Kuwait Portland Cement Co. K.P.S.C. and its Subsidiary
State of Kuwait

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

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Independent auditor's report
To the shareholders of Kuwait Portland Cement Co. K.P.S.C.
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Kuwait Portland Cement Co K.P.S.C. ("the Parent Company") and its subsidiary (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of 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 this report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the above 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 Group for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon.

We do not provide a separate opinion on these matters. We identified the following matters as key audit matters that shall be disclosed in our report.

Key Audit Matters	How our audit addressed the matter
Trade receivables	
The management carries out an assessment of trade receivables and possibilities of their collection at the date of the consolidated financial statements. The Group reviews the main material trade receivable balances separately to determine whether there are indicators of impairment to the value of these receivables. Balances of trade receivables subject to valuation on 31 December 2024 amounted to KD 30,426,755. The subsequent collections of such balances amounted to KD 10,981,143. The management concluded that the currently retained amount for their impairment at the amount of KD 5,513,921 is sufficient to cover the expected impairment in trade receivables.	Our performed audit procedures included, among other procedures, the following: • Our audit focused on inspection of aging of receivables to determine retained and obsolete trade receivable balances. • We have verified statements and information provided to us by management that have been used in assessing the trade receivable balances. • We have reviewed assumptions and information of the management to determine their reasonableness and reliability in determining impairment measurement. • We have verified that total obsolete retained receivable balances (only those impaired) is not more than the provision currently recognized in the financial statements. • We have verified conditions of recognizing credit sales resulted in trade receivable balances in the consolidated financial statements as per IFRS requirements. • We have ensured adequacy of disclosures on receivables mentioned in notes of the financial statements to achieve requirements of IFRS. We have reviewed subsequent collections from trade receivable balances during the subsequent period.

Independent Auditor's Report (Continued)

Other Information

Management is responsible for the other information. The other information comprises the board of directors' report (but does not include the consolidated financial statements and the independent auditor report thereon) and the Group's annual report. The annual report 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 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 concerning the other information we received before date of the independent auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the 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 consolidated financial reporting process.

Independent 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 the 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.

Independent Auditor's Report (Continued)

Independent Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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 affect our independence, and where applicable, related measures.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements for the current period, and related 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

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 the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate 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, as amended, and of the Law No. 7 of 2010 regarding Establishment of Capital Markets Authority and its Executive Regulations and related instructions, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2024 that might have had a material effect on the business or the financial position of the Parent Company.

Faisal Saqer Al Saqer
License No. 172 – "A"
BDO Al Nisf & Partners

Kuwait: 6 February 2025

Kuwait Portland Cement Co. K.P.S.C. and its Subsidiary
State of Kuwait

Consolidated Statement of Financial Position
As at 31 December 2024

	Notes	2024 KD	2023 KD
Assets			
Non-current assets			
Property, plant and equipment	5	16,174,433	10,509,001
Financial assets at fair value through other comprehensive income	6	39,305,404	32,921,136
		55,479,837	43,430,137
Current assets			
Trade and other receivables	7	25,996,250	27,825,630
Inventory	8	4,721,423	8,204,419
Financial assets at fair value through profit or loss	9	10,739,754	13,422,353
Cash and cash equivalents	10	3,169,614	7,235,588
		44,627,041	56,687,990
Total assets		100,106,878	100,118,127
Equity and liabilities			
Equity			
Share capital	11	10,022,196	10,022,196
Statutory reserve	12	10,022,196	10,022,196
Voluntary reserve	13	10,022,196	10,022,196
General reserve		2,500,000	2,500,000
Treasury share reserve		544,943	544,943
Change in fair value reserve		7,119,249	5,146,494
Retained earnings		36,100,351	36,106,020
Total equity		76,331,131	74,364,045
Non-current liabilities			
Provision for employees' end of service indemnity	14	5,713,239	5,438,739
		5,713,239	5,438,739
Current liabilities			
Trade and other payables	15	11,120,698	16,363,553
Dividends payable		841,697	1,094,266
Financing from third party	16	6,100,113	2,857,524
		18,062,508	20,315,343
Total liabilities		23,775,747	25,754,082
Total equity and liabilities		100,106,878	100,118,127

The accompanying notes on pages 9 to 42 form a part of these consolidated financial statements.

Ahmed Mahmoud Issa Al-Asfour
Chairman

Khalifa Hamoud Al Ghanim
CEO and Board Member

شركة اسمنت بورتلاند كويت
KPCC
KUWAIT PORTLAND CEMENT CO.

Kuwait Portland Cement Co. K.P.S.C. and its Subsidiary
State of Kuwait

Consolidated Statement of Profit or Loss
For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
Revenues			
Sales		128,861,308	145,789,141
Cost of sales		(125,217,100)	(138,559,927)
Gross profit		3,644,208	7,229,214
Net yield income and investment gain	17	2,068,595	940,615
Other income	18	1,527,233	1,284,099
		7,240,036	9,453,928
Expenses and other charges			
Group's share of an associate's business results		-	4,153
Effect of reclassifying an associate to financial assets at fair value through other comprehensive income		-	(592,000)
General and administrative expenses		(1,260,182)	(1,027,101)
Distribution expenses		(555,128)	(698,302)
Finance costs		(145,925)	(87,949)
Provision for legal claims	15	(200,000)	-
Profit for the year before KFAS, NLST, Zakat and Board of Directors' remuneration		5,078,801	7,052,729
Contribution to Kuwait Foundation for the Advancement of Sciences		(50,788)	(70,527)
National Labour Support Tax		(99,942)	(143,311)
Zakat		(39,977)	(57,325)
Board of Directors' remuneration		(260,000)	(260,000)
Net profit for the year		4,628,094	6,521,566
Basic earnings per share (fils)	19	46.18	65.07

The accompanying notes on pages 9 to 42 form a part of these consolidated financial statements.

Kuwait Portland Cement Co. K.P.S.C. and its Subsidiary
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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2024

	2024	2023
	KD	KD
Net profit for the year	4,628,094	6,521,566
Items of other comprehensive income / (other comprehensive loss):		
Items that may not be reclassified subsequently in the consolidated statement of profit or loss:		
Change in fair value of financial assets at fair value through other comprehensive income	5,102,192	(3,507,601)
Total other comprehensive income / (other comprehensive loss) for the year	5,102,192	(3,507,601)
Total comprehensive income for the year	9,730,286	3,013,965

The accompanying notes on pages 9 to 42 form a part of these consolidated financial statements.

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

	Share capital	Statutory reserve	Voluntary reserve	General reserve	Treasury share reserve	Change in fair value reserve	Retained earnings	Total Equity
	KD	KD	KD	KD	KD	KD	KD	KD
Balance as at 31 December 2022	10,022,196	10,022,196	10,022,196	2,500,000	544,943	8,968,635	36,424,992	78,505,158
Total (comprehensive loss) / comprehensive income for the year	-	-	-	-	-	(3,507,601)	6,521,566	3,013,965
Effect of sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	(314,540)	314,540	-
Realized losses on sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(139,588)	(139,588)
Cash dividends (Note 27)	-	-	-	-	-	-	(7,015,490)	(7,015,490)
Balance as at 31 December 2023	10,022,196	10,022,196	10,022,196	2,500,000	544,943	5,146,494	36,106,020	74,364,045
Total comprehensive income for the year	-	-	-	-	-	5,102,192	4,628,094	9,730,286
Realized losses on sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(747,710)	(747,710)
Effect of sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	(3,129,437)	3,129,437	-
Cash dividends (Note 27)	-	-	-	-	-	-	(7,015,490)	(7,015,490)
Balance as at 31 December 2024	10,022,196	10,022,196	10,022,196	2,500,000	544,943	7,119,249	36,100,351	76,331,131

The accompanying notes on pages 9 to 42 form a part of these consolidated financial statements.

