560	-	411,560	405,775	-	405,775
Commission income	-	165,583	165,583	-	42,135	42,135
Income from term deposits	145,687	-	145,687	206,413	-	206,413
Net foreign exchange differences	(3,052)	1,383	(1,669)	-	(5,300)	(5,300)
Net reversal/(charge) of impairment losses and other provisions	2,388	(4,937)	(2,549)	148,227	2,783	151,010
Change in fair value of financial assets at FVTPL	65,526	-	65,526	11,719	-	11,719
Gain on sale of financial assets at FVTPL	17,781	-	17,781	-	-	-
Other income	15,587	18,145	33,732	17,800	31,845	49,645
<b>Total segment income</b>	<b>655,477</b>	<b>5,602,902</b>	<b>6,258,379</b>	<b>789,934</b>	<b>4,524,969</b>	<b>5,314,903</b>
Cost of sales of goods and services rendered	-	(4,056,570)	(4,056,570)	-	(3,664,919)	(3,664,919)
General & administrative expenses	(735,583)	(643,596)	(1,379,179)	(531,956)	(606,110)	(1,138,066)
Finance costs	-	(113,604)	(113,604)	-	(107,224)	(107,224)
Income tax of overseas subsidiaries	-	(267,710)	(267,710)	-	(228,896)	(228,896)
Provisions for KFAS, NLST and Zakat	-	(13,627)	(13,627)	-	(5,862)	(5,862)
Directors' remuneration	(35,000)	-	(35,000)	-	-	-
<b>Total segment expense</b>	<b>(770,583)</b>	<b>(5,095,107)</b>	<b>(5,865,690)</b>	<b>(531,956)</b>	<b>(4,613,011)</b>	<b>(5,144,967)</b>
<b>Segment results</b>	<b>(115,106)</b>	<b>507,795</b>	<b>392,689</b>	<b>257,978</b>	<b>(88,042)</b>	<b>169,936</b>

## Notes to the consolidated financial statements (continued)

### 25 Segmental information (continued)

	Investment management KD	Drilling and Maintenance KD	Total KD
<b>31 December 2025</b>			
Total assets	5,527,574	10,097,264	15,624,838
Total liabilities	527,398	4,088,405	4,615,803
Goodwill and intangible assets	4,827	2,590,718	2,595,545
<b>31 December 2024</b>			
Total assets	6,504,456	8,482,176	14,986,632
Total liabilities	634,676	3,665,287	4,299,963
Goodwill and intangible assets	16,613	2,587,470	2,604,083

### 26 Risk management objectives and policies

The Group's activities expose it to variety of financial risks: e.g. market risk, credit risk and liquidity risk.

The board of directors' policies for reducing each of the risks are discussed below.

The Group does not use derivative financial instruments based on future speculations.

The most significant financial risks to which the Group is exposed to are described below.

#### 26.1 Market risk

##### (a) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Most of the Group's transactions are carried out in KD and Pakistani Rupee. Exposures to currency exchange rates arise from the Group's foreign operations and overseas purchases, which are primarily denominated in US dollars and Pakistani Rupee. The consolidated statement of financial position can be affected by the movement in these currencies. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Foreign currency risk is managed on the basis of limits determined by the Parent Company's board of directors and a continuous assessment of the Groups' open positions.

The Group's significant net exposure to foreign currency denominated monetary assets less monetary liabilities at the reporting date, translated into Kuwaiti Dinars at the closing rates are as follows:

	31 Dec 2025 <i>Equivalent KD</i>	31 Dec. 2024 <i>Equivalent KD</i>
US Dollar	(253,689)	(194,079)
Pakistani Rupee	885,451	658,353

## Notes to the consolidated financial statements (continued)

### 26 Risk management objectives and policies (continued)

#### 26.1 Market risk (continued)

##### (a) Foreign currency risk (continued)

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in the KD against above foreign currencies. The sensitivity analysis includes only outstanding foreign currencies denominated monetary assets and liabilities and adjusts their translation at the yearend for a 5% change in foreign currency rates. A positive number below indicates an increase in results for the year and equity and a negative number indicates decrease in results for the year and equity. All other variables are held constant. There has been no change in the methods and the assumptions used in the preparation of the sensitivity analysis.

	Results for the year		Equity	
	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD
US Dollar	45	43	(12,729)	(9,747)
PKR	-	-	44,273	32,918

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to the foreign currency risk.

If the Kuwaiti Dinar had weakened against the foreign currencies assuming the above sensitivity, then impact on the Group's results for the year and the equity would have been equal and opposite to the above. Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to the foreign currency risk.

