



Date: 16/02/2026
Ref no. JTC/Disclosure/2026/03

التاريخ: 2026/02/16
مرجع رقم JTC/Disclosure/2026/03

Messrs.: Bursa Kuwait Company
Messrs.: Capital Markets Authority
Greetings,,,

السادة/ شركة بورصة الكويت
عناية السادة/ هيئة أسواق المال
تحية طيبة و بعد،،،

Subject: Results of the Board of Director meeting and approval of the consolidated financial statement of the financial year ended on 31 December 2025

الموضوع: نتائج اجتماع مجلس الإدارة واعتماد البيانات المالية السنوية عن الفترة المنتهية في 31 ديسمبر 2025

Reference to the subject matter above, and pursuant to the provisions of article 4-1-1 of chapter 4 of Module 10 (Disclosure & Transparency) of the Executive Summary of the Law no. (7) of 2010 and its Amendments.

بالإشارة إلى الموضوع أعلاه، وإلى المادة (4-1-1) من الفصل الرابع من الكتاب العاشر (الإفصاح والشفافية) من اللائحة التنفيذية للقانون رقم 7 لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاته.

We are pleased to notify you that the Board of Directors met on Monday 16th of February 2026 at 2:00 PM and approved the consolidated financial statements for the fiscal year ending on 31/12/2025, and approved other items as per mentioned in the attached disclosure Form.

نفيدكم علماً بأن مجلس الإدارة قد اجتمع في يوم الاثنين الموافق 2026/02/16 في تمام الساعة الثانية مساءً واعتمد البيانات المالية السنوية المجمعة للشركة عن السنة المالية المنتهية في 2025/12/31، وأعتمد بنود أخرى كما هو موضح بنموذج الإفصاح المرفق.

Attachments:

- Material Information Disclosure Form
- Financial statement format
- Financial statement
- External Auditor's report

- المرفقات:
- نموذج الإفصاح عن المعلومات الجوهرية
 - نموذج نتائج البيانات المالية
 - البيانات المالية
 - تقرير مراقب الحسابات الخارجي

Sheikh \ Sabah Mohamad Al Sabah
Vice Chairman

الشيخ/ صباح محمد الصباح
نائب رئيس مجلس الإدارة



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Paid-up Capital K.D. 15,000,000 - C.R. 23954

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نموذج الإفصاح عن المعلومات الجوهرية
Material Information Disclosure

Date	16/02/2026	2026/02/16	التاريخ
Name of Listed Company	JTC Logistics Transportation and Stevedoring Co.	شركة جي تي سي لوجستيك للنقل والمناولة	اسم الشركة المدرجة
Material Information		المعلومة الجوهرية	
JTC Logistics Transportation and Stevedoring Company hereby announces that the Board of Directors has held its meeting on 16/02/2026 at 2:00 PM and approved the following items:		تعلم شركة جي تي سي لوجستيك للنقل والمناولة بأن مجلس الإدارة قد اجتمع في يوم الاثنين الموافق 2026/02/16 في تمام الساعة الثانية مساءً وقد اعتمد البنود التالية :	
1- Approved the consolidated financial statement of the financial year ended on 31/12/2025.		1. اعتماد البيانات المالية السنوية المجمعة للسنة المالية المنتهية في 2025/12/31.	
2- Approval of the recommendation to the Annual General Assembly to distribute cash dividends for the Year 2025.		2. اعتماد التوصية للجمعية العمومية بتوزيع الأرباح النقدية المحققة خلال العام 2025.	
3- Invitation to convene the Annual General Assembly meeting.		3. دعوة الجمعية العمومية السنوية للإجتماع.	
4- Approval of the recommendation to the Extraordinary General Assembly to approve the proposal to increase the Company's authorized capital to 200 million shares, with a nominal value of 100 fils per share, amounting to KWD 20,000,000 (Twenty Million Kuwaiti Dinars).		4. اعتماد التوصية للجمعية العمومية غير العادية بالموافقة على مقترح زيادة رأس مال الشركة المصرح به إلى 200 مليون سهم بقيمة اسمية 100 فلس للسهم الواحد ، بواقع (20,000,000 د.ك) عشرون مليون دينار كويتي.	
5- Approval of the recommendation to the Annual General Assembly to distribute bonus shares at a rate of 10% (one fully paid share with a nominal value of 100 fils for every ten shares held), through the capitalization of KWD 1,500,000 (One Million Five Hundred Thousand Kuwaiti Dinars) from retained earnings, such that the total paid-up capital becomes KWD 16,500,000 (Sixteen Million Five Hundred Thousand Kuwaiti Dinars).		5. اعتماد التوصية للجمعية العمومية بتوزيع أسهم منحة بنسبة 10% (عدد واحد سهم مدفوع بالكامل بقيمة اسمية 100 فلس لكل عشرة أسهم مملوكة)، وذلك من خلال رسملة 1,500,000 د.ك (مليون وخمسمائة ألف مليون دينار كويتي) من الأرباح المرحلة، بحيث يصبح إجمالي رأس المال المدفوع 16,500,000 د.ك (ستة عشر مليون وخمسمائة ألف دينار كويتي).	
6- Invitation to convene the Extraordinary General Assembly to approve the increase of the Company's capital and the corresponding amendment to the Memorandum of Association and Articles of Association. The dates of the Annual and Extraordinary General Assembly meetings will be announced later once determined.		6. دعوة الجمعية العمومية غير العادية للإجتماع للموافقة على زيادة رأس مال الشركة وتعديل عقد التأسيس والنظام الأساسي بناءً على ذلك وسوف يتم الإعلان عن موعد انعقاد الجمعية العمومية العادية وغير العادية عندما يتحدد في وقت لاحق.	

