

Consolidated financial statements and independent auditor's report
Gulf Cables and Electrical Industries Group Company – KPSC
and Subsidiaries
Kuwait
31 December 2025

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Independent Auditor's Report

To the Shareholders of
Gulf Cables and Electrical Industries Group Company – KPSC
Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Gulf Cables and Electrical Industries Group Company – KPSC (“the Parent Company”) and its subsidiaries (together referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (“IESBA Code”) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key Audit Matters

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

Revenue recognition

The Group's revenue is primarily generated from the sale of goods, which is recognized at the point in time when control is transferred to the customer, typically upon delivery or shipment. Given the significance of revenue to the consolidated financial statements, we determined this to be a key audit matter.

Our audit procedures included testing the operating effectiveness of associated internal controls and performing substantive audit procedures. We also performed analytical reviews and reviewed management accounts to identify any new material revenue streams. Our testing procedures included reviewing customer contracts, checking delivery records and price lists, and checking that the recognition criteria of IFRS were met. We also assessed the adequacy of the Group's disclosures of its revenue recognition policy, the judgements involved and other related disclosures.

Revenue by segment is disclosed in Note 25.

Independent Auditor's Report to the Shareholders of Gulf Cables and Electrical Industries Group Company – KPSC (continued)

Key Audit Matters (continued)

Valuation of financial assets classified within level 3 hierarchy

The Group holds significant investments classified as level 3 in the fair value hierarchy as disclosed in Note 29 to the consolidated financial statements. The valuations of these investments rely on significant assumptions and modeling techniques, and therefore subject to estimation uncertainty. These valuations were derived from the application of different valuation methods including relative valuation methods, adjusted net asset value and discounted cash flows. The key inputs for level 3 valuations include market multiples, illiquidity discounts, expected cash flows, risk free rates, growth rates and credit spreads. Given the significant judgement and estimation risk involved in these valuations, we determined this to be a key audit matter.

Our audit procedures included, amongst others, assessment of the appropriateness of the valuation methodologies and models applied by the Group including agreeing the carrying value of the investments to the internal and external valuations. Further, we challenged the key valuation assumptions by critically evaluating the key inputs such as expected cash flows, risk-free rates, growth rates and credit spreads, benchmarking them against external data to assess their reasonableness and performed sensitivity analysis to understand the impact of changes in key assumptions. We determined whether the valuations provided by the Group fell within pre-defined tolerable differences thresholds, and further analyzed and challenged any significant deviations. Additionally, we examined the completeness and accuracy of the disclosures related to these financial assets and ensured that the financial statements complied with IFRS disclosure requirements regarding fair value measurement.

For further details on the valuation of financial assets measured at fair value through profit or loss and other comprehensive income, refer Note 29 to the consolidated financial statements.

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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



Independent Auditor's Report to the Shareholders of Gulf Cables and Electrical Industries Group Company – KPSC (continued)

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report to the Shareholders of Gulf Cables and Electrical Industries Group Company – KPSC (continued)

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

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

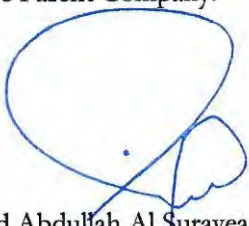
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law, the Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, to the best of our knowledge and belief, no violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority ("CMA") and its relevant regulations have occurred during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.



Hend Abdullah Al Surayea
(Licence No. 141-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
30 March 2026

Consolidated statement of profit or loss

	Note	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Revenue			
Sales and contracting revenue		95,640,393	105,265,277
Cost of revenue		(84,575,179)	(89,676,145)
Gross profit			
Gains from investments at fair value through profit or loss		5,822,495	157,553
Dividend income		7,588,938	11,602,247
Other investment (losses)/gains		(41,862)	107,381
Share of results of associates and joint venture	13	8,461,818	6,014,093
Interest and other income		235,232	268,928
Foreign currency exchange gain		308,364	511,744
		33,440,199	34,251,078
Expenses and other charges			
General and administrative expenses		(6,683,047)	(5,868,652)
Commercial expenses		(2,602,170)	(2,830,769)
Provision (charge)/reversal for slow-moving inventories – net	15	(159,742)	102,160
Provision reversal/(charge) for doubtful debts – net	16	1,184,364	(2,315,238)
Provision (charge)/reversal for other receivables		(115,800)	115,800
Finance costs		(1,617,674)	(1,508,772)
		(9,994,069)	(12,305,471)
Profit for the year before provision for taxation and Board of Directors' remuneration			
Provision for taxation	8	(886,468)	(854,186)
Board of directors' remuneration		(305,000)	(305,000)
Profit for the year	7	22,254,662	20,786,421
Profit for the year attributable to:			
Owners of the Parent Company		22,218,112	20,762,506
Non-controlling interests		36,550	23,915
Profit for the year		22,254,662	20,786,421
Basic and diluted earnings per share attributable to the owners of the Parent Company			
	10	107 Fils	100 Fils

The notes set out on pages 12 to 57 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Profit for the year	22,254,662	20,786,421
Other comprehensive (loss)/income:		
<i>Items that will be reclassified subsequently to consolidated statement of profit or loss:</i>		
Share of other comprehensive (loss)/income of associates	(29,167)	5,029
Exchange differences arising on translation of foreign operations	(99,229)	33,498
	(128,396)	38,527
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</i>		
Share of other comprehensive income of associates	9,339,180	6,418,861
Net change in fair value of investments at FVTOCI	57,731,596	28,138,568
	67,070,776	34,557,429
Total other comprehensive income	66,942,380	34,595,956
Total comprehensive income for the year	89,197,042	55,382,377
Total comprehensive income for the year attributable to:		
Owners of the Parent Company	89,165,950	55,356,620
Non-controlling interests	31,092	25,757
	89,197,042	55,382,377

The notes set out on pages 12 to 57 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	31 Dec. 2025 KD	31 Dec. 2024 KD
Assets			
Non-current assets			
Goodwill and other intangible assets	11	7,670,838	7,790,389
Property, plant and equipment	12	8,566,475	9,615,133
Right-of-use assets		76,427	301,076
Investment in associates and joint venture	13	118,303,939	90,713,766
Investments at fair value through other comprehensive income	14	204,187,265	141,821,815
Other receivables		134,520	292,842
		338,939,464	250,535,021
Current assets			
Inventories	15	33,487,754	45,494,341
Trade accounts receivable	16	10,677,218	15,963,732
Other receivables and prepayments		2,708,053	2,585,369
Investments at fair value through profit or loss		6,318,061	3,798,808
Cash and cash equivalents	17	5,059,216	7,740,901
		58,250,302	75,583,151
Total assets		397,189,766	326,118,172
Equity and liabilities			
Equity			
Share capital	18	20,993,131	20,993,131
Share premium	18	29,160,075	29,160,075
Treasury shares	19	(2,599,824)	(2,244,008)
Statutory, voluntary and general reserves	20	78,609,419	76,290,067
Other components of equity	21	154,339,138	92,423,573
Retained earnings		65,196,196	54,804,385
Total equity attributable to the owners of the Parent Company		345,698,135	271,427,223
Non-controlling interests		560,767	529,675
Total equity		346,258,902	271,956,898
Non-current liabilities			
Provision for employees' end of service benefits		5,950,218	5,609,216
Borrowings	22	5,520,000	16,053,000
Other payables	23	143,442	27,563
Lease liabilities		10,551	23,899
		11,624,211	21,713,678
Current liabilities			
Trade accounts payable		3,164,742	3,785,272
Other payables and accruals	23	12,873,775	15,652,005
Lease liabilities		10,674	268,042
Borrowings	22	22,274,000	12,044,495
Due to banks	17	983,462	697,782
		39,306,653	32,447,596
Total liabilities		50,930,864	54,161,274
Total equity and liabilities		397,189,766	326,118,172