Kuwait Portland Cement Co. K.P.S.C. and its Subsidiary
State of Kuwait

Consolidated Statement of Cash Flows
For the year ended 31 December 2024

	2024	2023
	KD	KD
Cash flows from operating activities		
Net profit for the year	4,628,094	6,521,566
Adjustments for:		
Depreciation	2,058,313	2,143,043
Group's share of an associate's business results	-	(4,153)
Effect of reclassifying an associate to financial assets at fair value through other comprehensive income	-	592,000
Provision for legal claims	200,000	-
Net yield income and investment gain	(2,068,595)	(940,615)
Gain on disposal of property, plant and equipment	-	(18,900)
Finance costs	145,925	87,949
Provision for employees' end of service indemnity - charged	367,936	529,288
	5,331,673	8,910,178
Movement in working share capital:		
Inventory	3,482,996	(617,337)
Trade and other receivables	1,829,380	1,736,160
Trade and other payables	(5,372,328)	1,536,224
Cash from operations	5,271,721	11,565,225
Employees' end of service indemnity paid	(93,436)	(137,355)
Contribution to Kuwait Foundation for the Advancement of Sciences paid	(70,527)	(54,790)
Net cash from operating activities	5,107,758	11,373,080
Cash flows from investing activities		
Paid for purchase of property, plant and equipment	(7,723,745)	(2,437,142)
Proceeds from disposal of property, plant and equipment	-	28,294
Proceeds from disposed part of investment in an associate	-	28,357
Financial assets at fair value through profit or loss	3,195,586	(2,132,495)
Net financial assets at fair value through other comprehensive income	(2,029,786)	(2,331,178)
Sukuk yield income received	132,907	-
Dividends received	1,422,701	1,416,861
Net cash used in investing activities	(5,002,337)	(5,427,303)
Cash flows from financing activities		
Net movement in finance from third party	3,242,589	-
Finance costs paid	(145,925)	(23,747)
Dividends paid	(7,268,059)	(6,861,442)
Net cash used in financing activities	(4,171,395)	(6,885,189)
Net decrease in cash and cash equivalents	(4,065,974)	(939,412)
Cash and cash equivalents at the beginning of the year	7,235,588	8,175,000
Cash and cash equivalents at the end of the year (Note 10)	3,169,614	7,235,588
Non-cash transactions:		
Trade and other receivables	-	(631,502)
Property, plant and equipment	-	(3,435,000)
Financial assets at fair value through profit or loss	-	1,273,180
Financial assets at fair value through other comprehensive income	-	(2,090,899)
Investment in an associate	-	2,090,899
Financing from third party	-	2,793,322

The accompanying notes on pages 9 to 42 form a part of these consolidated financial statements.

1. General Information

Kuwait Portland Cement Company K.S.C. (Public) ("the Parent Company") was incorporated on 7 July 1976 in Kuwait as per Memorandum of Incorporation No. 966, Vol. 2, and was listed on Boursa Kuwait on 1 April 1995. The latest amendment made to the Memorandum of Incorporation and Articles of Association of the Parent Company was authenticated in the Parent Company's commercial register on 6 May 2024, under transaction no. 62973 regarding the modification of the Parent Company's objectives in accordance with the instructions of the Ministry of Commerce and Industry.

The principal activities of the Parent Company, after modification, are as follows:

Manufacturing types of concrete or cement products, wholesale sale of cement, gypsum, and similar materials, transportation of liquids, liquid gases, or chemicals, investing financial surpluses in financial portfolios managed by specialized companies or entities, buying and selling shares and bonds on behalf of the company, wholesale sale of bricks, tiles, ceramics, and marble, retail sale of bricks, tiles, ceramics, and marble, wholesale sale of building materials, metallic construction materials, plumbing, heating supplies, and related equipment, manufacturing of cement bricks, wholesale sale of ready-mix concrete, retail sale of ready-mix concrete, owning properties and movable assets for the benefit of the company, gravel crusher, importing gravel, extracting, reprocessing, and packaging sand (quarries), wholesale sale of sand and gravel, processing of construction waste, processing and disposal of non-hazardous waste, transportation of solid and liquid waste, importing chemicals, chemical storage, buying and selling motor vehicles, car repair garage, auto bodywork workshops, car painting and coating workshops, general warehouses holding a variety of goods (excluding refrigerated goods), retail sale of construction materials and scrap, storage in warehouses, offices for export and import, and selling all types of steel and blacksmithing supplies.

The address of the Parent Company's registered office is P.O. Box, 42191-70652, Shuwaikh, State of Kuwait.

The consolidated financial statements of Kuwait Portland Cement Co K.P.S.C and its subsidiary for the year ended 31 December 2024 were authorized for issue by the Parent Company's Board of Directors on 6 February 2025 and are subject to the approval of the annual general assembly of the shareholders. The shareholders of the Parent Company have the power to amend these consolidated financial statements at the Shareholders' Annual General Assembly.

2. Adoption of new and revised international financial reporting standards ("IFRSs")

a) New standards, interpretations, and amendments effective from 1 January 2024

The Group has applied for the first time certain standards and amendments that are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that was issued but not yet effective.

2. Adoption of new and revised international financial reporting standards (IFRSs) (Continued)

a) New standards, interpretations and amendments effective from 1 January 2024 (Continued)

Amendments to IFRS 16 - Lease Liabilities in a Sale and leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The adoption of these amendments had no material impact on the Group's consolidated financial statements.

Supplier financing arrangements - Amendments to IAS (7) and IFRS (7)
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to help users of financial statements understand the effects of supplier financing arrangements on the entity's liabilities, cash flows, and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed.

The adoption of these amendments had no material impact on the Group's consolidated financial statements.

Amendment to IAS (1) - Presentation of financial statements - Non-current Liabilities with Covenants
The amendments state that covenants that an entity must comply with on or before the end of the reporting period only affect the entity's right to defer the settlement of liability for at least twelve months from the end of the reporting period (therefore, they must be taken into account upon assessing the classification of liabilities as current or non-current). Such covenants affect whether rights are considered to be in existence at the end of the reporting period if compliance with covenants is assessed only after date of the reporting period.

IASB has also specified that the right to defer the settlement of a liability for at least twelve months after the reporting date will not be affected if the entity is only required to comply with a covenant after the reporting date. However, if the entity's right to defer the settlement of the liability is contingent upon compliance with covenants within twelve months after the reporting date, the entity must disclose information that enables users of the financial statements to understand the risks associated with liabilities that become due within twelve months after the reporting date. This may include information about the covenants (including the nature of the covenants and when the entity is required to comply), the carrying amount of the related liabilities, and any facts and circumstances, if any, that indicate the entity may face difficulties in complying with the covenants.

2. Adoption of new and revised international financial reporting standards (IFRSs) (Continued)

a) New standards, interpretations and amendments effective from 1 January 2024 (Continued)

Amendment to IAS (1) - Presentation of financial statements - Non-current Liabilities with Covenants (contineud)
These amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted.

The adoption of these amendments had no material impact on the Group's consolidated financial statements.

Amendments to IAS 1: "Classification of Liabilities as Current or Non-current"
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not affect its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

The adoption of these amendments had no material impact on the Group's consolidated financial statements.

b) Standards and amendments issued but not yet effective

There are a number of standards and amendments to standards and interpretations issued by ISAB that are effective in future accounting periods and which the Group has decided not to adopt early.

The following amendments are effective for the period beginning on 1 January 2025:
- *Lack of Exchangeability (Amendments to IAS 21 Effects of Changes in Foreign Exchange Rates).*

These amendments are not expected to have any impact on the Group's consolidated financial statements.