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Attached herewith are the annual financial statements, financial statement format and the external auditor's report.	مرفق طيه نسخة من البيانات المالية والنموذج الخاص بالبيانات المالية ونسخة من تقرير مراقب الحسابات الخارجي.
Impact of the material information on the company's financial position	أثر المعلومة الجوهرية (إن وجد) على المركز المالي للشركة
There is no financial impact	لا يوجد أثر مالي
The issuer of this disclosure bears full responsibility for the accuracy, precision, and completeness of the information contained therein. and acknowledges that it has assumed care of a prudent person to avoid any misleading, incorrect, or incomplete information, without any liability for the Capital Markets Authority and the Kuwait Stock Exchange regarding the contents of this disclosure. This disclaimer also absolves them from any responsibility for any damages that may occur to any individual as a result of the publication of this disclosure or its publication through their electronic systems or website, or as a result of using this disclosure in any other manner	يتحمل من أصدر هذا الإفصاح كامل المسؤولية عن صحة المعلومات الواردة فيه ودقتها واكتمالها، ويقر بأنه بذل عناية الشخص الحريص في تجنب أية معلومات مضللة أو خاطئة أو ناقصة، وذلك دون أدنى مسؤولية على كل من هيئة أسواق المال وبورصة الكويت للأوراق المالية بشأن محتويات هذا الإفصاح، وبما ينفي عنهما المسؤولية عن أية أضرار قد تلحق بأي شخص جراء نشر هذا الإفصاح أو السماح بنشره عن طريق أنظمتها الإلكترونية أو موقعها الإلكتروني، أو نتيجة استخدام هذا الإفصاح بأي طريقة أخرى

Authorized Signatory
Sheikh \ Sabah Mohamad Al Sabah
Vice Chairman

المفوض بالتوقيع
الشيخ / صباح محمد الصباح
نائب رئيس مجلس الإدارة



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Financial Results Form
Kuwaiti Company (KWD)

نموذج نتائج البيانات المالية
للشركات الكويتية (د.ك.)

Company Name	اسم الشركة
JTC Logistics Transportation & Stevedoring Company K.S.C.P.	شركة جي تي سي لجستيك للنقلات والمناولة ش.م.ك.ع

Select from the list	2025-12-31	اختر من القائمة
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Board of Directors Meeting Date	2026-02-16	تاريخ اجتماع مجلس الإدارة
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Required Documents	المستندات الواجب إرفاقها بالنموذج
Approved financial statements. Approved auditor's report This form shall not be deemed to be complete unless the documents mentioned above are provided	نسخة من البيانات المالية المعتمدة نسخة من تقرير مراقب الحسابات المعتمد لا يعتبر هذا النموذج مكتملاً ما لم يتم وإرفاق هذه المستندات