Bader Naser Al-Kharafi
Vice chairman

The notes set out on pages 12 to 57 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Equity attributable to the owners of the Parent Company							Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Statutory, voluntary and general reserves KD	Other components of equity KD	Retained earnings KD	Sub-total KD	KD	KD
Balance at 1 January 2025	20,993,131	29,160,075	(2,244,008)	76,290,067	92,423,573	54,804,385	271,427,223	529,675	271,956,898
Purchase of treasury shares	-	-	(355,816)	-	-	-	(355,816)	-	(355,816)
Cash dividends (note 24)	-	-	-	-	-	(14,550,540)	(14,550,540)	-	(14,550,540)
Transactions with owners	-	-	(355,816)	-	-	(14,550,540)	(14,906,356)	-	(14,906,356)
Profit for the year	-	-	-	-	-	22,218,112	22,218,112	36,550	22,254,662
Other comprehensive income/(loss)	-	-	-	-	66,947,838	-	66,947,838	(5,458)	66,942,380
Total comprehensive income for the year	-	-	-	-	66,947,838	22,218,112	89,165,950	31,092	89,197,042
Transfer to general reserve	-	-	-	2,319,352	-	(2,319,352)	-	-	-
Gain on disposal of investments at FVTOCI	-	-	-	-	(4,808,064)	4,808,064	-	-	-
Gain on sale of investments at FVTOCI by an associate	-	-	-	-	(224,209)	224,209	-	-	-
Net gain on disposal/sale of investments at FVTOCI	-	-	-	-	(5,032,273)	5,032,273	-	-	-
Gain on additional acquisition of a subsidiary by an associate	-	-	-	-	-	11,318	11,318	-	11,318
Balance at 31 December 2025	20,993,131	29,160,075	(2,599,824)	78,609,419	154,339,138	65,196,196	345,698,135	560,767	346,258,902

The notes set out on pages 12 to 57 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the Parent Company						Non-controlling interests	Total	
	Share capital KD	Share premium KD	Treasury shares KD	Statutory, voluntary and general reserves KD	Other components of equity KD	Retained earnings KD	Sub-total KD	KD	KD
Balance at 1 January 2024	20,993,131	29,160,075	(1,361,022)	74,109,625	58,867,251	48,507,417	230,276,477	503,918	230,780,395
Purchase of treasury shares	-	-	(1,465,072)	-	-	-	(1,465,072)	-	(1,465,072)
Sale of treasury shares	-	-	582,086	-	207,755	-	789,841	-	789,841
Cash dividends (note 24)	-	-	-	-	-	(13,530,643)	(13,530,643)	-	(13,530,643)
Transactions with owners	-	-	(882,986)	-	207,755	(13,530,643)	(14,205,874)	-	(14,205,874)
Profit for the year	-	-	-	-	-	20,762,506	20,762,506	23,915	20,786,421
Other comprehensive income	-	-	-	-	34,594,114	-	34,594,114	1,842	34,595,956
Total comprehensive income for the year	-	-	-	-	34,594,114	20,762,506	55,356,620	25,757	55,382,377
Transfer to general reserve	-	-	-	2,180,442	-	(2,180,442)	-	-	-
Net gain on sale of investments at FVTOCI by an associate	-	-	-	-	(1,245,547)	1,245,547	-	-	-
Balance at 31 December 2024	20,993,131	29,160,075	(2,244,008)	76,290,067	92,423,573	54,804,385	271,427,223	529,675	271,956,898

The notes set out on pages 12 to 57 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
OPERATING ACTIVITIES			
Profit for the year		22,254,662	20,786,421
Adjustments:			
Depreciation and amortization		1,961,047	1,825,445
Finance costs		1,617,674	1,508,772
Interest income		(39,384)	(142,568)
Dividend income		(7,588,938)	(11,602,247)
Share of results of associates and joint venture		(8,461,818)	(6,014,093)
Gain on sale/disposal of property, plant and equipment		(14,457)	(3,622)
Gain on bargain purchase of an associate		-	(240)
Provision (reversal)/charge for doubtful debts – net		(1,184,364)	2,315,238
Provision charge/(reversal) for other receivables		115,800	(115,800)
Provision charge/(reversal) for slow-moving inventories – net		159,742	(102,160)
Provision charge for employees' end of service benefits		563,486	511,264
		9,383,450	8,966,410
Changes in operating assets and liabilities:			
Inventories		11,846,845	(7,213,379)
Investments at fair value through profit or loss		(9,875,643)	(584,338)
Trade accounts receivable		6,470,878	9,596,622
Other receivables and prepayments		(78,024)	471,538
Trade accounts payable		(620,530)	(353,025)
Other payables and accruals		(2,706,687)	1,740,441
Employees' end of service benefits paid		(222,484)	(178,628)
KFAS paid		(158,654)	(189,904)
Net cash from operating activities		14,039,151	12,255,737
INVESTING ACTIVITIES			
Additions to associates		-	(57,797)
Acquisition of a subsidiary, net of cash		-	(1,033,049)
Purchase of property, plant and equipment		(588,346)	(1,341,597)
Proceeds from sale/disposal of property, plant and equipment		29,517	3,400
Purchase of investments at FVTOCI		(14,803,486)	(9,888,103)
Proceeds from sale of investments at FVTOCI		1,108,960	-
Dividend income received		7,588,938	11,602,247
Dividend received from associates		6,610,038	4,817,074
Interest income received		37,245	142,568
Time deposit with original maturity exceeding three months arising from acquisition of a subsidiary		-	(200,000)
Net cash (used in)/from investing activities		(17,134)	4,044,743

The notes set out on pages 12 to 57 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

	Note	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
FINANCING ACTIVITIES			
Payment of cash dividend		(14,444,833)	(13,479,180)
Purchase of treasury shares		(355,816)	(1,465,072)
Proceeds from sale of treasury shares		-	789,841
Net movement in borrowings		(303,495)	(3,060,000)
Finance costs paid		(1,517,432)	(1,441,373)
Lease liabilities paid		(276,810)	(227,124)
Net cash used in financing activities		(16,898,386)	(18,882,908)
Decrease in cash and cash equivalents		(2,876,369)	(2,582,428)
Foreign currency adjustments		(90,996)	25,719
Cash and cash equivalents at beginning of the year	17	6,843,119	9,399,828
Cash and cash equivalents at end of the year	17	3,875,754	6,843,119
Non-cash transactions:			
Investment in associate		16,417,062	-
Investment at fair value through profit or loss		7,356,390	-
Investment at fair value through other comprehensive income		9,060,672	-
Purchase of property, plant and equipment		191,750	-
Proceeds from sale/disposal of property, plant and equipment		(191,750)	-

The notes set out on pages 12 to 57 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information and nature of operations

Gulf Cables and Electrical Industries Group Company – KPSC (“the Parent Company”) is a registered Kuwaiti Public Shareholding Company, which was established on 15 March 1975. The shares of the Parent Company are listed on Boursa Kuwait.

The Group comprises the Parent Company and its subsidiaries. Details of the Group’s subsidiaries are disclosed in Note 6.

Objectives for which the Parent Company was incorporated are as follows:

- 1- Produce all kinds of electrical and telephone cables of various sizes and varieties;
- 2- Produce all kinds of electric and telephone wires of various sizes and varieties;
- 3- Produce the wires necessary for the production of light bulbs;
- 4- Produce light bulbs of all varieties and sizes after obtaining the necessary license from the Public Authority for Industry;
- 5- Manufacture electrical transformers, switches and distribution panels after obtaining the necessary license from the Public Authority for Industry;
- 6- Various manufacturing relating to power equipment and tools for industrial or household purposes after obtaining the necessary license from the Public Authority for Industry;
- 7- Produce all kinds of aluminum chips and nylon covering rolls of various sizes and varieties after obtaining the necessary license from the Public Authority for Industry;
- 8- Produce copper bars which are used in the production of electrical and telephone cables after obtaining the necessary license from the Public Authority for Industry;
- 9- Trade in all kinds of these products;
- 10- Import machinery, plant, equipment and tools necessary to achieve the Company’s objectives;
- 11- Import the raw materials for this industry;
- 12- Invest the surplus funds in investment portfolios in order to serve the Company’s objectives;
13. Owning real estate and movables for the benefit of the Company.
- 14- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti and non-Kuwaiti limited liability companies and participating in the establishment of, lending and managing of these companies and acting as guarantor for these companies.
- 15- Managing its subsidiaries or participating in the management of other companies in which it contributes and providing the necessary support for them.

The Parent Company may have interest or participate in any aspect in the authorities and companies which practice similar activities, or which may assist it in the achievement of its objectives in Kuwait and abroad. The Parent Company may also purchase these authorities and companies or affiliate them therewith.

The address of the Parent Company’s registered office is PO Box 1196, Safat 13012, State of Kuwait.