3. Significant accounting policies

3.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), IFRIC interpretations as issued by the International Financial Reporting Interpretations Committee (IFRIC) and Companies Law No. 1 of 2016 and its Executive Regulations, as amended and Law No. 7 of 2010 in respect of Capital Market Authority ("CMA"), its Executive Regulations and related amendments.

3. Significant accounting policies (Continued)

3.2 Basis of preparation

The consolidated financial statements are presented in Kuwaiti Dinar ("KD"), the Group's operational and presentation currency, and are prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss that are stated at fair value.

The preparation of consolidated financial statements in compliance with adopted IFRSs requires the use of certain significant accounting estimates. It also requires the Group management to exercise judgment in applying the Group's accounting policies. The areas of significant judgments and estimates made in preparing the consolidated financial statements and their effect are disclosed in Note 4.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.3 Classification of assets and liabilities to current and non-current

The Group presents the assets and liabilities in the consolidated statement of financial position based on their classification to current and non-current. The asset shall be current if:

- Expected to be recognized, intended to be sold, or depreciated within the normal operational cycle.
- Held primarily for the purpose of trading.
- Expected to be recognized within twelve months following the reporting date, or
- Cash and cash equivalent, unless its trading or usage is limited to settle an obligation for at least twelve months following the reporting date.

Except for assets classified pursuant to the bases described above, all other assets are classified as non-current assets.

The liability shall be deemed as current if:

- It is expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading.
- Expected to be settled within twelve months following the reporting date, or
- There is no conditional right for postponing settlement of the liability for a period of at least twelve months after the reporting date.

Except for the liabilities classified under the basis described above, all other liabilities not satisfying the forgoing criteria are classified as non-current.

3.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary. The date of the financial statements of the subsidiary is 31 December.

3. Significant accounting policies (Continued)

3.4 Basis of consolidation (Continued)

Where the Parent Company has control over an investee, it is classified as a subsidiary. The Parent Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Parent Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the Parent Company considers all relevant facts and circumstances, including:

- The size of the Parent Company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the Parent Company and by other parties.
- Other contractual arrangements
- Historic patterns in voting attendance.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. The financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together alike items of assets, liabilities, revenues and expenses. Intercompany balances and transactions, including intercompany unrealized profits and losses are eliminated in full on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of amount of those interests at the date of original business combination and the non-controlling entity's share of changes in equity since the date of the combination. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Profit or loss on disposals of non-controlling interests is also recorded in the consolidated equity.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in consolidated equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in the consolidated statement of profit or loss.

3. Significant accounting policies (Continued)

3.4 Basis of consolidation (Continued)

- Reclassifies the Parent Company's share of components previously recognised in other comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The details of subsidiary are as follows:

Name of the subsidiary	Principal activity	Place of incorporation	Percentage of holding	
			2024	2023
National Company for Aggregate Import & Sale W.L.L	Import and sale of aggregates	State of Kuwait	98%	98%

There are assignment letters from the non-controlling parties in their interests in the Company representing 2% in favor of the Parent Company.

3.5 Property, plant and equipment

Property, plant and equipment are recoginzed in the consolidated statement of financial position at cost less accumulated depreciation and any accumulated impairment losses. Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment losses. Cost includes professional fees and, for qualifying assets, finance costs capitalized in accordance with the Group's accounting policy (see borrowing costs policy). Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis, commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on prospective basis.

Assets maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Significant improvements and replacements of assets are capitalised.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in consolidated statement of profit or loss in the period in which they occur.

3.6 Financial instruments

The Group classifies its financial instruments as financial assets and financial liabilities. Financial assets and liabilities are recognized when the Group becomes a party of the contractual provisions of such instruments.

Financial assets and liabilities carried on the consolidated statement of financial position include cash and cash equivalents, trade and other receivables, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, trade and other payables and financing from third party.

3. Significant accounting policies (Continued)

3.6 Financial instruments (Continued)

Financial assets

Recognition, initial measurement and derecognition
To determine the classification and measurement category of financial assets, IFRS requires assessment of all financial assets, except for equity instruments and derivatives, based on the Group's business model for managing the Group's assets as well as characteristics of the contractual cash flows of these instruments.

The Group determines its business model at the level that best reflects how it manages its financial assets to achieve its business objectives and in order to generate contractual cash flows. Whether the Group's sole objective is to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of sell business model and measured at fair value through the consolidated statement of profit or loss. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Purchases and sales of the financial assets are recognized on the trade date i.e. the date on which the Group commits to purchase or sell the asset. The financial assets are initially recognized at fair value plus transaction costs for all financial assets that are not carried at fair value through the consolidated statement of profit or loss.

The financial assets are derecognised when the contractual rights to receive the cash flows from the financial assets expire or when the Group transfers its right to receive cash flows from the financial assets in either of the following circumstances: (a) When all risks and rewards of the financial assets ownership are transferred by the Group; or (b) When all risks and rewards of the financial assets are not transferred or retained, but the control over the financial assets is transferred. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Classification of financial assets
Financial assets are classified in the consolidated financial statements into the following categories upon initial recognition:
-Debt instruments at amortized cost.
-Financial assets at fair value through other comprehensive income.
-Financial assets at fair value through profit or loss.

Subsequent measurement

Debt instruments at amortized cost
Financial assets are measured at amortised cost if both of the following conditions are met and are not designated at fair value through consolidated statement of profit or loss:
-It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
-Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant accounting policies (Continued)

3.6 Financial instruments (Continued)

Financial assets (continued)

Debt instruments at amortized cost (continued)
Debt instruments measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses if any. Profits and losses are recognized in the consolidated statement of profit or loss when the asset is derecognised, adjusted or impaired.

The financial assets at amortized cost include cash and cash equivalents, trade and other receivables, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss classified as debt instruments at amortised cost

Cash and cash equivalents
Cash and cash equivalents include cash on hand and at banks, cash at highly liquid investment portfolios which are exposed to insignificant risks in terms of changes in value.

Trade receivables
Trade receivables are amounts due from customers for sale of goods, units or services rendering in the ordinary course of business. Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

Receivables which are not categorised under any of the above are classified as "other receivables".

Financial assets at fair value through other comprehensive income
Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at fair value through other comprehensive income when they meet the definition of Equity under IAS (32) Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Profit or loss on these equity instruments are never recycled to the consolidated statement of profit or loss. Dividends are recognized in the consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in the other consolidated comprehensive income. Equity instruments at fair value through other comprehensive income are not subject to an impairment assessment. Upon disposal, gains or losses are reclassified from cumulative changes in fair value to retained earnings in the consolidated statement of changes in equity.

The financial assets at fair value through other comprehensive income represent quoted and unquoted financial assets.

3. Significant accounting policies (Continued)

3.6 Financial instruments (Continued)

Financial assets (continued)

Financial assets at fair value through profit or loss
The Group classifies the financial assets as held for trading primarily when purchased or issued in order to achieve short-term profits through trading activities or when they form a part of a financial instruments portfolio that are managed together, there is an evidence for emerging a new pattern to achieve short-term profits. Held-for-trading assets are recorded and measured in the consolidated statement of financial position at fair value. In addition, on initial recognition, the Group may designate financial assets at amortized cost or at fair value through other comprehensive income if doing so eliminates or significantly reduces an accounting mismatch that would arise. Changes in fair value, gain or loss on sale and arising from disposal, interest income and dividends are recognized in the consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

The financial assets at fair value through profit or loss represent quoted and unquoted equity investments.