التغيير (%)	السنة المقارنة	السنة الحالية	البيان
Change (%)	Comparative Year	Current Year	Statement
	2024-12-31	2025-12-31	
12.3%	6,639,255	7,452,667	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
12.3%	44.26	49.68	ربحية (خسارة) السهم الأساسية والمخففة Basic & Diluted Earnings per Share
4.7%	17,908,723	18,750,323	الموجودات المتداولة Current Assets
5.4%	75,332,336	79,410,965	إجمالي الموجودات Total Assets
6.4%	9,093,106	9,676,800	المطلوبات المتداولة Current Liabilities
-0.4%	19,692,789	19,617,770	إجمالي المطلوبات Total Liabilities
7.5%	55,639,547	59,793,195	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
14.0%	28,508,613	32,500,617	إجمالي الإيرادات التشغيلية Total Operating Revenue
6.4%	7,554,834	8,038,317	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)
لا ينطبق Not applicable	لا توجد خسائر متراكمة No accumulated losses	لا توجد خسائر متراكمة No accumulated losses	الخسائر المتراكمة / رأس المال المدفوع Accumulated Loss / Paid-Up Share Capital

البيان	الربع الرابع الحالي	الربع الرابع المقارن	التغيير (%)
Statement	Fourth quarter Current Year	Fourth quarter Comparative Year	Change (%)
	2025-12-31	2024-12-31	
صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company	2,233,161	1,458,845	53.1%
ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share	14.89	9.73	53.1%
إجمالي الإيرادات التشغيلية Total Operating Revenue	8,553,531	7,538,294	13.5%
صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)	2,373,426	1,802,653	31.7%

• Not Applicable for first Quarter

• لا ينطبق على الربع الأول

سبب ارتفاع/انخفاض صافي الربح (الخسارة)	Increase/Decrease in Net Profit (Loss) is due to
زيادة صافي الربح نتيجة زيادة الإيرادات التشغيلية	Increase in net profit due to higher operating revenue.

بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	143,185	Total Revenue realized from dealing with related parties (value, KWD)
بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	(591,614)	Total Expenditures incurred from dealing with related parties (value, KWD)

Auditor Opinion		رأي مراقب الحسابات
1.	Unqualified Opinion	☒ رأي غير متحفظ
2.	Qualified Opinion	☐ رأي متحفظ
3.	Disclaimer of Opinion	☐ عدم إبداء الرأي
4.	Adverse Opinion	☐ رأي معاكس

In the event of selecting item No. 2, 3 or 4, the following table must be filled out, and this form is not considered complete unless it is filled.

بحال اختيار بند رقم 2 أو 3 أو 4 يجب تعبئة الجدول التالي، ولا يعتبر هذا النموذج مكتملاً ما لم يتم تعبئته

	نص رأي مراقب الحسابات كما ورد في التقرير
	شرح تفصيلي بالحالة التي استندت مراقب الحسابات لإبداء الرأي
	الخطوات التي ستقوم بها الشركة لمعالجة ما ورد في رأي مراقب الحسابات
	الجدول الزمني لتنفيذ الخطوات لمعالجة ما ورد في رأي مراقب الحسابات

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Corporate Actions		استحقاقات الأسهم (الإجراءات المؤسسية)
النسبة	القيمة	
28%	28 فلس للسهم الواحد 28 fils per share	توزيعات نقدية Cash Dividends
10%	سهم لكل (10) أسهم بإجمالي 15 مليون سهم 1 share for every 10 shares 15 million shares in total	توزيعات أسهم منحة Bonus Share
لا ينطبق Not applicable	لا ينطبق Not applicable	توزيعات أخرى Other Dividend
لا ينطبق Not applicable	لا ينطبق Not applicable	عدم توزيع أرباح No Dividends
	علاوة الإصدار Issue Premium	زيادة رأس المال Capital Increase
لا ينطبق Not applicable	لا ينطبق Not applicable	تخفيض رأس المال Capital Decrease

ختم الشركة Company Seal	التوقيع Signature	المسمى الوظيفي Title	الاسم Name
		نائب رئيس مجلس الإدارة	الشيخ / صباح محمد الصباح

**JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P
AND ITS SUBSIDIARIES
STATE OF KUWAIT
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH
INDEPENDENT AUDITOR'S REPORT**

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P
AND ITS SUBSIDIARIES
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH
INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
JTC Logistics Transportation & Stevedoring Company. K.S.C.P.
State of Kuwait

Report on the Audit of the Consolidated Financial Statements**Opinion**

We have audited the consolidated financial statements of JTC Logistics Transportation & Stevedoring Company. K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, "the Group"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the financial year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies information.

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

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 Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of consolidated of consolidated financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, are of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have identified the following key audit matter to be communicated in our report.