The Board of Directors of the Parent Company approved these consolidated financial statements for issuance on 30 March 2026. The general assembly of the Parent Company’s shareholders has the power to amend these consolidated financial statements after issuance.

Notes to the consolidated financial statements (continued)

2 Statement of compliance with IFRS Accounting Standards and going concern assumption

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

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

3 New or revised IFRS Accounting Standards or Interpretations

3.1 New IFRS Accounting Standards adopted as at 1 January 2025

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

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 21 Amendments – Lack of exchangeability	1 January 2025

IAS 21 Amendments – Lack of exchangeability

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

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

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

3.2 IASB Standards issued but not yet effective

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

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

Notes to the consolidated financial statements (continued)

3 New or revised IFRS Accounting Standards or Interpretations (continued)

3.2 IASB Standards issued but not yet effective (continued)

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments - Amendments	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Annual Improvements to IFRS Accounting Standards – volume 11	1 January 2026

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

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

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

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

Notes to the consolidated financial statements (continued)

3 New or revised IFRS Accounting Standards or Interpretations (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (continued)

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

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

IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

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

Annual Improvements to IFRS Accounting Standards – volume 11

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

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

4 Material accounting policy information

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

4.1 Basis of preparation

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

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

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

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.2 Basis of consolidation

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

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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

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

When a controlling interest in the subsidiaries is disposed of, the difference between the selling price and the net asset value plus cumulative translation difference and goodwill is recognised in the consolidated statement of profit or loss. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

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

4.3 Business combinations

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

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.3 Business combinations (continued)

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

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

4.4 Goodwill

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

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

4.5 Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets with finite useful lives are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life and amortisation method are reviewed periodically to ensure that the method and period of amortisation are consistent with the expected pattern of economic benefits from items of finite intangible assets. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

4.6 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Joint venture is an arrangement that the Group controls jointly with one or more other investor, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

The Group's investment in associates and joint ventures are accounted for under the equity method of accounting, i.e. on the statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate or joint venture, less any impairment and the consolidated statement of profit or loss reflects the Group's share of the results of operations of associate or joint venture.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.6 Investment in associates and joint ventures (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate and joint venture recognised at the date of acquisition is recognised as goodwill.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Parent Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of profit or loss.

Distributions received from the associate and joint venture reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate and joint venture arising from changes in the equity of the associate and joint venture. Changes in the Group's share in associate's/joint venture's equity are recognised immediately in the consolidated statement of changes in equity.

When the Group's share of losses in an associate or joint venture equal or exceeds its interest in the associate and joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate and joint venture.

Unrealised gains on transactions with an associate or joint venture are eliminated to the extent of the Group's share in the associate and joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred.

An assessment for impairment of investment in associates and joint venture is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

The financial statements of the associate and joint venture are prepared either to the Parent Company's reporting date or to a date not earlier than three months of the Parent Company's reporting date using consistent accounting policies. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the reporting date of the associates and the Parent Company's reporting date.

Upon loss of significant influence over the associate and joint venture the Group measures and recognises any retaining investment at its fair value. Any differences between the carrying amount of the associate and joint venture upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

However, when the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

4.7 Revenue

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 service to a customer.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.7 Revenue (continued)

The Group follows a 5-step process:

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

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

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

4.7.1 Sale of goods

Revenue from sale of electric cables and related goods is recognized at the point in time when control of the asset is transferred to the customers generally upon delivery or shipment of the goods.

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

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

4.7.2 Rendering of services

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

4.8 Interest income

Interest income is recognised on an accrual basis using the effective interest method.

4.9 Dividend income

Dividend income, other than those from associates, are recognised at the time the right to receive payment is established.

4.10 Operating expenses

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

4.12 Taxation

4.12.1 *Kuwait Foundation for the Advancement of Sciences (KFAS)*

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

4.12.2 *National Labour Support Tax (NLST)*

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

4.12.3 *Zakat*

Contribution to Zakat is calculated at 1% of the profit of the Group attributable to the shareholders of the Parent Company in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

Under the NLST and Zakat regulations no carry forward of losses to the future years or any carry back to prior year is permitted.

4.12.4 *Taxation on overseas subsidiaries*

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

4.13 Segment reporting

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

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

4.14 Property, plant and equipment

4.14.1 *Land*

Land held for use in production or administration is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.14 Property, plant and equipment (continued)

4.14.2 Buildings, vehicles and other equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment of value. Depreciation is calculated to write off the cost or valuation, less the estimated residual value of property, plant and equipment, on a straight-line basis over their estimated useful lives as follows:

- Buildings: 20 to 25 years
- Plant and machinery: 10 years
- Vehicles, furniture and equipment: 4 to 10 years
- Agriculture farm and related facilities: 5 to 10 years.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of property.

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

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

No depreciation is provided on freehold land. Properties in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, which is on the same basis as other property assets, commences when the assets are ready for their intended use.

4.15 Leases

The Group as a lessee

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’.

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

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

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

Measurement and recognition of leases as a lessee

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.15 Leases (continued)

Right-of-use asset

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

Subsequent to initial measurement, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Lease liability

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

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

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

The Group as a lessor

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

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

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

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

4.16 Impairment testing of goodwill and non-financial assets

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

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

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

Discount factors are determined individually for each asset or cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

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

4.17 Financial instruments

4.17.1 Recognition, initial measurement and derecognition

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

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

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

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.17 Financial instruments (continued)

4.17.2 Classification of financial assets

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

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

The classification is determined by both:

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

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

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

4.17.3 Subsequent measurement of financial assets

a) Financial assets at amortised cost

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

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

After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's financial assets at amortised cost comprise mainly of the following:

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, together with cash in portfolios and time deposits due within three months that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value less due to banks.

Trade accounts receivable, other receivables and prepayments

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

Receivables which are not categorised under any of the above are classified as "Other financial assets"

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.17 Financial instruments (continued)

4.17.3 Subsequent measurement of financial assets (continued)

b) Financial assets at FVTOCI

The Group's financial assets at FVTOCI mainly comprise of investments in equity instruments which represent investments in equity shares of various companies and include both quoted and unquoted.

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

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

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

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

A financial asset is held for trading if:

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

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

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

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

c) Financial assets at FVTPL

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.17 Financial instruments (continued)

4.17.3 Subsequent measurement of financial assets (continued)

c) Financial assets at FVTPL (continued)

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

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

4.17.4 Impairment of financial assets

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

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

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

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

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

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

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

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.17 Financial instruments (continued)

4.17.4 Impairment of financial assets (continued)

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

4.17.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include due to banks, borrowings, trade payables, other payables and accruals.

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

a) Financial liabilities at amortized cost

Borrowings and due to banks

All borrowings and due to banks are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Murabaha finance payables represent amounts payable on a deferred settlement basis for assets purchased under murabaha arrangements. Murabaha finance payables are stated at the gross amount of the payable, net of deferred finance cost. Deferred finance cost is expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

Trade payables, other payables and accruals

Trade payables, other payables and accruals are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

4.18 Fair value of financial instruments

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 30.

4.19 Offsetting of financial instruments

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.20 Amortised cost of financial instruments

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

4.21 Inventories

Inventories are stated at the 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 cost formula. For other items of inventory, cost is calculated using the weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

4.22 Equity, reserves and dividend payments

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

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

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the Companies' law and the Parent Company's articles of association.

General reserve comprises appropriations of current and prior period profits.

Other components of equity include the following:

- Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign subsidiaries into Kuwait Dinars.
- Cumulative changes in fair value – comprises gains and losses relating to the investments at fair value through other comprehensive income.
- Treasury shares reserve – comprises cumulative gains, net of any losses, arising on sale of treasury shares

Retained earnings includes all current and prior period retained profits/(losses).

All transactions with owners of the Parent Company are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting.

4.23 Treasury shares

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.23 Treasury shares (continued)

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

4.24 Employees’ end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees’ final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees’ contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

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

4.25 Foreign currency translation

4.25.1 Functional and presentation currency

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency.

4.25.2 Foreign currency transactions and balances

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

4.25.3 Foreign operations

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

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

4.26 Provisions, contingent assets and contingent liabilities

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.26 Provisions, contingent assets and contingent liabilities (continued)

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

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

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

4.27 Related party transactions

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

4.28 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. Risks induced by climate changes include transition risks and physical risks due to weather related events (e.g. storms, wildfires, rising sea levels) or any other crisis. The Group has identified and assessed significant risks induced by climate changes that could negatively and materially affect the Group's consolidated financial statements. Management continuously assesses the impact of climate-related matters.