Impairment of financial assets
The Group recognizes a provision for expected credit losses ("ECLS") for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from sale of collateral held or other credit enhancements that are regarded as an integral part of the contractual terms.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on ECLs over the financial assets lifetime. Accordingly, the Group does not track changes in credit risk, but a loss allowance is recognized based on ECLs over the financial assets' lifetime at the date of each reporting period. The Group has established a provision matrix that is based on the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship where applicable.

For other debt instruments, the Group has applied a forward looking approach wherein is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the debt instrument.

3. Significant accounting policies (Continued)

3.6 Financial instruments (Continued)

Financial assets (continued)

Impairment of financial assets (continued)
In applying this forward-looking approach, the Group applies a three stage assessment to measuring ECL as follows:

- Stage 1 - financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk.
- Stage 2 (not credit impaired) - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low.
- Stage 3 (credit impaired) - financial assets that have objective evidence of impairment at the consolidated financial statements date and assessed as credit impaired when one or more events have a detrimental impact on the estimated future cash flows have occurred.

When assessing whether the financial instrument's credit quality has deteriorated significantly since initial recognition, the Group compares the risk of default of the financial instrument at the reporting date with the risk of default of the financial instrument at the initial recognition date.

When making this assessment, the Group considers the reasonable and supported quantitative and qualitative information, including historical experience and forward-looking information that is available without cost or excessive effort. Forward-looking information considered includes the future potential of the industries with which the Group's receivables work, obtained from reports by economists, financial analysts, government agencies, relevant think tanks and other similar organizations, as well as consideration of various external sources of actual and expected economic information related to the basic operations of the Group.

"12-month expected credit losses" are recognized for the first stage while "expected credit losses over the financial assets lifetime" are recognized for the second and third stages. ECLs over the financial assets lifetime are ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs over the financial assets lifetime are a part of ECLs over the financial assets lifetime which are expected to result from default events of the financial instruments for 12 months after the financial reporting date.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs that are measured at amortised cost are deducted from total carrying amount of the assets and charged to the consolidated statement of profit or loss. For the financial debt instruments designated at fair value through other comprehensive income, the resulting losses are charged to the consolidated statement of profit or loss and other comprehensive income.

Financial liabilities

All financial liabilities are initially recognized at fair value and in case of loans, borrowings and creditors directly attributable transactions costs are discounted. All financial liabilities are subsequently measured at fair value through the consolidated statement of profit or loss or at amortised cost using the effective interest rate method.

3. Significant accounting policies (Continued)

3.6 Financial instruments (Continued)

Financial liabilities (continued)

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non - current liabilities.

Financing from third party
Financing from third party is initially recognized at fair value less the incurred costs of the transaction. Subsequently, financing from third party is recognised at amortized cost. Differences between the collected amount (net of the transaction costs) and the recoverable amount are calculated in the consolidated statement of profit or loss during the borrowing period using the effective interest rate method. Fees paid to obtain financing from third parties are recognized within the costs of financing operations to the extent based on which all or some of such facilities are likely to be withdrawn in this case. Such expenses are deferred until withdrawal of the financing. To the extent of the non-existence of evidence of the probability to withdraw some or all the financing, fees shall be capitalized as an advance payment for liquidity services and amortized over the period of financing.

Derecognition of financial liabilities
A financial liability is derecognized 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. Exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

Offsetting financial assets and liabilities
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 recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.7 Revenue recognition

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:

- Identifying the contract with a customer.
- Identifying the performance obligations.
- Determine the transaction price
- Allocating the transaction price to the performance obligations.
- Recognising revenue when/as performance obligation(s) are satisfied.

3. Significant accounting policies (Continued)

3.7 Revenue recognition (Continued)

The total transaction price for each performance obligation specified as per the contract is allocated based on the selling price for each obligation. Transaction price for the contract excludes any amounts collected on behalf of third parties.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies method of accounting for the additional costs to obtain the contract and the costs that are directly attributable to the contract execution. The standard also requires comprehensive disclosures.

Under IFRS 15, revenues are 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 shall transfer control of goods or services over time (and not at a point in time) upon fulfillment of any of the following criteria:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group's performance does not establish an asset that has an alternative usage to the Entity. The Entity has enforceable right in payments against the completed performance to date.
- Control shall be transferred at a point in time if any of the criteria required for transferring goods or service is not met over time. The following items should be considered by the Group whether or not control over the assets is transferred:
  - The Group shall have immediate right in payments against the asset.
  - The customer shall have a legal right in the asset.
  - The Group shall transfer the physical possession to the asset.
  - The customer shall have the significant risks and benefits of ownership of the asset.
  - The customer shall accept the asset.

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

Incremental costs of obtaining a contract with a customer are capitalized when incurred as the Group expects to recover these costs and such costs would not have incurred if the contract has not been obtained. Sales commissions incurred by the Group are expensed as the amortization period of such costs is less than a year.

Group's revenue streams arise from the following activities:

3. Significant accounting policies (Continued)

3.7 Revenue recognition (Continued)

Sale of goods
Sales represent the total invoiced value of goods sold during the year. Revenue from sale of goods is recognized when or as the Group transfers control of the goods to the customer. For standalone sales, which are neither customized by the Group nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods. Delivery occurs when the goods are shipped to the specific location, have been purchased by the customer in advance, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

When such items are either customised or sold together with significant integration services, the goods and services represent a single combined performance obligation over which control is considered to transfer over time. This is because the combined product is unique to each customer (has no alternative use) and the Group has an enforceable right to payment for the work completed to date. Revenue for these performance obligations is recognized over time as the customisation or integration work is performed.

Dividends income
Dividends income is recognized when the Group's right to receive payment has been established.

Sukuk yield income
Sukuk yield income are recognized on an accrual basis.

Sale of investments revenues
Revenues are recognized from sale of financial assets at fair value through profit or loss and through other comprehensive income when ownership of the sold investments is transferred to the buyer.

Rendering of services
Revenue from services rendered is recognised in the consolidated statement of profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion was assessed with reference to surveys of work performed.

Other revenues
Other revenues are recognized on accrual basis.

3.8 Fair value measurement

The Group measures the financial instruments and non-financial assets at fair value at the date of each consolidated statement of financial position. Fair value measurement of financial instruments and non-financial assets is disclosed in the notes to the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement depends on the presumption that the asset is disposed of or the liability is settled by transferring it. This happens in one of the following cases:

3. Significant accounting policies (Continued)

3.8 Fair value measurement (Continued)

- Disposal or settlement to the primary market of asset or liability, or
- In case there is no primary market for the asset or liability, disposal or settlement is done in the secondary market, i.e. in the most useful market to the asset or liability. In this context, the Group must be able to reach the primary market or the most useful market to the asset or liability.

With regard to assets and liabilities recognised in the consolidated financial statements of the Group measured at fair value frequently, the Group determines whether there are transfers made between levels of the fair value hierarchy through reclassification at the end of each reporting period.

To present the disclosures on the fair value, the Group determined categories of assets and liabilities taking into consideration nature and characteristics of the risks related to the asset or liability and level of the hierarchy referred to above.

The fair value of asset or liability are measured by using assumptions used by the participants in the market when pricing the asset or liability, and by assuming that such participants are working to reach the best achievement of their economic interests.

Fair value measurement of non-financial assets takes into account ability of the participants in the market to achieve economic benefits for them through the best way of usage at the highest and best level of the asset, or through selling the asset to another party in the market, that is expected to use the asset in an ideal way at the highest and best level. The Group uses appropriate valuation techniques that have available sufficient data to measure the fair value while using maximum observable inputs related to the asset and reducing usage of the unobservable inputs to the maximum limit.