Valuation of investment properties

Investment properties as at December 31, 2025 amounting to KD 12,114,340 (2024: KD 11,922,000) represent a significant part of the Group's total assets. The valuation of investment properties is a key audit matter because it contains significant judgments and assumptions that are highly reliant on estimates. The Group's policy is to evaluate investment properties at least once a year through licensed external valuers. These assessments are based on assumptions such as market knowledge, developer risks and historical transactions. For the purpose of estimating the fair value of investment properties, valuers had used valuation techniques of sales comparison, taking into consideration the nature and use of investment properties. We have reviewed the valuation reports issued by the licensed external valuers, such as reviewing appropriateness of the valuation model used and reasonableness of the key assumptions applied and have focused on the adequacy of disclosures of investment properties as provided in (Note 2.i) and Note 8 in the accompanying consolidated financial statements.

Other information included in the Annual Report of the Group for the year ended December 31, 2025

Management is responsible for the other information. Other information consists of the information included in the Group's 2025 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

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

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

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 IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

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 group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate 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.

Among 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 considered as a key audit matter. We disclosed these matters in our auditor's report unless laws or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

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

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

State of Kuwait
February 16, 2026



Nayef M. Al Bazie
Licence No. 91-A
RSM Albazie & Co.



JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Current assets:			
Cash and cash equivalents	3	5,373,010	6,280,374
Accounts receivable and other debit balances	4	11,705,842	9,975,154
Inventories	5	1,490,149	1,466,940
Financial assets at fair value through other comprehensive income ("FVOCI")	27	181,322	186,255
Total current assets		18,750,323	17,908,723
Non-current assets:			
Property and equipment	6	47,601,906	44,316,478
Right-of-use assets	7	944,396	1,185,135
Investment properties	8	12,114,340	11,922,000
Total non-current assets		60,660,642	57,423,613
Total assets		79,410,965	75,332,336
<u>LIABILITIES AND EQUITY</u>			
Current liabilities:			
Loans and borrowings	9	1,770,000	1,370,000
Accounts payable and other credit balances	10	7,306,765	7,087,996
Lease liabilities	11	600,035	635,110
Total current liabilities		9,676,800	9,093,106
Non-current liabilities:			
Loans and borrowings	9	7,377,816	7,940,030
Lease liabilities	11	346,484	561,091
Provision for end of service indemnity	12	2,216,670	2,098,562
Total non-current liabilities		9,940,970	10,599,683
Total liabilities		19,617,770	19,692,789
Equity:			
Share capital	13	15,000,000	15,000,000
Statutory reserve	14	7,500,000	8,170,653
Revaluation surplus	6 (c)	9,788,819	9,187,409
Fair value reserve		74,642	79,575
Foreign currency translation reserve		(7,986)	(12,490)
Retained earnings		27,437,720	23,214,400
Total equity		59,793,195	55,639,547
Total liabilities and equity		79,410,965	75,332,336

The accompanying notes from (1) to (28) form an integral part of the consolidated financial statements.



Sheikh Sabah Mohammad Abdulaziz Al
Sabah
Vice Chairman

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

	Note	2025	2024
Operating revenue	16	32,500,617	28,508,613
Operating costs	17	(21,023,718)	(19,357,320)
Gross profit		11,476,899	9,151,293
Changes in fair value of investment properties	8 (a)	192,340	562,032
General and administrative expenses	18	(3,895,885)	(2,846,773)
Allowance for expected credit losses (charge) no longer required	4 (b)	(97,123)	272,940
Provision for legal case	24	-	(514,991)
Finance charges		(457,644)	(427,446)
Other income	19	362,086	930,333
Profit for the year before contribution to Kuwait Foundation for Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration		7,580,673	7,127,388
Contribution to KFAS	20	(82,006)	(62,962)
NLST	20	-	(274,408)
Zakat	20	-	(109,763)
Board of Directors' remuneration	23	(46,000)	(41,000)
Profit for the year		7,452,667	6,639,255
		Fils	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	21	49.68	44.26

The accompanying notes from (1) to (28) form an integral part of the consolidated financial statements.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

	Note	2025	2024
Profit for the year		<u>7,452,667</u>	<u>6,639,255</u>
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Exchange differences on translating foreign operations		4,504	(1,148)
<u>Item that will not be reclassified subsequently to profit or loss</u>			
Revaluation of leasehold land	6 (c)	601,410	302,218
Changes in fair value of financial assets at FVOCI		<u>(4,933)</u>	<u>1,689</u>
Other comprehensive income for the year		600,981	302,759
Total comprehensive income for the year		<u>8,053,648</u>	<u>6,942,014</u>