5 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the Group's consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses.

5.1 Significant management judgments

The following are the judgements made by management in applying the accounting policies of the Group that have the most significant effect on these consolidated financial statements.

5.1.1 Business model assessment

The Group classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in note 4.17). This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.1.2 Significant increase in credit risk

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

Notes to the consolidated financial statements (continued)

5 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

5.1 Significant management judgments (*continued*)

5.1.3 Judgements in determining the timing of satisfaction of performance obligations

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

5.1.4 Control assessment

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

5.1.5 Significant influence

Significant influence exists when the size of an entity's own voting rights relative to the size and dispersion of other vote holders, give the entity the practical ability unilaterally to direct the relevant activities of the company.

5.2 Estimates uncertainty

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

5.2.1 Contract revenue

Recognised amounts of service and related receivables reflect management's best estimate of each contract's outcome and stage of completion. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

5.2.2 Impairment of non-financial assets and goodwill

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

5.2.3 Impairment of associates and joint ventures

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in associates and joint ventures, at each reporting date based on existence of any objective evidence that the investment in the associate and joint venture is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and joint venture and its carrying value and recognises the amount in the consolidated statement of profit or loss.

5.2.4 Impairment of financial assets

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

Notes to the consolidated financial statements (continued)

5 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

5.2 *Estimates uncertainty (continued)*

5.2.4 *Impairment of financial assets (continued)*

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

5.2.5 *Useful lives of depreciable assets*

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

5.2.6 *Impairment of inventories*

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

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

5.2.7 *Fair value of financial instruments*

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

Notes to the consolidated financial statements (continued)

6 Interests in subsidiaries

6.1 Composition of the Group

Details of the Group's consolidated subsidiaries at the end of the reporting period are as follows:

<u>Name of the subsidiary</u>	<u>Country of incorporation and principal place of business</u>	<u>Principal activity</u>	<u>Ownership interests held by the Group at year end</u>	
			<u>31 Dec. 2025</u> %	<u>31 Dec. 2024</u> %
Gulf Cable and Multi Industries Company – JSC	Jordan	Manufacture and supply of electrical cables and holding investments.	94.5	94.5
Care for Buildings and Cities Cleaning Contracting Company – WLL	Kuwait	Cleaning services	100	100
Hawraa Regional General Trading & Contracting Co.- WLL ("Hawraa") – Under liquidation	Kuwait	General Trading & Contracting	97.3	97.3
Sofer Real Estate Co. – SPC	Kuwait	Sale and purchase of land and properties	100	100
Refrigerating and Air Conditioning Systems Company – WLL (a)	Kuwait	Maintenance services & contracting	100	100

- a) On 25 December 2024, the Group acquired 100% ownership of Refrigerating and Air Conditioning Systems Company ("RASCO") - WLL, thereby obtaining control. The effective date of acquisition was 25 December 2024. The acquisition had resulted in goodwill of KD2,717,210 (note 11).

6.2 Subsidiaries with material non-controlling interests

The Group does not have any subsidiaries with material non-controlling interests.

6.3 Unconsolidated structural entities

The Group has no interests in unconsolidated structured entities.

7 Profit for the year

Profit for the year is stated after charging the following expenses:

	<u>Year ended</u> <u>31 Dec.</u> <u>2025</u> KD	<u>Year ended</u> <u>31 Dec.</u> <u>2024</u> KD
Staff costs (a)	17,129,389	15,777,779
Depreciation and amortization (b)	1,961,047	1,825,445
Rent- operating leases	148,934	131,699

Notes to the consolidated financial statements (continued)

7 Profit for the year (continued)

a) Staff costs is allocated as follows:

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Cost of revenue	11,599,497	10,530,524
Expenses and other charges	5,529,892	5,247,255
	17,129,389	15,777,779

b) Depreciation and amortization are allocated as follows:

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Cost of revenue	1,452,641	1,500,511
Expenses and other charges	508,406	324,934
	1,961,047	1,825,445

8 Provision for taxation

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Taxation charged on overseas subsidiary	216,056	117,267
Provision for contributions to Kuwait Foundation for Advancement of Science	137,433	158,654
Provision for Zakat	151,082	164,416
Provision for National Labour Support Tax	381,897	413,849
	886,468	854,186

Notes to the consolidated financial statements (continued)

9 Net gain on financial assets and financial liabilities

Net gain on financial assets and financial liabilities, analysed by category, is as follows:

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Financial assets at amortised cost:		
- Interest income	39,384	142,568
- Provision reversal/(charge) for doubtful debts – net	1,184,364	(2,315,238)
Financial assets at FVTOCI:		
- Recognised in other comprehensive income	57,731,596	28,138,568
- Recognised in profit or loss as dividend income	7,274,200	11,451,222
Financial assets at FVTPL:		
- Gain from investments at fair value through profit or loss	5,822,495	157,553
- Recognised in profit or loss as dividend income	314,738	151,025
	72,366,777	37,725,698
Financial liabilities at amortised cost:		
- Finance costs – on borrowings	(1,617,674)	(1,508,772)
	70,749,103	36,216,926
Net gain recognised in the consolidated statement of profit or loss	13,017,507	8,078,358
Net gain recognised in the consolidated statement of profit or loss and other comprehensive income	57,731,596	28,138,568
	70,749,103	36,216,926

10 Basic and diluted earnings per share attributable to the owners of the Parent Company

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the owners of the Parent Company by weighted average number of shares outstanding during the year after excluding treasury shares as follows:

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
Profit for the year attributable to the owners of the Parent Company - KD	22,218,112	20,762,506
Weighted average number of shares outstanding during the year (excluding treasury shares)	207,885,753	208,188,906
Basic and diluted earnings per share attributable to the owners of the Parent Company	107 Fils	100 Fils

Notes to the consolidated financial statements (continued)

11 Goodwill and other intangible assets

	31 Dec. 2025 KD	31 Dec. 2024 KD
Other intangible assets (11.1)	1,350,449	1,470,000
Goodwill (11.2)	6,320,389	6,320,389
	7,670,838	7,790,389

11.1 Other intangible assets

Other intangible assets represent the right of use of industrial lands obtained from the Public Authority of Industry arising from a business acquisition (note 6.1). The acquisition date fair value of the right of use was determined based on an appraisal obtained from an independent valuer as part of the business combination. This right of use is amortized over a 20-year period.

11.2 Goodwill

The goodwill resulted from acquisitions of “Care for Buildings and Cities Cleaning Contracting Company – WLL” and “Refrigerating and Air Conditioning Systems Company – WLL”. Goodwill has been allocated to the entire related subsidiary (cash generating unit or “CGU”) for impairment testing.

Impairment testing

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the CGUs to which these items are allocated. The recoverable amount is determined based on higher of value-in-use calculations or fair value less cost to sell.

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

<i>Key assumption</i>	<i>Basis used to determine value to be assigned to key assumption</i>
Terminal growth rate	Anticipated terminal growth rate 2.6% (2024: 2.8%). Value assigned reflects past experience and changes in economic environment. Cash flows beyond the five-year period have been extrapolated using a terminal growth rate of 2.6% (2024: 2.8%).
Discount rate	Discount rates ranged 12.1% to 12.8% (2024: 12.5%). Discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

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

Notes to the consolidated financial statements (continued)

12 Property, plant and equipment

	Land KD	Buildings KD	Plant and machinery KD	Vehicles, furniture and equipment KD	Agriculture farm and related facilities KD	Assets under construction KD	Total KD
31 December 2025							
Cost							
At 1 January 2025	1,549,570	11,342,005	29,129,545	10,273,377	433,645	1,252,359	53,980,501
Additions	-	-	81,605	662,752	1,027	34,711	780,095
Transfers from assets under construction	-	102,638	1,174,605	240	-	(1,277,483)	-
Disposals	-	-	(107,317)	(556,702)	-	-	(664,019)
Foreign currency adjustment	(2,630)	(9,705)	(93,066)	(7,028)	(3,808)	(84)	(116,321)
At 31 December 2025	1,546,940	11,434,938	30,185,372	10,372,639	430,864	9,503	53,980,256
Accumulated depreciation							
At 1 January 2025	-	8,728,468	27,807,014	7,766,765	63,121	-	44,365,368
Charge for the year	-	320,418	283,929	999,082	10,283	-	1,613,712
Relating to disposals	-	-	(107,316)	(349,893)	-	-	(457,209)
Foreign currency adjustment	-	(7,739)	(92,783)	(6,779)	(789)	-	(108,090)
At 31 December 2025	-	9,041,147	27,890,844	8,409,175	72,615	-	45,413,781
Net book value							
At 31 December 2025	1,546,940	2,393,791	2,294,528	1,963,464	358,249	9,503	8,566,475