##### (b) Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments.

The Group is subject to limited exposure to profit rate risk due to the fact that this comprises of term deposits invested with financial institutions in Islamic investment products which are fixed-rate instruments.

##### (c) Price risk

The Group is exposed to equity price risk with respect to its equity investments. These financial assets are classified either at fair value through profit or loss or at fair value through other comprehensive income.

To manage its price risk arising from investments in securities, the Group diversifies its investment portfolios. Diversification of the portfolio is done in accordance with the limits set by the Group.

The below table shows the sensitivity analysis for the Group with regard to its equity investments, and it is determined based on possible price risks at the consolidated financial statements date. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

## Notes to the consolidated financial statements (continued)

### 26 Risk management objectives and policies (continued)

#### 26.1 Market risk (continued)

##### (c) Price risk (continued)

If prices of financial securities had been 5% (2024: 5%) higher, the effect would have been as follows.

	Results for the year		Equity	
	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD
Financial assets at fair value through profit or loss	8,607	4,325	-	-
Financial assets at FVTOCI	-	-	320	1,265
	<b>8,607</b>	<b>4,325</b>	<b>320</b>	<b>1,265</b>

If prices of financial securities had been 5% (2024: 5%) lower, the effect on the Group's equity would have been equally the reverse as disclosed above.

#### 26.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group credit policy regarding exposure to credit risk requires monitoring these risks on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of clients in specific locations or businesses through diversification of its activities. It also obtains security when appropriate.

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the consolidated financial position date, as summarized below:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Trade and other receivables	860,991	1,728,721
Cash and cash equivalents	1,670,471	882,701
Term deposits	1,724,927	2,147,150
Due from related parties	310,972	313,208
	<b>4,567,361</b>	<b>5,071,780</b>

Cash and cash equivalents and term deposits are maintained with high credit quality financial institutions. Trade and other receivable are presented net of a provision for doubtful debts. Management believes that the net balances are neither past due nor impaired.

The 5 largest customers account for 85% (2024: 72%) of outstanding trade receivables.

## Notes to the consolidated financial statements (continued)

### 26 Risk management objectives and policies (continued)

#### 26.2 Credit risk (continued)

The Group's trade receivables can be analysed by the following industry sectors:

	31 Dec. 2025 KD	31 Dec. 2024 KD
<b>Industry sector</b>		
Corporate	112,007	192,433
Government	480,597	330,754
	<b>592,604</b>	<b>523,187</b>

#### 26.3 Concentration of financial assets

The distribution of financial assets by geographic region is as follows:

	Kuwait KD	Pakistan KD	Others KD	Total KD
<b>At 31 December 2025</b>				
Financial assets at FVTOCI	6,399	-	-	6,399
Term deposits	1,120,000	604,927	-	1,724,927
Trade and other receivables	576,362	243,029	41,600	860,991
Due from a related parties	-	-	310,972	310,972
Financial assets at FVTPL	133,140	-	-	133,140
	<b>1,835,901</b>	<b>847,956</b>	<b>352,572</b>	<b>3,036,429</b>
<b>At 31 December 2024</b>				
Financial assets at FVTOCI	25,299	-	-	25,299
Term deposits	1,520,000	627,150	-	2,147,150
Trade and other receivables	1,466,379	220,742	41,600	1,728,721
Due from a related parties	-	-	313,208	313,208
Financial assets at FVTPL	86,508	-	-	86,508
	<b>3,098,186</b>	<b>847,892</b>	<b>354,808</b>	<b>4,300,886</b>

#### 26.4 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, the Group's management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The table below summarises the maturity profile of the Group's liabilities based on contractual undiscounted repayment obligations.

## Notes to the consolidated financial statements (continued)

### 26 Risk management objectives and policies (continued)

#### 26.4 Liquidity risk (continued)

The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments over the life of these financial liabilities. The liquidity profile of financial liabilities is as follows:

	up to 3 months KD	3 - 12 months KD	Over 1 year KD	Total KD
<b>31 December 2025</b>				
<b>Financial liabilities</b>				
Islamic finance payables	197,977	848,472	1,301,397	2,347,846
Lease liabilities	44,394	137,442	341,248	523,084
Trade and other payables	-	1,506,837	41,881	1,548,718
	<b>242,371</b>	<b>2,492,751</b>	<b>1,684,526</b>	<b>4,419,648</b>
<b>31 December 2024</b>				
<b>Financial liabilities</b>				
Islamic finance payables	258,224	450,879	497,861	1,206,964
Lease liabilities	50,765	140,733	506,995	698,493
Trade and other payables	-	1,833,231	41,881	1,875,112
	<b>308,989</b>	<b>2,424,843</b>	<b>1,046,737</b>	<b>3,780,569</b>

### 27 Capital risk management

The primary objective of the Group's capital management is to maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may reduce the amount of borrowings, adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Parent Company and is measured at KD9,371,042 as at 31 December 2025 (2024: KD9,142,882). No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 31 December 2024.