The accompanying notes from (1) to (28) form an integral part of the consolidated financial statements.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

	Share capital	Statutory reserve	Revaluation surplus	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity
Balance as at December 31, 2023	15,000,000	7,457,914	8,885,191	77,886	(11,342)	20,587,884	51,997,533
Total comprehensive income (loss) for the year	-	-	302,218	1,689	(1,148)	6,639,255	6,942,014
Transfer to statutory reserve	-	712,739	-	-	-	(712,739)	-
Cash dividends (Note 23)	-	-	-	-	-	(3,300,000)	(3,300,000)
Balance as at December 31, 2024	15,000,000	8,170,653	9,187,409	79,575	(12,490)	23,214,400	55,639,547
Total comprehensive income (loss) for the year	-	-	601,410	(4,933)	4,504	7,452,667	8,053,648
Transfer from statutory reserve to retained earnings (Note 14)	-	(670,653)	-	-	-	670,653	-
Cash dividends (Note 23)	-	-	-	-	-	(3,900,000)	(3,900,000)
Balance as at December 31, 2025	15,000,000	7,500,000	9,788,819	74,642	(7,986)	27,437,720	59,793,195

The accompanying notes from (1) to (28) form an integral part of the consolidated financial statements.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

	Note	2025	2024
Cash flows from operating activities:			
Profit for the year before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration		7,580,673	7,127,388
Adjustments for:			
Depreciation	6	5,804,172	5,313,560
Property and equipment written off	6	1,117	-
Gain on early termination of right-of-use assets	19	(151)	-
Amortization on right-of-use assets	7	673,060	650,447
Changes in fair value of investment properties	8 (a)	(192,340)	(562,032)
Allowance for expected credit losses charge (no longer required)	4 (b)	97,123	(272,940)
Provision for slow-moving and obsolete inventories	5 (a)	8,410	-
Inventories written off	5 (a)	110	20,770
Dividend income	19	(17,215)	(14,569)
Interest income	19	(100,926)	(232,798)
Domestic Minimum Top-Up Tax	18, 20	451,760	-
Provision for legal case	24	-	514,991
Accrued expenses written back	19	-	(115,033)
Gain on disposal of property and equipment	19	(66,076)	(254,616)
Foreign exchange gain	19	(924)	(47,932)
Finance charges		457,644	427,446
Provision for end of service indemnity	12	295,051	326,459
		<u>14,991,488</u>	<u>12,881,141</u>
Changes in operating assets and liabilities:			
Inventories		(31,619)	(139,603)
Accounts receivable and other debit balances		(1,861,611)	(420,315)
Accounts payable and other credit balances		163,576	1,210,932
Cash flows generated from operations		<u>13,261,834</u>	<u>13,532,155</u>
Payment of provision for end of service indemnity	12	(178,506)	(96,416)
KFAS paid	20	(62,962)	(58,867)
NLST paid		(287,650)	(147,167)
Zakat paid		(132,709)	(58,867)
Board of Directors' remuneration paid		(41,000)	(36,000)
Net cash flows generated from operating activities		<u>12,559,007</u>	<u>13,134,838</u>
Cash flows from investing activities:			
Fixed deposits		(1,500,000)	6,750,000
Paid for purchase of property and equipment		(8,677,410)	(8,380,470)
Proceeds from disposal of property and equipment		187,788	797,001
Paid for purchase of investment properties		-	(3,399,506)
Finance charges capitalized for investment properties	8	-	(82,925)
Interest income received		141,905	232,798
Dividend income received		17,215	14,569
Net cash flows used in investing activities		<u>(9,830,502)</u>	<u>(4,068,533)</u>

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P.
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

	Note	2025	2024
Cash flows from financing activities:			
Loans and borrowings		(162,214)	(6,482,549)
Finance charges paid		(428,927)	(391,114)
Lease payments	11	(710,332)	(687,747)
Cash dividends paid		(3,899,328)	(3,303,812)
Net cash flows used in financing activities		(5,200,801)	(10,865,222)
Net decrease in cash and cash equivalents		(2,472,296)	(1,798,917)
Foreign currency translation adjustments		64,932	(58,801)
Cash and cash equivalents at the beginning of the year		3,530,374	5,388,092
Cash and cash equivalents at the end of the year	3	1,123,010	3,530,374