Notes to the consolidated financial statements (continued)

12 Property, plant and equipment (continued)

	Land KD	Buildings KD	Plant and machinery KD	Vehicles, furniture and equipment KD	Agriculture farm and related facilities KD	Assets under construction KD	Total KD
31 December 2024							
Cost							
At 1 January 2024	1,548,251	10,732,332	29,039,495	9,406,660	431,736	240,079	51,398,553
Additions	-	-	43,393	259,850	-	1,038,354	1,341,597
Arising on business combination	-	604,808	-	607,322	-	-	1,212,130
Transfers from assets under construction	-	-	-	26,172	-	(26,172)	-
Disposals	-	-	-	(29,880)	-	-	(29,880)
Foreign currency adjustment	1,319	4,865	46,657	3,253	1,909	98	58,101
At 31 December 2024	1,549,570	11,342,005	29,129,545	10,273,377	433,645	1,252,359	53,980,501
Accumulated depreciation							
At 1 January 2024	-	8,411,388	27,423,086	6,263,233	52,795	-	42,150,502
Related to business combination	-	22,701	-	561,379	-	-	584,080
Charge for the year	-	291,884	339,025	966,813	10,247	-	1,607,969
Relating to disposals	-	-	-	(27,502)	-	-	(27,502)
Foreign currency adjustment	-	2,495	44,903	2,842	79	-	50,319
At 31 December 2024	-	8,728,468	27,807,014	7,766,765	63,121	-	44,365,368
Net book value							
At 31 December 2024	1,549,570	2,613,537	1,322,531	2,506,612	370,524	1,252,359	9,615,133

12.1 Certain buildings with a carrying value of KD1,711,141 (2024: KD1,791,351) are constructed on lands leased from the Public Authority for Industry on long-term leases for periods of 5 years renewable for similar period.

12.2 Assets under construction represent the cost incurred on construction of plant, machinery and equipment. During the current and previous year, certain buildings, machinery and equipment, which were completed and ready for their intended use, were capitalized in the appropriate categories.

Notes to the consolidated financial statements (continued)

13 Investment in associates and joint venture

	31 Dec. 2025 KD	31 Dec. 2024 KD
Investment in associates (13.1)	115,685,600	88,113,502
Investment in joint venture (13.2)	2,618,339	2,600,264
	118,303,939	90,713,766

13.1 Investment in associates

13.1.1 Details of the Group's associates are as follows:

Name of the associate	Country of incorporation and principal place of business	Principal activity	Effective interest held by the Group at the year end	
			31 Dec. 2025	31 Dec. 2024
Team Holding Company – KSC (Closed) - (Unquoted)	Kuwait	Financing and investment	50.00%	50.00%
National Investment Company – KPSC (Quoted)	Kuwait	Financial services and investment	26.99%	26.98%
Heavy Engineering Industries and Shipbuilding Company – KPSC (Quoted)	Kuwait	Industrial	28.33%	28.33%
First Investment Company – KPSC (Quoted) - (a)	Kuwait	Financial services and investment	27.07%	-

a) During the year, Group acquired additional shares in First Investment Company KPSC (“First Investment”) through a series of transactions resulting in the Group obtaining significant influence by having power to participate in the financial and operating policy decisions of an investee, but not control or joint control over those policies in accordance with the requirements of IAS 28 – Investment in Associates and Joint Ventures. Consequently, the ownership previously classified under investments at fair value through other comprehensive income and investments at fair value through profit or loss were reclassified to investments in associates (note 14.5).

The cost of the investment of the associate and the resulting goodwill included within the carrying amount of the associate are summarised as follows:

	KD
Fair value of shares reclassified from investments at fair value through other comprehensive income	9,060,672
Fair value of shares reclassified from investments at fair value through profit or loss	7,356,390
	16,417,062
Less: proportionate ownership in the net assets as of acquisition date	(13,175,206)
Goodwill included in the carrying amount of the investment	3,241,856

The goodwill represents the excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the associate at the date significant influence was obtained. In accordance with IAS 28, the goodwill is not recognised separately and is not amortised but forms part of the carrying amount of the investment which is subsequently accounted for using the equity method.

Notes to the consolidated financial statements (continued)

13 Investment in associates and joint venture (continued)

13.1 Investment in associates (continued)

13.1.1 Details of the Group's associates are as follows: (continued)

Certain associates' shares with a carrying value of KD114,366,593(2024: KD86,869,786) are held in portfolios managed by related parties including one of the associates.

13.1.2 The movement in the carrying value of investment in associates during the year is as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
At the beginning of the year	88,113,502	80,509,610
Additions during the year	-	57,797
Gain on bargain purchase	-	240
Reclassified from investments at FVTOCI and investments at FVTPL (note 13.1.1)	16,417,062	-
Share of results for the year	8,443,743	5,939,039
Share of other comprehensive income	9,310,013	6,423,890
Share of other equity movements during the year	11,318	-
Dividends received	(6,610,038)	(4,817,074)
Balance as at 31 December	115,685,600	88,113,502

Notes to the consolidated financial statements (continued)

13 Investment in associates and joint venture (continued)

13.1 Investment in associates (continued)

13.1.3 Summarised financial information in respect of the Group's material associates is set out below. The summarised financial information below represents the amounts presented in the financial statements of the material associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate, if any. The summarised financial information of First Investment Company represents the associate's full year results, whereas the Group's share of results is recognised from the acquisition date.

	National Investment Company		Heavy Engineering Industries and Shipbuilding Company		First Investment Company		
	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD	
Summarised statement of financial position - 31 December							
Total assets	356,879,000	283,554,000	239,289,887	204,611,644	61,823,445	-	-
Total liabilities	(97,876,000)	(68,243,000)	(158,079,483)	(127,040,640)	(18,198,827)	-	-
Non-controlling interests	(19,327,000)	(17,907,000)	(5,562)	(5,375)	(48,773)	-	-
Equity attributable to the owners of the associate	239,676,000	197,404,000	81,204,842	77,565,629	43,575,845	-	-
Add back treasury shares	393,000	235,000	276	-	-	-	-
	240,069,000	197,639,000	81,205,118	77,565,629	43,575,845	-	-
Group's effective ownership interest	26.99%	26.98%	28.33%	28.33%	27.07%	-	-
Group's share of net assets of the associate	64,794,623	53,316,391	23,008,459	21,977,268	11,794,735	-	-
Goodwill	1,211,861	1,211,861	10,430,101	10,430,101	3,241,856	-	-
Other adjustments	(115,042)	(65,835)	-	-	-	-	-
Carrying value of Group's ownership interest	65,891,442	54,462,417	33,438,560	32,407,369	15,036,591	-	-
Fair value of the Group's interest in the quoted associates	64,932,945	54,397,467	43,511,002	42,796,032	14,968,498	-	-
Summarised statement of profit or loss – year ended 31 December							
Revenue for the year	46,844,000	31,296,000	205,787,988	163,147,421	860,604	-	-
Profit for the year	25,836,000	13,839,000	9,819,927	9,075,232	10,470,010	-	-
Total comprehensive income for the year	61,712,000	37,891,000	9,948,078	8,945,776	14,878,173	-	-
Dividends received from the associate during the year	4,730,215	3,225,146	1,787,424	1,532,078	-	-	-
Share of contingent liabilities	75,455	75,455	43,773,269	35,950,245	-	-	-

Notes to the consolidated financial statements (continued)

13 Investment in associates and joint venture (continued)

13.2 Investment in joint venture

This represents Group's 50% ownership in Gulf and Riyadh Electric Wires, Cables and Electronics Manufacturing Company – WLL (Kuwait) having a total share capital of KD5,000,000. The joint venture's main objective is manufacture of electric and electronic wires and cables. The joint venture is currently under construction phase and has not yet commenced operations. The movement in the carrying amount of the investment in the joint venture is as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
At the beginning of the year	2,600,264	2,525,210
Share of results for the year	18,075	75,054
	2,618,339	2,600,264