All assets and liabilities that its fair value is measured or disclosed are classified within the fair value hierarchy. The fair value hierarchy consists of three levels: 1. In accordance with quoted prices. 2. Valuation techniques use prices of observable current market transactions. 3. Valuation techniques use generally accepted pricing models.

3.9 Equity and reserves

Capital represents the nominal value of shares that have been issued.

Reserves (statutory and voluntary) represent retained amounts from annual profits in such accounts under requirements of the Parent Company's Memorandum of Incorporation and Articles of Association, Companies Law, its Executive Regulations and decisions of board of directors approved by the General Assembly of Shareholders.

General reserve was made in previous years based on decisions of Board of Directors and approval of the General Assembly of Shareholders on the same.

Results from treasury shares trading are recognized in treasury shares selling reserve.

Profits and losses resulting from some financial instruments are recognized under change in fair value reserve.

Retained earnings include profits for the current financial year and retained earnings from prior years.

3. Significant accounting policies (Continued)

3.10 Dividends to shareholders

The Parent Company recognises a liability for cash or non-cash distributions to its shareholders when the distribution is authorised and the distribution is no longer among options of the Parent Company. The Parent Company records the liability emerging from cash and non-cash distributions directly in the liabilities with the corresponding entry is charged to retained earnings. In accordance with Companies Law No. 1 of 2016 and its Executive Regulations, dividends are disclosed when approved by the Shareholders at the Annual General Assembly Meeting.

The non-cash dividends are measured at fair value of assets that will be distributed. Fair value measurement is recognized directly in the consolidated equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and carrying amount of the assets distributed to the shareholders is recognised in the consolidated statement of profit or loss.

3.11 Provision for employees' end of service indemnity

Provision is made for employees' end of service indemnity which is payable on completion of employment. The provision is calculated in accordance with Kuwait Labor Law based on employees' salaries and accumulated periods of service or on the basis of employment contracts, where such contracts provide extra benefits. The provision, which is unfunded, is determined as the liability that would arise as a result of the involuntary termination of staff at the date of consolidated financial position, on the basis that this computation is a reliable approximation of the present value of this obligation.

3.12 Social security

With regard to the Kuwaiti national staff, the Group makes contributions to the Public Institution for Social Security (PIFSS) being calculated as a percentage of monthly salaries of the employees. The Group's commitment is limited to the amounts of these commitments, which are recognized as expense when the terms of their accrual by concerned employees are met.

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expenses related to any provision are included in the consolidated statement of profit or loss less any redemption of expenses. If the effect of the time value of the money is material, the provisions are deducted at a rate reflecting the risks specific to the obligation where appropriate. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. Significant accounting policies (Continued)

3.14 Inventories

Inventories are held at lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the weighted average cost. Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

Spare parts are not intended for sale and are valued at cost after making allowance for any obsolete or slow moving items. Cost is determined on a weighted average basis.

All other inventory items are valued at the lower of purchased cost or net realisable value using the weighted average method after making provision for any slow moving and obsolete inventory. Purchase cost includes the purchase price, import duties, transportation, handling and other direct costs.

3.15 Foreign exchange translation

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is also functional currency of the Parent Company.

Transactions and balances
Transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of transactions. At each consolidated statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the date of consolidated financial statements. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the consolidated statement of profit or loss for the year. Exchange differences arising on the translation of monetary items at fair value are included in the consolidated statement of profit or loss for the year except for differences arising on retranslation of non-monetary items that were recognized in the consolidated statement of profit or loss which are related directly to them in the consolidated statement of other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in the consolidated statement of other comprehensive income.

3.16 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Parent Company and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in the consolidated equity, (the "treasury shares reserve"), which is not distributable.

3. Significant accounting policies (Continued)

3.16 Treasury shares (Continued)

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 reserves. Profits realized subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the profit on sale of treasury shares. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

3.17 Assets and contingent liabilities

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.

3.18 Contribution to Kuwait Foundation for the Advancement of Sciences

The contribution to KFAS is calculated at 1% of profit before deduction of the contribution to KFAS, Zakat, NLST, and Board of Directors' remuneration and after transferring to the statutory reserve.

3.19 Zakat

Zakat is calculated at 1% of the profit before deduction of the contribution to KFAS, Zakat, NLST and Board of Directors' remuneration in accordance with law No. 46 for 2006.

3.20 National Labour Support Tax

Zakat is calculated at 2.5% of the profit before deduction of the contribution to KFAS, Zakat, NLST and Board of Directors' remuneration in accordance with law No. 19 for 2000.

3.21 Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Company, their family members and the entities they own. All related party transactions are conducted on a normal course of activity and are approved by the Group's management.

3.22 Borrowing costs

Borrowing costs include interests and other costs incurred by the Group with regard to borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of assets qualified for capitalization, which are assets that require long time to get ready for their intended use or sale, are added to the cost of those assets, until they become substantially ready for their intended use or sale. Investment revenues received from temporary investment of specific loans, invested during period of non-utilization in disbursement are deducted from the recoverable costs of finance.

Other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred.

3. Significant accounting policies (Continued)

3.23 Leases

The Group as a lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Other lease contracts are classified as financing leases. The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

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

The Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. The Group recognizes right-of use assets and the lease liabilities regarding all lease arrangements when it acts as the lessee.

- **Right-of-use assets**
  The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses which are adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased assets at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

- **Lease liabilities**
  The Group recognizes lease liabilities at the commencement date of the lease and are measured by the present value of the lease payments to be paid during the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option when the Group is reasonably certain that this option is exercised, and payments of penalties for terminating a lease if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

  In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

3. Significant accounting policies (Continued)

3.23 Leases (Continued)

The Group as a lessee (contineud)

- **Lease liabilities (continued)**
  In addition, the carrying amount of the lease liabilities is re-measured if there is an amendment or change in the lease term or a change in the content of the fixed lease payments or a change in the evaluation that is made to determine whether the underlying assets will be purchased.

- **Short-term leases and leases of low-value assets**
  The Group applies the short-term lease recognition exemption to its leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value asset recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4. Significant accounting judgments and key sources of estimation uncertainty

Accounting judgments

In the process of applying the Group's accounting policies, management has used judgments and made estimates in determining the amounts recognized in the consolidated financial statements. The most significant use of judgments and estimates are as follows:

Revenue recognition
Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Determination whether matching the criteria of revenue recognition in accordance with IFRS No. (15) and the policy of revenue recognition disclosed in accounting policies Note No. (3.7) require significant judgments.

Classification of properties
The Group decides on acquisition of a real estate property whether it should be classified as "trading", "property held for development", "investment property" or "property, plant and equipment". The Group classifies real estate as property, plant, and equipment if acquired for use in production, services, or administrative purposes, and it is expected to be used for more than one period.

Provision for doubtful debts and provision for inventory
The determination of the recoverability of the amount due from customers, marketability of inventory and the factors determining the impairment of the accounts receivable and inventory involve significant judgments.

Classification of financial instruments
On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortised cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets.

4. Significant accounting judgements and key sources of estimation uncertainty (Continued)

Accounting judgments (Continued)

Principal versus agent considerations
The Group enters into contracts to sell goods and render services to its customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group determined that it is a principal in all its contracts with its customers.

- The Group controls the promised goods or services before the Group transfers the goods or services to the customer.
- The Group satisfies the performance obligations by itself and does not engage another party in satisfying its performance obligations in its contracts with customers.