Significant non-cash transactions adjusted in the above consolidated statement of cash flows are as set out below:

	Note	2025	2024
Additions to right-of-use assets	7	(440,251)	(715,653)
Additions to lease liabilities	11	440,251	715,653
		-	-

The accompanying notes from (1) to (28) form an integral part of the consolidated financial statements.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities of the Parent Company

The registered head office of the Parent Company is at Mirqab, Area No 1, Building No 8, Saleh Sulaiman Al Jarah Real Estate Complex, Office 2, 5th floor, P.O. Box 22801, Safat 13089, Kuwait. The Parent Company is registered and incorporated in Kuwait on May 25, 1979. The commercial register of the Parent Company was amended under no: 103057 to reflect latest changes on November 10, 2025, regarding the Parent Company's activities.

During the previous year, the name of the Parent Company has been changed from Jassim Transport and Stevedoring Company K.S.C.P. to JTC Logistics Transportation & Stevedoring Company. K.S.C.P. as registered in the commercial register No. 23954 dated October 15, 2024.

During the year, the Shareholders' Extraordinary General Assembly held on October 15, 2025, approved the amendment of Article No. (6) of the Memorandum of Incorporation and Article No. (4) of the Articles of Association of the Parent Company regarding the activities of the Parent Company to be as follows:

1. Land transport and pipeline transport
2. Vehicle transport rental (tow trucks)
3. Transport of refrigerated and frozen goods
4. Transport of liquids, liquefied gases, or chemicals
5. Transport of new cars
6. Transport of solid and liquid waste
7. Provision of logistics services
8. Operation of storage facilities for all types of goods
9. Container handling services
10. Storage in warehouses
11. Refrigerated and frozen goods warehouses (cold storage)
12. General warehouses containing a variety of goods (excluding refrigerated goods)
13. Chemical warehouses
14. Furniture & wood warehouses
15. Vehicle warehouses
16. Storage in ports, customs, or free zones
17. Port activities
18. Ship unloading and loading
19. Cargo handling
20. Customs clearance office
21. Marine shipping and transport agencies
22. Measuring & weighing offices
23. Cargo weighing
24. Operation of cargo handling terminals
25. Ground and technical services at airports
26. Land loading and unloading of goods and passenger baggage
27. Sea loading and unloading of goods and passenger baggage
28. Land shipping and unloading
29. Sea shipping and unloading
30. Air cargo
31. Packing/unpacking of land shipping containers
32. Packing/unpacking of sea shipping containers
33. Ownership, sale, leasing, and renting of ground equipment necessary for aviation services

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

34. Wastewater disposal
35. Fresh water transport
36. Wholesale and retail trade
37. Wholesale and retail trade of motor vehicles (new and used)
38. Wholesale and retail of new heavy transport vehicles
39. Wholesale and retail of used heavy transport vehicles
40. Wholesale of tow trucks
41. Retail of tow trucks
42. Car repair garages
43. Car bodywork and painting repair
44. Commission agent and commission trading
45. Land navigation agencies
46. Import/export offices
47. Import of chemicals
48. Wholesale of power generators and spare parts
49. Wholesale of mechanical machinery and equipment
50. Wholesale of machinery and equipment
51. Wholesale of electrical machinery and equipment
52. Sale of solar energy devices and equipment
53. Retail of agricultural machinery, water pumps, electric generators, and supplies
54. Project management
55. Management of free zones or duty-free markets
56. Management of industrial and craft establishments
57. Establishing companies or participating with others to execute the company's works
58. Buying and selling shares and bonds for the company's account
59. Investing surplus funds in financial portfolios managed by specialized companies and entities
60. Establishment of cold storage warehouses
61. Repair and maintenance of electrical transformers for power transmission or distribution
62. Repair and maintenance of engines, electric generators, and steam generation devices
63. Rental of cranes for construction purposes
64. Rental of construction equipment
65. Rental services for light and heavy machinery and equipment
66. Rental of containers
67. Buying and selling of land and real estate for the company's account only
68. Ownership of real estate and movable property for the benefit of the company
69. Metal turning

The Parent Company may directly carry out all or some of these objectives, whether in Kuwait or abroad, on its own or as an agent. The Parent Company may also engage in similar, complementary, necessary, or related activities to its stated purposes. The Parent Company shall conduct its business and all its activities in accordance with its Articles of Association. It may also have an interest in, or participate in any manner with, entities engaged in activities similar to its own to achieve its purposes inside or outside Kuwait. The Parent Company may establish, participate in, or acquire such entities.