14 Investments at fair value through other comprehensive income

	31 Dec. 2025 KD	31 Dec. 2024 KD
Quoted securities	138,322,548	79,378,732
Unquoted securities	59,566,664	56,620,985
Managed portfolios and funds	6,298,053	5,822,098
	204,187,265	141,821,815

- 14.1 These investments are held in equity instruments for medium to long term strategic objectives. Accordingly, the management has chosen to identify these investments in equity instruments as investments at fair value through other comprehensive income where it is believed that the recognition of short-term fluctuations in the fair value of these investments in the consolidated statement of profit or loss will not be consistent with the Group's strategy to hold such investments for long-term purposes and realizing their performance potential in the long term.
- 14.2 The board of directors of the Parent Company in their meeting held on 10 October 2024 approved a non-binding offer submitted to Foulath Holding Co.- BSC (Bahrain) ("Foulath") regarding the acquisition of 100% of the shares of the Foulath by the buyer, offer is conditional upon the completion of due diligence after which a binding offer will be made with a final price. Currently, the Parent Company owns 10% shareholding in Foulath.
- 14.3 Certain investments with a carrying value of 141,627,570(2024: KD82,183,495) are held in portfolios and funds managed by related parties.
- 14.4 During the year the Group acquired additional quoted shares in an investment classified at fair value through other comprehensive income which increased the Group's ownership interest from 14.08% to 21.34% and amounted to KD6,723,211 as at 31 December 2025. In accordance with IAS 28 – Investment in Associates and Joint Ventures, management assessed whether it has the power to participate in the financial and operating policy decisions of the investee and concluded that the Group does not exercise significant influence, and therefore, the investment continues to classified as investment at fair value through other comprehensive income.

Notes to the consolidated financial statements (continued)

14 Investments at fair value through other comprehensive income (continued)

14.5 During the year, the Group acquired additional shares in First Investment Company – KPSC resulting into total ownership of 27.07%. Accordingly, the investment, which was classified under investments at fair value through other comprehensive income amounting to KD9,060,672, has been reclassified to investments in associates (Note 13.1.1).

15 Inventories

	31 Dec. 2025 KD	31 Dec. 2024 KD
Raw materials	7,918,799	15,061,886
Finished goods	15,122,991	16,983,425
Work-in-progress	5,393,449	8,699,914
Spare parts	3,036,596	3,006,806
Goods in transit	3,362,657	2,931,304
	34,834,492	46,683,335
Less: provision for slow-moving inventories	(1,346,738)	(1,188,994)
	33,487,754	45,494,341

16 Trade accounts receivable

	31 Dec. 2025 KD	31 Dec. 2024 KD
Trade accounts receivable	22,109,597	28,589,870
Less: provision for doubtful debts	(11,432,379)	(12,626,138)
	10,677,218	15,963,732

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

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

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

	Current KD	More than 30 Days KD	More than 90 Days KD	More than 180 Days KD	More than one year KD	Total KD
31 December 2025:						
Total carrying amount	3,958,072	4,405,086	499,152	365,865	12,881,422	22,109,597
Less: Provision for doubtful debts	(10,285)	(18,577)	(2,704)	(164,410)	(11,236,403)	(11,432,379)
Total trade accounts receivables	3,947,787	4,386,509	496,448	201,455	1,645,019	10,677,218

Notes to the consolidated financial statements (continued)

16 Trade accounts receivable (continued)

	Current KD	More than 30 Days KD	More than 90 Days KD	More than 180 Days KD	More than one year KD	Total KD
31 December 2024:						
Total carrying amount	4,373,527	5,190,591	307,256	335,411	18,383,085	28,589,870
Less: Provision for doubtful debts	(13,380)	(76,739)	(1,137)	(3,147)	(12,531,735)	(12,626,138)
Total trade accounts receivables	4,360,147	5,113,852	306,119	332,264	5,851,350	15,963,732

17 Cash and cash equivalents

	31 Dec. 2025 KD	31 Dec. 2024 KD
Cash in hand	27,650	175,585
Cash held in managed portfolios	130,606	687,392
Bank balances	3,630,960	6,493,734
Time deposits	1,270,000	384,190
Cash and cash equivalents for the purpose of consolidated statement of financial position	5,059,216	7,740,901
Less: due to banks	(983,462)	(697,782)
Time deposits with original maturity exceeding three months	(200,000)	(200,000)
Cash and cash equivalents for the purpose of consolidated statement of cash flows	3,875,754	6,843,119

Due to banks represent overdraft facilities carrying commercial interest rates and are payable on demand.

18 Share capital and share premium

As of 31 December 2025, authorized, issued and fully paid share capital in cash of the Parent Company comprised of 209,931,309 shares of 100 Fils each (31 December 2024: 209,931,309 shares of 100 Fils).

Share premium is not available for distribution.

19 Treasury shares

	31 Dec. 2025	31 Dec. 2024
Number of shares	2,095,349	1,912,211
Percentage of issued shares	1%	0.91%
Cost of treasury shares (KD)	2,599,824	2,244,008
Market value (KD)	4,375,089	3,269,881

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

Notes to the consolidated financial statements (continued)

20 Statutory, voluntary and general reserves

	31 Dec. 2025 KD	31 Dec. 2024 KD
Statutory reserve	20,993,131	20,993,131
Voluntary reserve	20,993,131	20,993,131
General reserve	36,623,157	34,303,805
	78,609,419	76,290,067

Statutory reserve

The Companies Law and the Parent Company's articles of association require that 10% of the profit for the year attributable to the owners of the Parent Company before KFAS, NLST, Zakat and directors' remuneration to be transferred to the statutory reserve. The shareholders of Parent Company may resolve to discontinue such annual transfer when the reserve totals 50% of the paid-up share capital. The shareholders of Parent Company approved to cease transfers to the statutory reserve in their Annual General Meeting held on 17 March 2013.

Distribution of statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

Voluntary and general reserves

According to the Parent Company's articles of association, 10% of the profit for the year attributable to the owners of the Parent Company before KFAS, NLST, Zakat and directors' remuneration is transferred to the voluntary reserve and general reserve at the discretion of the board of directors' subject to the approval of the general assembly. There are no restrictions on distribution of voluntary and general reserves.

The shareholder of parent company approved to cease transfers to the voluntary reserve in their Annual General Meeting held on 17 March 2013.

The board of directors proposed to transfer an amount of KD2,319,352(2024: KD2,180,442) to the general reserve.

No transfers to reserves are required in the year the Group has incurred a loss or where accumulated losses exist.

Notes to the consolidated financial statements (continued)

21 Other components of equity

	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Treasury shares reserve KD	Other reserves KD	Total KD
Balance at 1 January 2025	91,325,423	639,969	446,089	12,092	92,423,573
Group's share in associates' other comprehensive income/(loss)	9,339,180	(29,167)	-	-	9,310,013
Exchange differences arising on translation of foreign operations	-	(93,771)	-	-	(93,771)
Change in fair value of investments at FVTOCI	57,731,596	-	-	-	57,731,596
Other comprehensive income/(loss) for the year	67,070,776	(122,938)	-	-	66,947,838
Gain on disposal of investments at FVTOCI	(4,808,064)	-	-	-	(4,808,064)
Gain on sale of investments at FVTOCI by an associate	(224,209)	-	-	-	(224,209)
Net gain on disposal/sale of investments at FVTOCI	(5,032,273)	-	-	-	(5,032,273)
Balance at 31 December 2025	153,363,926	517,031	446,089	12,092	154,339,138
Balance at 1 January 2024	58,013,541	603,284	238,334	12,092	58,867,251
Gain on sale of treasury shares	-	-	207,755	-	207,755
Group's share in associates' other comprehensive income	6,418,861	5,029	-	-	6,423,890
Exchange differences arising on translation of foreign operations	-	31,656	-	-	31,656
Change in fair value of investments at FVTOCI	28,138,568	-	-	-	28,138,568
Other comprehensive income for the year	34,557,429	36,685	-	-	34,594,114
Net gain on sale of investments at FVTOCI by an associate	(1,245,547)	-	-	-	(1,245,547)
Balance at 31 December 2024	91,325,423	639,969	446,089	12,092	92,423,573

22 Borrowings

	31 Dec. 2025 KD	31 Dec. 2024 KD
Short term loans (22.1)	6,190,000	3,134,495
Long term loans (22.2)	14,604,000	22,963,000
Islamic financing (22.3)	7,000,000	2,000,000
	27,794,000	28,097,495
Due within one year	22,274,000	12,044,495
Due after one year	5,520,000	16,053,000
	27,794,000	28,097,495

Notes to the consolidated financial statements (continued)

22 Borrowings (continued)

22.1 Short-term loans:

- A short-term loan amounting to KD6,190,000 (31 December 2024: KD2,500,000) is repayable on 15 May 2026 and 1 September 2026.