Leases
Significant opinions on requirements for applying IFRS 16 include, among others, the following:

- Determine whether the contract (part thereof) contains a lease,
- Determine whether it is reasonably certain that extension or termination option will be exercised,
- Classification of lease agreements (when the entity is the lessor),
- Determine whether the variable payments are substantially fixed,
- Determine whether there are multiple leases in the arrangement,
- Determine the sale price of leased and non-leased items.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the accounts of assets and liabilities within the next financial year are discussed below:

Fair value of unquoted financial assets
The valuation of unquoted equity investments is normally based on one of the following:

- Recent arm's length market transactions;
- Current fair value of other instruments that are substantially the same.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- Other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

Provision for Inventories
The carrying amount of inventories are reduced and included by net realisable value when damaged or become obsolete, wholly or partly, or when the selling price goes down. The benchmarks for determining the amount of provision or write-off include annual analysis, technical assessment and subsequent events. The provisions and write-off are subject to management's approval.

4. Significant accounting judgements and key sources of estimation uncertainty (Continued)

Estimation uncertainty (Continued)

Provision for doubtful debts for trade receivables
The Group uses a provision matrix to calculate provision for doubtful debts for trade receivable balances. The provision rates are based on days past due for groupings of various customer segments that have similar impairment patterns (i.e., by geographical region, services type, customer and type). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical doubtful debts experience with forward-looking information.

For instance, if forecast economic conditions (i.e., gross domestic product, stock market capitalization) are expected to deteriorate over the next year which can lead to an increased number of defaults in the brokerage sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and provision for doubtful debts is a significant estimate. The amount of provision for doubtful debts is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical doubtful debts experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information on the doubtful debts of the Group's trade receivables is disclosed in Note (7).

Impairment of tangible assets
The Group's management estimates whether there is an indication to impairment of tangible assets. The recoverable amount of an asset is determined based on "value in use method". In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

Useful lives of tangible assets
As described in accounting policies' Note 3.5, the Group reviews the estimated useful lives over which its tangible assets are depreciated. The Group's management is satisfied that the estimates of useful lives of these assets are appropriate.

Contingent liabilities
Contingent liabilities arise as a result of past events confirmed only by the occurrence or non-occurrence of one or more of uncertain future events that are not included in full within control of the Group. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

5. Property, plant and equipment

	Leasehold land improvements & buildings	Commercial vessels	Plant	Furniture and fixtures	Vehicles	Tools and equipment	Silos	Total
	KD	KD	KD	KD	KD	KD	KD	KD
Cost								
Balance as at 31 December 2022	7,607,725	9,400,940	18,101,818	261,484	12,565,722	3,638,800	876,254	52,452,743
Additions	3,435,000	-	53,039	16,500	1,003,223	1,364,380	-	5,872,142
Disposals	-	-	-	-	(113,939)	-	-	(113,939)
Balance as at 31 December 2023	11,042,725	9,400,940	18,154,857	277,984	13,455,006	5,003,180	876,254	58,210,946
Additions	-	3,279,669	18,200	-	1,129,367	3,296,509	-	7,723,745
Disposals	-	-	-	-	(6,950)	-	-	(6,950)
Balance as at 31 December 2024	11,042,725	12,680,609	18,173,057	277,984	14,577,423	8,299,689	876,254	65,927,741
Accumulated depreciation								
Balance as at 31 December 2022	7,501,256	7,986,824	16,257,688	249,901	10,650,150	2,633,978	383,650	45,663,447
Charged during the year	391,387	282,823	481,921	5,617	547,196	397,664	36,435	2,143,043
Related to disposals	-	-	-	-	(104,545)	-	-	(104,545)
Balance as at 31 December 2023	7,892,643	8,269,647	16,739,609	255,518	11,092,801	3,031,642	420,085	47,701,945
Charged during the year	472,512	395,623	362,867	5,395	455,122	330,359	36,435	2,058,313
Related to disposals	-	-	-	-	(6,950)	-	-	(6,950)
Balance as at 31 December 2024	8,365,155	8,665,270	17,102,476	260,913	11,540,973	3,362,001	456,520	49,753,308
Carrying value								
As at 31 December 2024	2,677,570	4,015,339	1,070,581	17,071	3,036,450	4,937,688	419,734	16,174,433
As at 31 December 2023	3,150,082	1,131,293	1,415,248	22,466	2,362,205	1,971,538	456,169	10,509,001
Annual depreciation rates	5-20%	20%	20%	20%	10-20%	20%	10%	

- Property, plant, and equipment include buildings constructed on land leased from the State of Kuwait. They also include buildings with a book value amounting to KD 2,404,500 as of 31 December 2024, which are registered in the name of a local bank against an Ijarah contract with a promise to ownership (Note 16).

6. Financial assets at fair value through other comprehensive income

	2024 KD	2023 KD
Quoted financial assets	37,964,505	30,730,237
Unquoted financial assets	1,340,899	2,190,899
	39,305,404	32,921,136

Quoted financial assets include various foreign sukuk managed by a specialized local entity, with a yield rate ranging between 3.375% and 6.25% per annum.

Financial assets are valued at fair value through other comprehensive income in accordance with valuation techniques disclosed in Note (24).

7. Trade and other receivables

	2024 KD	2023 KD
Trade receivables (a)	30,426,755	32,042,746
Provision for doubtful debts	(5,513,921)	(5,513,921)
Net trade receivables	24,912,834	26,528,825
Prepayments	226,431	137,073
Other receivables	856,985	1,159,732
	25,996,250	27,825,630

The credit period rate upon rendering services is within 90 days as of signing the contract or the sales invoice date. There are no interests accrued on overdue trade receivables.

(a) The Group classifies the aging of trade receivables as follows:

	2024 KD	2023 KD
Less than 90 days	12,520,140	13,184,943
90 - 180 days	12,031,930	12,670,956
181 - 365 days	1,337,143	1,408,160
Over one year	4,537,542	4,778,687
	30,426,755	32,042,746

Subsequent collections for balances of trade receivables amounted to KD 10,981,143 (2023:11,686,208).

Disclosures relating to the credit risk exposure and analysis relating to the provision for doubtful debts are set forth in Note (23- B).

8. Inventory

	2024	2023
	KD	KD
Raw materials	498,714	291,839
Cement	1,177,680	665,460
Steel	1,198,699	5,385,683
Cement sacks	10,031	60,524
Goods in transit	580,371	415,803
Spare parts	944,882	613,507
Aggregate	338,747	799,304
	4,749,124	8,232,120
Provision for slow moving inventory	(27,701)	(27,701)
	4,721,423	8,204,419

9. Financial assets at fair value through profit or loss

	2024	2023
	KD	KD
Local quoted financial assets	10,643,655	13,172,848
Local unquoted financial assets	39,002	188,822
Foreign quoted financial assets	1,350	4,936
Foreign unquoted financial assets	55,747	55,747
	10,739,754	13,422,353

10. Cash and cash equivalents

	2024	2023
	KD	KD
Cash on hand	192,102	173,788
Bank balances	1,080,555	5,252,300
Cash at investment portfolios	1,896,957	1,809,500
	3,169,614	7,235,588

11. Share capital

The authorized, issued and fully paid-up share capital was set at KD 10,022,196 divided into 100,221,960 shares of 100 fils each. All shares are cash shares.

12. Statutory reserve

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year, before contribution to Kuwait Foundation for Advancement of Sciences, National Labour Support Tax, Zakat, and directors' remuneration, is transferred to the statutory reserve. The Parent Company may discontinue such transfer when the reserve balance exceeds 50% of the paid up share capital. Such reserve is not available for distribution except for payment of a dividend of 5% of capital in years when cumulative profit is not sufficient for the payment of such dividend. The Parent Company has discontinued the transfer to such reserve because the statutory reserve balance has exceeded 50% of the Parent Company's share capital.