The Parent Company and its subsidiaries are referred to as the Group.

The Parent Company is a subsidiary of Kuwait Projects Company Holding K.S.C. (Public) ("Ultimate Parent Company").

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

The Parent Company is regulated and supervised by the Capital Market Authority ("CMA") as a listed Company.

The consolidated financial statements was authorized for issue in accordance with a resolution of the Parent Company's Board of Directors on February 16, 2026. The Shareholders' Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Material accounting policies information

a) Basis of preparation

The accompanying consolidated financial statements of the Group have been prepared in accordance with the IFRS Accounting Standard ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The material accounting policies adopted are summarized as follows:

The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company and are prepared under the historical cost basis, except for financial assets at FVOCI, investment properties and leasehold lands included in "property and equipment" that are stated at their fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Material accounting judgments, estimates and assumptions are disclosed in Note 2(u). The key sources of estimation uncertainty are consistent with the annual audited financial statements of the Group for the year ended December 31, 2024.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as going concern.

Adoption of new and revised Standards

Amendments on the standards that are effective for the current year

The accounting policies used in the preparation of consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following new amendments on the applied International Financial Reporting Standards as at January 1, 2025:

Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

An entity is required to recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity.

The adoption of the above amendment did not have material impact on the disclosures or on the amounts reported in these consolidated financial statements.

New standards and amendments issued but not yet effective

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

IFRS 18 - Presentation and Disclosure in Financial Statements

The new standard, IFRS 18, replaces IAS 1 Presentation of Financial Statements while carrying forward many of the requirements in IAS 1.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss,
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements,
- improve aggregation and disaggregation.

IFRS 18 requires retrospective application with specific transition provisions. An entity is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.

The Group is in the process of assessing the impact of the above new standards on the consolidated financial statements of the Group.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

The new standard, IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. An entity is required to apply IFRS 19 for annual reporting periods beginning on or after January 1, 2027. This standard is not expected to have an impact on the consolidated financial statements.

Amendments to IFRS (9) and IFRS (7) - Classification and Measurement of Financial Instruments

An entity is required to apply these amendments for annual reporting periods beginning on or after January 1, 2026. The amendments include:

- A clarification that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Group is in the process of assessing the impact of the above new standards on the consolidated financial statements of the Group.

Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

The amendments are required to be applied retrospectively with specific transition provisions. The amendment are applicable for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.

The Group is in the process of assessing the impact of the above new standards on the consolidated financial statements of the Group.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

b) Current vs non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other assets and liabilities as non-current.

c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and the following subsidiaries (collectively the "Group"):

Name of the subsidiary	Country of incorporation	Principal activities	Percentage of holding	
			2025	2024
<u>Directly held by Parent Company:</u>				
Kuwait International Company for the Wholesale of Light and Heavy Equipment W.L.L. (ii)	State of Kuwait	Carriage of goods	99%	99%
JTC Heavy and Light Equipment and Machinery Leasing Company W.L.L. ("JTCE") (ii)	State of Kuwait	Leasing vehicles and equipment rental	99%	99%
JTC Logistics Company L.L.C. (i)	Kingdom of Saudi Arabia	Carriage of cargo and passengers, storage services and leasing of heavy and light equipments	100%	-
Road Junction Transport and Equipment Company W.L.L. (i)	State of Qatar	Leasing of heavy and light equipment including cranes and forklifts and power generators.	100%	-
<u>Indirectly held by the Parent Company through Group's subsidiaries:</u>				
JTC Logistics Company L.L.C. (i)	Kingdom of Saudi Arabia	Carriage of cargo and passengers, storage services and leasing of heavy and light equipments.	-	100%
Road Junction Transport and Equipment Company W.L.L. (i)	State of Qatar	Leasing of heavy and light equipment including cranes and forklifts and power generators.	-	100%

- (i) During the year, the Parent Company completed a restructuring under which it acquired direct ownership of its previously indirect subsidiaries in the Kingdom of Saudi Arabia and the State of Qatar. These restructurings were undertaken to simplify the Group's ownership structure and had no financial impact on the consolidated financial statements.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

- (ii) The Parent Company holds 99% of the shareholding in each of the two subsidiaries, while the remaining 1% in each subsidiary is held by the other subsidiary. Accordingly, both subsidiaries are fully consolidated (100%) in the Group's consolidated financial statements.