22.2 Long term loans represent the following:

- A long-term loan amounting to KD7,500,000(31 December 2024: KD12,500,000) is repayable in 12 semi-annual instalments of KD2,500,000 each ending on 20 December 2027.
- A long-term loan amounting to KD3,544,000(31 December 2024: KD4,272,000) is repayable in 11 quarterly instalments of KD182,000 each with a balloon repayment amounting to KD2,998,000 on 31 December 2026.
- A long-term loan amounting to KD3,560,000(31 December 2024: KD4,280,000) is repayable in 11 quarterly instalments of KD180,000 each with a balloon repayment amounting to KD3,020,000 on 1 January 2027.
- Long-term loans amounting to KD Nil (31 December 2024: KD1,911,000) are repayable on 1 September 2026. During the year, the Group settled the outstanding balance.

22.3 Islamic financing:

- The Islamic financing amounting to KD7,000,000 (31 December 2024: KD2,000,000) represents Murabaha payables and matures on 6 June 2026.

The above loans denominated in Kuwaiti Dinar are unsecured and carry commercial interest rates.

23 Other payables and accruals

	31 Dec. 2025 KD	31 Dec. 2024 KD
Provision for Zakat and NLST	539,116	578,265
Provision for KFAS	137,433	158,654
Provision for Board of Directors' remuneration	305,000	305,000
Due to a related party - joint venture (note 26)	1,961,135	1,965,278
Uncollected dividends	2,207,542	2,601,835
Accrued staff dues	4,417,005	3,720,367
Payable towards acquisition of investments	-	4,550,000
Other liabilities	3,449,986	1,800,169
	13,017,217	15,679,568
Less: current portion	(12,873,775)	(15,652,005)
Non-current portion	143,442	27,563

Notes to the consolidated financial statements (continued)

24 General assembly of shareholders and dividends distribution

The board of directors of the Parent Company proposed to distribute cash dividend of 70% equivalent to 70 Fils per share to the shareholders, and an amount of KD305,000 as remuneration to the Parent Company's Board of Directors for the year ended 31 December 2025.

The Annual General Assembly of the shareholders held on 18 May 2025 approved the consolidated financial statements of the Group for the year ended 31 December 2024 and cash dividend of 70% (2023: 65%) equivalent to 70 Fils (2023: 65 Fils) per share of the paid-up share capital.

Further, the shareholders approved the board of directors' remuneration of KD305,000 for the year ended 31 December 2024 (2023: KD305,000).

25 Segmental information

The Group activities are concentrated in three main segments: cable manufacture, investment and services and contracting works. The segments' results are reported to the senior management in the Group. In addition, the segments results, assets and liabilities are reported based on the geographic locations which the Group operates in.

Geographical information of revenue:

	Kuwait KD	Middle East KD	Total KD
31 December 2025			
Total revenue	80,400,815	37,070,967	117,471,782
31 December 2024			
Total revenue	80,978,200	42,168,351	123,146,551

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

	Cable manufacture KD	Investment KD	Services and contracting works KD	Total KD
31 December 2025:				
Total revenue	84,356,706	21,831,389	11,283,687	117,471,782
Segment profit/(loss)	4,206,070	19,612,159	(372,099)	23,446,130
Unallocated expenses				(1,191,468)
Profit for the year				22,254,662
Additions to property, plant and equipment	734,672	-	45,423	780,095
Depreciation and amortization	(1,179,766)	-	(781,281)	(1,961,047)
Finance costs	(4,420)	(1,434,256)	(178,998)	(1,617,674)
Dividend income	-	7,588,938	-	7,588,938
Total assets	52,117,127	328,976,188	16,096,451	397,189,766
Total liabilities	(16,955,657)	(28,215,161)	(5,760,046)	(50,930,864)
Net assets	35,161,470	300,761,027	10,336,405	346,258,902

Notes to the consolidated financial statements (continued)

25 Segmental information (continued)

	Cable manufacture KD	Investment KD	Services and contracting works KD	Total KD
31 December 2024:				
Total revenue	97,959,166	17,881,274	7,306,111	123,146,551
Segment profit/(loss)	6,247,675	15,950,388	(252,456)	21,945,607
Unallocated expenses				(1,159,186)
Profit for the year				20,786,421
Additions to property, plant and equipment	1,219,085	-	122,512	1,341,597
Depreciation	(1,228,958)	-	(596,487)	(1,825,445)
Finance costs	(8,263)	(1,273,675)	(226,834)	(1,508,772)
Dividend income	-	11,602,247	-	11,602,247
Total assets	73,998,160	237,058,098	15,061,914	326,118,172
Total liabilities	(22,932,382)	(25,937,038)	(5,291,854)	(54,161,274)
Net assets	51,065,778	211,121,060	9,770,060	271,956,898

26 Related party balances and transactions

Related parties represent subsidiaries, associates, joint venture, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note. Details of balances and transactions between the Group and its other related parties are disclosed below.

	31 Dec. 2025 KD	31 Dec. 2024 KD
Balances included in consolidated statement of financial position		
Trade accounts receivable	187,549	-
Due to a related party (joint venture) – included within other payables and accruals (note 23)	1,961,135	1,965,278
Trade accounts payable	13,975	108,875
Purchase of property, plant and equipment	551,811	-

Notes to the consolidated financial statements (continued)

26 Related party balances and transactions (continued)

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Amounts included in consolidated statement of profit or loss		
Sales and contracting revenue	363,539	54,761
Expenses	(591,530)	(398,343)
Gain on sale of property, plant and equipment (*)	3,732	-
<hr/>		
Key management compensation:		
Salaries and other short-term benefits	669,257	598,114
End of service benefits	42,682	46,890
Provision for directors' remuneration	228,750	305,000
	<hr/>	<hr/>
	940,689	950,004

(*) During the year, the Group disposed of vehicles to a related party with a net book value of KD188,018 for total consideration of KD191,750, resulting in a gain of KD3,732 recognized in the consolidated statement of profit or loss.

27 Capital commitments and contingent liabilities

Capital commitments at 31 December 2025 in respect of contracted capital expenditure amounted to KD34,745(31 December 2024: KD20,280).

Contingent liabilities at 31 December 2025 in respect of outstanding letters of guarantee amounted to KD13,111,281(31 December 2024: KD13,010,189).

28 Risk management objectives and policies

The Group's activities expose it to variety of financial risks: market risk (including currency risk, interest and profit rate risk and price risk), credit risk and liquidity risk.

The Parent Company's board of directors is ultimately responsible for the overall risk management and for approving risk strategies and principles. The Group's risk management focuses on actively securing the Group's short to medium term cash flows by minimizing the potential adverse effects on the Group's financial performance. Long term financial investments are managed to generate lasting returns.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

28.1 Market risk

a) Foreign currency risk

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

Notes to the consolidated financial statements (continued)

28 Risk management objectives and policies (continued)

28.1 Market risk (continued)

a) Foreign currency risk (continued)

The Group mainly operates in the Middle East and is exposed to foreign currency arising primarily from US Dollar. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

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

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

	31 Dec. 2025 KD	31 Dec. 2024 KD
US Dollar	5,706,224	6,457,486

The foreign currency sensitivity is determined based on 2% (31 December 2024: 2%) increase or decrease in exchange rate. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

If the Kuwaiti Dinar had strengthened against the foreign currencies assuming the above sensitivity, then this would have the following impact on the profit for the year. There is no direct impact on the Group's equity.

	<u>Profit for the year</u>	
	31 Dec. 2025 KD	31 Dec. 2024 KD
US Dollar	(114,124)	(129,150)

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

b) Interest and profit rate risk

Interest and profit rate risk arises from the possibility that changes in interest and profit rates will affect future profitability or the fair values of financial instruments. The Group has no significant interest-bearing assets and liabilities other than bank balances, loans and Islamic financing which are at floating interest rate. The risk is managed by the Group by maintaining an appropriate floating rate borrowings. The board monitors the interest rate risk by setting limits.