13. Voluntary reserve

In accordance with the Parent Company's Articles of Association, 10% of the profit for the year, before contribution to Kuwait Foundation for Advancement of Sciences, National Labour Support Tax, Zakat, and directors' remuneration, is transferred to the voluntary reserve. Such transfers can be discontinued by a resolution taken by the Shareholders of the Parent Company's General Assembly meeting upon recommendation by the Board of Directors. There are no restrictions on the distribution of the voluntary reserve.

Transfer to voluntary reserve has been discontinued in accordance with decision of the General Assembly of the Parent Company's Shareholders.

14. Provision for employees' end of service indemnity

	2024	2023
	KD	KD
Balance at the beginning of the year	5,438,739	5,046,806
Charged during the year	367,936	529,288
Paid during the year	(93,436)	(137,355)
Balance at end of the year	5,713,239	5,438,739

15. Trade and other payables

	2024	2023
	KD	KD
Trade payables	7,707,840	13,769,921
Staff leaves payable	613,653	756,913
KAFS Payable (a)	50,788	70,527
NLST due	99,942	143,311
Zakat payable	39,977	57,325
Board of Directors' accrued remuneration	260,000	260,000
Provision for legal claims (Note 26)	200,000	-
Accrued expenses	2,148,498	1,305,556
	11,120,698	16,363,553

a- The contribution to KFAS is calculated at 1% of the Parent Company's profit before contribution to KFAS, Zakat and Board of Directors' remuneration and after deducting the transferred amount to the statutory reserve account.

Movement in Accrued KFAS is as follows:

	2024	2023
	KD	KD
Accrued KFAS at the beginning of the year	70,527	54,790
Charged during the year	50,788	70,527
Paid during the year	(70,527)	(54,790)
Accrued KFAS at the end of the year	50,788	70,527

16. Financing from third party

	2024	2023
	KD	KD
Ijarah contract (a)	2,793,322	2,857,524
Bank facilities (b)	3,306,791	-
	6,100,113	2,857,524

Financing from third party is as follows:

a- An Ijarah contract with a promise to own buildings (Note 5), payable on 5 February 2025, and subsequent to the consolidated financial statements, the Ijarah contract was extended under the same contractual terms to be payable on 5 May 2025.

b- Bank facilities represented in overdrafts granted by a local bank that are payable within one year and carry an interest rate of 1.5% per annum over Central Bank of Kuwait discount rate.

17. Net yield income and investment gain

	2024	2023
	KD	KD
Realized loss on sale of financial assets at fair value through profit or loss	(239,472)	(830,781)
Unrealized gains on change in fair value of financial assets at fair value through profit or loss	752,459	354,535
Dividend income	1,422,701	1,416,861
Sukuk yield income	132,907	-
	2,068,595	940,615

18. Other income

This item represents revenues from wages for transportation and distribution of cement, iron, sale of property, plant and equipment and others.

19. Basic earnings per share

Basic earnings per share are computed by dividing the net profit for the year by the weighted average number of shares outstanding during the year:

	2024	2023
Net profit for the year (KD)	4,628,094	6,521,566
Weighted average number of outstanding shares (shares)	100,221,960	100,221,960
Basic earnings per share (fils)	46.18	65.07

20. Staff costs and depreciation

Staff costs and depreciation are stated in the consolidated financial statements in the following accounts categories:

	2024	2023
	KD	KD
Staff costs		
Cost of sales	2,117,302	2,212,957
General and administration expenses	103,325	107,993
	2,220,627	2,320,950
Depreciation		
Cost of sales	2,056,105	2,140,726
General and administrative expenses	2,208	2,317
	2,058,313	2,143,043

21. Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Parent Company, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are to be approved by the Group's management.

Details of transactions between the Parent Company and related parties are disclosed below:

	2024	2023
	KD	KD
Transactions included in the consolidated statement of profit or loss:		
Key management personnel benefits		
Salaries and short-term benefits	834,474	783,516
Employees' end of service indemnity	191,710	191,710
Directors' remuneration	260,000	260,000

22. Segment Information

Operating segments are to be identified based on the internal reports of Group segments which are regularly reviewed by the chief decision maker so as to evaluate their performance. The Parent Company's management has classified the Group's products and services into the following operational segments according to the IFRS 8: "Operating Segments":

- Cement, steel, aggregate and ready mix
- Investments

22. Segment Information (Continued)

Below is the analysis of income and profit of segments as disclosed:

	Operating segments revenues		Net profit of operating segments	
	2024	2023	2024	2023
	KD	KD	KD	KD
Cement, steel, aggregate and ready mix	128,861,308	145,789,141	3,644,208	7,229,214
Investments	-	-	2,068,595	352,768
Total for operations	128,861,308	145,789,141	5,712,803	7,581,982
Unallocated income			1,527,233	1,284,099
General, administrative and distribution expenses			(1,815,310)	(1,725,403)
Provision for legal cases			(200,000)	-
Finance costs			(145,925)	(87,949)
Withholdings and tax			(190,707)	(271,163)
Board of Directors' remuneration			(260,000)	(260,000)
Net profit for the year			4,628,094	6,521,566

For the purposes of monitoring segment performance and allocating resources between segments, the segment assets and liabilities are as follows:

	2024	2023
	KD	KD
Assets		
Cement, steel, aggregate and ready mix	50,061,720	53,774,638
Investments	50,045,158	46,343,489
	100,106,878	100,118,127

	2024	2023
	KD	KD
Liabilities		
Cement, steel, aggregate and ready mix	16,833,937	21,802,292
Unallocated	6,941,810	3,951,790
	23,775,747	25,754,082

23. Financial risk management

a) Capital risk management

The Group objectives when managing capital are to safeguard the Group's ability to continue as a going concern, through the optimisation of the debt and consolidated equity balance so that it can continue to provide returns for Shareholders and benefits for other stakeholders and to provide an adequate returns to Shareholders by pricing products and services commensurately with the level of risk.

The Group's sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or debt and or sell assets to reduce debt.

23. Financial risk management (Continued)

a) Capital risk management (Continued)

For the purpose of the Group's financial resource risk management, the total consolidated financial resources consist of the following:

	2024
	KD
Financing from third party	6,100,113
Less: Cash and cash equivalents	(3,169,614)
Net debt	2,930,499
Equity	76,331,131
Total financial resources	79,261,630
Debt to the financial resources ratio	3.70%

Categories of financial instruments

	2024	2023
	KD	KD
Financial assets		
Cash and cash equivalents	3,169,614	7,235,588
Trade and other receivables	25,996,250	27,825,630
Financial assets at fair value through profit or loss	10,739,754	13,422,353
Financial assets at fair value through other comprehensive income	39,305,404	32,921,136
Financial liabilities		
Trade and other payables	11,120,698	16,363,553
Financing from third party	6,100,113	2,857,524

b) 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's credit policy and exposure to credit risk are monitored on an ongoing basis. The Group seeks to avoid undue concentration of risks with individuals or group of customers in specific locations or business through obtaining the suitable guarantees when appropriate.

The maximum credit risk exposure is not materially different from the carrying values in the consolidated statement of financial position.

Trade receivables and other debit balances

The Group applies the IFRS 9 simplified model of recognizing lifetime doubtful debts for all trade receivables as these items do not have a significant financing component. In measuring the doubtful debts, receivables and other debit balances have been assessed on a collective basis respectively and grouped based on shared credit risk characteristics and the days past due.

No change has been made to estimation techniques and significant assumptions during the current year.

23. Financial risk management (Continued)

b) Credit risk (Continued)

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the invoice date and failure to engage with the Group on alternative payment arrangement - among others - is considered an indicator of no reasonable expectation of recovery and therefore is considered as credit impaired.