### 28 Operating leases

Operating leases, in which the Group is the lessor, relate to investment properties owned or leased by the Group as well as held under head-lease arrangements. The terms of operating leases range between 1-5 years with an option to extend for a similar period. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the end of lease term.

## Notes to the consolidated financial statements (continued)

### 29 Contingent liabilities

Contingent liabilities at the reporting date are as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Letters of guarantee	3,784,392	3,578,255
Letters of credits	3,061,837	3,084,426
	<b>6,846,229</b>	<b>6,662,681</b>

The Group has contingent liabilities in respect of letters of guarantee and letters of credit arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. Term deposits, other receivables and bank balances are pledged against letters of guarantee (notes 13, 15 and 16).

### 30 Fair value measurement

#### 30.1 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### 30.2 Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and liabilities as stated in the consolidated statement of financial position may also be categorized as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
<b>Financial assets:</b>		
<b>At amortised cost:</b>		
Trade and other receivables	860,991	1,728,721
Term deposits	1,724,927	2,147,150
Due from related parties	310,972	313,208
Cash and cash equivalents	1,713,125	897,388
<b>At fair value:</b>		
Financial assets at fair value through profit or loss	133,140	86,508
Financial assets at fair value through other comprehensive income	6,399	25,299
	<b>4,749,554</b>	<b>5,198,274</b>

## Notes to the consolidated financial statements (continued)

### 30 Fair value measurement (continued)

#### 30.2 Fair value measurement of financial instruments (continued)

	31 Dec. 2025 KD	31 Dec. 2024 KD
<b>Financial liabilities:</b>		
<b>At amortised cost:</b>		
Trade and other payables	1,548,718	1,875,112
Islamic finance payables	1,966,669	1,078,643
Lease liabilities	468,941	633,143
	<b>3,984,328</b>	<b>3,586,898</b>

Management considers that the carrying amounts of financial assets and financial liabilities, which are stated at amortized cost, approximate their fair values. The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 KD	Level 3 KD	Total KD
<b>31 December 2025:</b>			
<b>Financial assets at FVTPL:</b>			
Quoted equity securities	132,973	-	132,973
Unquoted equity securities	-	167	167
	<b>132,973</b>	<b>167</b>	<b>133,140</b>
<b>Financial assets at FVTOCI:</b>			
Quoted equity securities	895	-	895
Unquoted equity securities	-	5,504	5,504
	<b>895</b>	<b>5,504</b>	<b>6,399</b>
<b>31 December 2024:</b>			
<b>Financial assets at FVTPL:</b>			
Quoted equity securities	85,858	-	85,858
Unquoted equity securities	-	650	650
	<b>85,858</b>	<b>650</b>	<b>86,508</b>
<b>Financial assets at FVTOCI:</b>			
Quoted equity securities	1,016	-	1,016
Unquoted equity securities	-	24,283	24,283
	<b>1,016</b>	<b>24,283</b>	<b>25,299</b>

There have been no transfers between levels during the reporting period.

#### Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

## Notes to the consolidated financial statements (continued)

### 30 Fair value measurement (continued)

#### 30.2 Fair value measurement of financial instruments (continued)

##### Measurement at fair value (continued)

##### a) Quoted securities

Quoted securities represent all listed equity securities which are publicly traded in stock exchanges. Where quoted prices in an active market are available, the fair value of such investments have been determined by reference to their quoted bid prices at the reporting date (Level 1) and if the market for an investment is not active, the Group has established fair value by using valuation techniques.

##### b) Unquoted securities

The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model or observable market prices or other valuation technique which includes some assumptions that are not supportable by observable market prices or rates.

##### Level 3 fair value measurements

The Group's financial assets classified in level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Balance at the beginning of the year	24,933	24,939
Changes in fair value	(19,262)	(6)
<b>Balance at the end of the year</b>	<b>5,671</b>	<b>24,933</b>

Information about the sensitivity of the fair values measurement to changes in the most significant unobservable inputs are as follows:

The fair values are estimated using net assets values of the underlined investments and applying a discount of 10% - 40% (2024: 10% - 40%) for lack of marketability. Discount for lack of marketability represents the amounts that the Group has determined that market participants would consider these discounts when pricing the investments.

The impact on other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 10%.

### 31 Comparative amounts

Certain comparative amounts have been reclassified to conform to the presentation of the consolidated financial statements in the current year, and such reclassification does not affect previously reported net assets, net equity and net results for the year.

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