Positions are monitored on a regular basis and hedging strategies are used, if required, to ensure positions are maintained within established limits.

Notes to the consolidated financial statements (continued)

28 Risk management objectives and policies (continued)

28.1 Market risk (continued)

b) Interest and profit rate risk (continued)

The following table illustrates the sensitivity of the profit for the year to a reasonably possible change in interest rates of +1% and –1% (31 December 2024: +1% and –1%) with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market condition.

The calculations are based on the Group’s financial instruments held at each reporting date. All other variables are held constant. There is no direct impact on the Group’s equity:

	31 Dec. 2025		31 Dec. 2024	
	+1% KD	-1% KD	+1% KD	-1% KD
Profit for the year	(260,986)	260,986	(275,111)	275,111

There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

c) Price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is exposed to equity price risk with respect to its listed equity investments. Equity investments are classified either as “investments at fair value through profit or loss” or “investments at fair value through other comprehensive income”.

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

The equity price risk sensitivity is determined on the exposure to equity price risks at the reporting date. If equity prices had been 5% higher/lower, the effect on the profit for the year and other comprehensive income for the year ended 31 December would have been as follows:

A positive number below indicates an increase profit and other comprehensive income where the equity prices increase by 5%. All other variables are held constant.

	Profit for the year		Other comprehensive income	
	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD
Investments at fair value through profit or loss	315,903	189,940	-	-
Investments at fair value through other comprehensive income	-	-	6,916,127	3,968,937
	315,903	189,940	6,916,127	3,968,937

If there was a negative change in equity prices in accordance with the above-mentioned equity price risk sensitivity assumptions (5%), there would be an equal and opposite impact on the profit and other comprehensive income for the year, and the balances shown above would be negative.

Notes to the consolidated financial statements (continued)

28 Risk management objectives and policies (continued)

28.2 Credit risk

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

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

	31 Dec. 2025 KD	31 Dec. 2024 KD
Investments at fair value through other comprehensive income	204,187,265	141,821,815
Investments at fair value through profit or loss	6,318,061	3,798,808
Trade accounts receivable	10,677,218	15,963,732
Other financial assets	1,057,582	846,326
Cash and cash equivalents (note 17)	5,031,566	7,565,316
	227,271,692	169,995,997

Bank balances are maintained with high credit quality financial institutions. Trade accounts receivable were presented after deducting provision for doubtful debts. Management believes the net balances are neither past due nor impaired.

28.3 Liquidity risk

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

The Group's contractual maturity profile of liabilities based on discounted cash flows is as follows:

	Up to 1 month KD	1-3 months KD	3-12 months KD	Over 1 year KD	Total KD
31 December 2025:					
Liabilities					
Provision for employees' end of service benefits	-	-	-	5,950,218	5,950,218
Trade accounts payable	-	3,164,742	-	-	3,164,742
Other payables and accruals	1,637,025	2,410,923	8,825,827	143,442	13,017,217
Lease liabilities	-	11,497	-	11,200	22,697
Borrowings	4,819,889	8,056,478	10,030,137	5,609,476	28,515,980
Due to banks	983,462	-	-	-	983,462
	7,440,376	13,643,640	18,855,964	11,714,336	51,654,316

Notes to the consolidated financial statements (continued)

28 Risk management objectives and policies (continued)

28.3 Liquidity risk (continued)

	Up to 1 month KD	1-3 months KD	3-12 months KD	Over 1 year KD	Total KD
31 December 2024:					
Liabilities					
Provision for employees' end of service benefits	-	-	-	5,609,216	5,609,216
Trade accounts payable	-	3,785,272	-	-	3,785,272
Other payables and accruals	4,863,786	2,627,322	8,160,897	27,563	15,679,568
Lease liabilities	-	270,009	-	26,711	296,720
Borrowings	47,832	5,295,567	7,794,251	16,798,905	29,936,555
Due to banks	697,782	-	-	-	697,782
	5,609,400	11,978,170	15,955,148	22,462,395	56,005,113

29 Fair value measurement

29.1 Fair value hierarchy

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

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

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

29.2 Fair value measurement of financial instruments

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

	31 Dec 2025 KD	31 Dec 2024 KD
Financial assets:		
At amortised cost:		
- Trade accounts receivable	10,677,218	15,963,732
- Other financial assets	1,057,582	846,326
- Cash and cash equivalents	5,059,216	7,740,901
At fair value:		
- Investments at FVTPL	6,318,061	3,798,808
- Investments at FVTOCI	204,187,265	141,821,815
	227,299,342	170,171,582

Notes to the consolidated financial statements (continued)

29 Fair value measurement (continued)

29.2 Fair value measurement of financial instruments (continued)

	31 Dec 2025 KD	31 Dec 2024 KD
Financial liabilities:		
At amortised cost:		
- Trade accounts payable	3,164,742	3,785,272
- Other payables and accruals	12,970,999	15,624,127
- Borrowings	27,794,000	28,097,495
- Due to banks	983,462	697,782
	44,913,203	48,204,676

Management considers that the carrying amounts of financial assets and all financial liabilities, which are stated at amortized cost, approximate their fair values.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value on a recurring basis in the consolidated financial position are grouped into the fair value hierarchy as follows:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2025				
Investments at FVTPL:				
Quoted equity securities	6,318,061	-	-	6,318,061
Investments at FVTOCI:				
Quoted equity securities	138,322,548	-	-	138,322,548
Unquoted equity securities	-	4,577,683	54,988,981	59,566,664
Managed portfolios and funds	-	6,298,053	-	6,298,053
	144,640,609	10,875,736	54,988,981	210,505,326
31 December 2024				
Investments at FVTPL:				
Quoted equity securities	3,798,808	-	-	3,798,808
Investments at FVTOCI:				
Quoted equity securities	79,378,732	-	-	79,378,732
Unquoted equity securities	-	3,155,162	53,465,823	56,620,985
Managed portfolios and funds	-	5,822,098	-	5,822,098
	83,177,540	8,977,260	53,465,823	145,620,623

There have been no transfers between levels 1 and 2 during the reporting period.

Notes to the consolidated financial statements (continued)

29 Fair value measurement (continued)

29.2 Fair value measurement of financial instruments (continued)

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged.

a) Quoted securities

The underlying quoted investments in the managed portfolios primarily comprise of local and foreign quoted securities whose fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Unquoted securities

Unlisted securities are measured at fair value estimated using adjusted net book value and other valuation techniques which include some assumptions that are not supportable by observable market prices or rates.

c) Investment in managed portfolios and funds

Investment funds managed by others mainly comprise of unquoted units and the fair value of these units has been determined based on net assets values reported by the fund manager as of the reporting date.

Level 3 fair value measurements

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

The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Opening balance	53,465,823	51,056,987
Change in fair value	1,523,158	2,408,836
Closing balance	54,988,981	53,465,823

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The fair value of financial instruments that are not traded in an active market (e.g unquoted securities) is determined by using valuation techniques. Fair value for the unquoted securities investments are approximately the summation of the estimated value of underlying investments as if realised on the reporting date.

The investment managers and Group's finance team in determining the fair value of these investments use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. In determining fair value, techniques such as recent transactions prices and adjusted net book value have been used.

The impact on consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

Notes to the consolidated financial statements (continued)

30 Capital management objectives

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide adequate return to its shareholders through the optimization of the capital structure.

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 sell assets to reduce debt.

The capital structure of the Group consists of the following:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Borrowings	27,794,000	28,097,495
Less: Cash and cash equivalents (note 17)	(3,875,754)	(6,843,119)
Net debt	23,918,246	21,254,376
Total equity	346,258,902	271,956,898

The Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total equity as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Net debt	23,918,246	21,254,376
Total equity	346,258,902	271,956,898
Gearing ratio	7%	8%

31 Events after the reporting date

Subsequent to the reporting date, geopolitical developments in the Middle East resulted in increased uncertainty and market volatility in global and regional markets. These events are considered non-adjusting as they do not relate to conditions existing at the reporting date.

Based on information available up to the date of the issuance of these consolidated financial statements, the Group's operations continue uninterrupted and management has not identified any material financial impact on the Group's financial statements. However, the situation remains evolving and the Group continues to monitor the situation.

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