The following table indicates details of the risks related to trade receivables item, which was based on the Group's provisions matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments

31 December 2024	**1 – 90 days**	**91 – 180 days**	**181 – 365 days**	**More than 365 days**	**Total**
	KD	KD	KD	KD	KD
Approximate doubtful debts rate (%)	1.11%	2.77%	37.76%	100%	-
Doubtful debts	138,579	332,939	504,861	4,537,542	5,513,921

31 December 2023	**1 – 90 days**	**91 – 180 days**	**181 – 365 days**	**More than 365 days**	**Total**
	KD	KD	KD	KD	KD
Approximate doubtful debts rate (%)	1.31%	3.12%	11.87%	100%	-
Doubtful debts	172,358	395,749	167,127	4,778,687	5,513,921

Cash and cash equivalents

The Group's cash and cash equivalents measured at amortized cost are considered to have a low credit risk and the loss allowance is based on the 12-month expected loss. Cash at banks is placed with high credit rating financial institutions with no previous history of default. Based on management's assessment, the impact of expected credit losses arising from such financial assets is insignificant to the Group as the risk of default has not increased significantly since initial recognition.

The maximum limit of the Group's exposure to credit risk arising from default of the counterparty is the nominal value of cash and cash equivalents and receivables and other debit balances.

Credit risk exposure

The carrying values for financial assets represent the maximum exposure to credit risks. The maximum net exposure to credit risk for assets categories at the consolidated financial statements date was as follows:

23. Financial risk management (Continued)

b) Credit risk (Continued)

	2024	2023
	KD	KD
Trade and other receivables (excluding advance payments)	25,769,819	27,688,557
Cash and cash equivalents	3,169,614	7,235,588
	28,939,433	34,924,145

The maximum limit of exposure to credit risks for financial assets at the reporting date by geographical region and industry wise sector is based in the State of Kuwait.

c) Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate as a result of changes in equity prices. The financial instruments, which potentially subject the Group to equity risk, consist principally of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group manages this risk by diversifying its investments on the basis of the predetermined asset allocations across various categories, continuous appraisal of market conditions and trends and management estimate of long and short term changes in fair value.

The following table demonstrates the sensitivity to a reasonable change in equity indices as a result of change in the fair value of the Group's equity instruments as of the date of consolidated financial statements:

	Change in equity instrument price	**Effect on the consolidated statement of profit or loss**	
		2024	**2023**
		KD	KD
Financial assets at fair value through profit or loss	± 5%	± 536,988	± 671,118

	Change in equity instrument price	**Effect on the consolidated statement of profit or loss and other comprehensive income**	
		2024	**2023**
		KD	KD
Financial assets at fair value through other comprehensive income	± 5%	± 1,965,270	± 1,646,057

23. Financial risk management (Continued)

d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with other variables held constant, of the Group's profit through the impact of changing the borrowing interest rate:

	Change in interest rate	Effect on the consolidated statement of profit or loss	
		2024	**2023**
		KD	KD
Financing from third party	± 0.5%	± 30,501	± 14,288

e) Foreign currency risk management

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The management monitors the positions on a daily basis to ensure positions are maintained within established limits. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Group does not hedge foreign currency exposure.

f) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically invests in bank deposits or other investments that are readily realisable. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Group's financial liabilities as at financial year end based on undiscounted repayment obligations:

31 December 2024	**1 to 3 months**	**3 to 12 months**	**Total**
	KD	KD	KD
Trade and other payables	9,222,365	1,898,333	11,120,698
Dividends payable	-	841,697	841,697
Financing from third party	2,793,322	3,306,791	6,100,113
TOTAL LIABILITIES	12,015,687	6,046,821	18,062,508

31 December 2023	**1 to 3 months**	**3 to 12 months**	**Total**
	KD	KD	KD
Trade and other payables	13,090,842	3,272,711	16,363,553
Dividends payable	-	1,094,266	1,094,266
Financing from third party	45,330	2,812,194	2,857,524
TOTAL LIABILITIES	13,136,172	7,179,171	20,315,343

24. Fair value of financial instruments

The Group measures the financial assets, such as financial assets at fair value through profit or loss and financial assets at fair v'.lue through other comprehensive income, at fair value at the financial period end date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an arm's length transaction between market participants as at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- Through the most advantageous market for the asset or liability, in the absence of a principal market.

All assets and liabilities, measured or disclosed at fair value, are classified in the consolidated financial statements through a fair value hierarchy based on the lowest significant inputs level in proportion to the fair value measurement as a whole, as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest significant inputs level in proportion to the fair value measurement is unobservable.

The following table shows an analysis of captions recorded at fair value by level of the fair value hierarchy:

	Level 1	**Level 3**	**Total**
	KD	KD	KD
31 December 2024			
Financial assets at fair value through profit or loss			
Quoted financial assets	10,645,005	-	10,645,005
Unquoted financial assets	-	94,749	94,749
Total	10,645,005	94,749	10,739,754
Financial assets at fair value through other comprehensive income			
Quoted financial assets	37,964,505	-	37,964,505
Unquoted financial assets	-	1,340,899	1,340,899
Total	37,964,505	1,340,899	39,305,404

	Level 1	**Level 3**	**Total**
	KD	KD	KD
31 December 2023			
Financial assets at fair value through profit or loss			
Quoted financial assets	13,177,784	-	13,177,784
Unquoted financial assets	-	244,569	244,569
Total	13,177,784	244,569	13,422,353
Financial assets at fair value through other comprehensive income			
Quoted financial assets	30,730,237	-	30,730,237
Unquoted financial assets	-	2,190,899	2,190,899
	30,730,237	2,190,899	32,921,136

25. Contingent liabilities

	2024	2023
	KD	KD
Letters of guarantee	35,747,353	32,102,433

26. Lawsuits and claims

- On 26 November 2024, a preliminary judgment was issued, obligating the Parent Company to pay an amount of KD 1,107,036 in relation to a case filed against the Parent Company by Kuwait Ports Authority concerning the appointment of an expert to determine the value of the usufruct for a leased space. The Parent Company has appealed this judgment, and the appeal session is scheduled for 11 February 2025. According to the letter received from the legal advisor, it is likely that this judgment will be annulled legally, noting that Kuwait Ports Authority has appealed the preliminary judgment, requesting an increase in the appealed judgment. The Company made a precautionary provision amounting to KD 200,000 for this case (Note 15).

- The Group has other legal claims represented in legal claims filed by the Group against third parties and by third parties against the Group. It is not possible to estimate the results that will arise from these legal claims until they are ruled by courts and as per the Management's estimates and the Group's legal advisor.

27. General Assembly of Shareholders

- The Board of Directors proposed in its meeting held on 6 February 2025 to distribute cash dividends at 50% of the share capital at 50 fils per share for the financial year ended 31 December 2024 and proposed a Board of directors' remuneration of KD 260,000. These proposals are subject to the approval of the Shareholders' Annual General Assembly.

- On 8 April 2024, the Ordinary General Assembly of the Parent Company's shareholders was held and decided the following:
  - Approval of the consolidated financial statements for the financial year ended 31 December 2023.
  - Approval of the distribution of cash dividends for the year ended 31 December 2023, at 70% of the share capital and at 70 fils per share, at a total amount of KD 7,015,490, for shareholders registered on maturity date, 28 April 2024.
  - Approval of Board of Directors' remuneration of KD 260,000.

- On 18 April 2024, the Extraordinary General Assembly of Shareholders of the Parent Company was held, in which the amendment of Article Five of the Parent Company's Memorandum of Incorporation and Article Four of its Articles of Association regarding the Company's purposes was approved, based on the instructions of the Ministry of Trade and Industry.

28. Comparative figures

Certain comparative figures have been reclassified to conform to current presentation of the consolidated financial statements and this has no impact on the profit for the year or equity.