Subsidiaries (investees) are those enterprises controlled by the Parent Company. Control is achieved when the Group:

- has power over the investee.
- is exposed, or has rights to variable returns from its involvement with the investee.
- has the ability to use its power to affect its returns.

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

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Consolidated statement of profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction under "other reserve". The carrying amounts of the group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;

- Reclassifies the Parent Company's share of components previously recognised in other comprehensive income to consolidated statement of profit or loss or retained earnings as appropriate.

d) Financial instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, accounts receivable and other debit balances (except advance payments), financial assets at FVOCI, loans and borrowings, accounts payable and other credit balances (except advances from customers) and lease liabilities.

A) Financial assets

I. Initial recognition

Purchases and sales of those financial assets are recognized on settlement date – the date on which an asset is delivered to or by the Group. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVTPL.

II. Classification of financial assets

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

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

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instrument's cash flows represent Solely Payments of Principal and Interest (the 'SPPI test'). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

Financial assets held under the model to collect cash flows only are classified as amortized cost, while those held to collect cash flows and sell are classified as at fair value through other comprehensive income.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

III. Categories and measurement of financial assets

The Group classifies and measures its financial assets upon initial recognition into the following categories:

- Debt instruments at amortized cost,
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition.

Debt instruments at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions:

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

Debt instruments measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses if any. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of income. Gain and losses are recognized in consolidated statement of profit or loss when the asset is derecognized, modified or impaired.

Amortized cost and effective interest method

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

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

Cash and cash equivalents, trade and other receivables are classified as debt instruments at amortized cost.

i. Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and term deposits placed with banks having a contractual maturity of more than three months and are subject to an insignificant risk of changes in value.

ii. Trade receivables

Receivables are amounts due from customers for services performed in the ordinary course of business and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for expected credit losses.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVOCI when they are neither held for trading nor a contingent consideration arising from a business combination. Such classification is determined on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognized in other comprehensive income and presented in the fair value reserve as part of equity. Cumulative gains and losses previously recognized in other comprehensive income are transferred to retained earnings on derecognition. Gains and losses on these equity instruments are never recycled to a consolidated statement of profit or loss. Dividends are recognized in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from fair value reserve to retained earnings in the statement of changes in equity.

The Group classifies investments in quoted equity instruments under financial assets at FVOCI in the consolidated statement of financial position.

IV. Derecognition

A financial asset (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

V. Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss.

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

For trade and other receivables, the Group applies the standard's simplified approach and calculates ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group establishes a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. Exposures are segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship, where applicable.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The management considers a financial asset in default when the contractual payments are 365 days past due. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

B) Financial liabilities

Initial recognition

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. All financial liabilities are subsequently measured at FVTPL or at amortized cost using effective interest rate method.

Categories and measurement of financial liabilities

Financial liabilities at amortized cost

Financial liabilities that are not at FVTPL are measured subsequently at amortized cost using the effective interest method.

The Group's financial liabilities measured at amortized cost are as follows:

i. **Accounts payable**

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

ii. **Loans and borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Murabaha payables are reported with full credit balances after deducting finance charges pertaining to future periods. Those finance charges are amortized on a time apportionment basis using effective interest method.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, 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 recognized in consolidated statement of profit or loss. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

C) Offsetting of financial assets and liabilities

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

e) Inventories

Inventories are valued at the lower of cost and net realizable value after making allowances for any slow moving obsolete or damaged items. Cost of inventories is based on weighted average principle, and includes expenditure incurred in bringing the inventories to their present location and condition such as purchase price, shipping costs and other incidental expenses.

Net realizable value is based on estimated selling price less any costs of completion and estimated costs necessary to make sale.

f) Property and equipment

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to consolidated statement of profit or loss in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off.

Property and equipment are stated at cost less accumulated depreciation and impairment losses. 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 included in consolidated statement of profit or loss for the period. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified in the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Notwithstanding the contractual term of the leases, management considers that, the agreement of leasehold land is renewable indefinitely, at similar nominal rates of ground rent and with no premium payable for renewal of the lease and, consequently, as is common practice in Kuwait, these leases have been accounted for as freehold land. The management does a revaluation of the leasehold land on a cyclic basis at a regular interval every year.

Leasehold land are shown at fair value, based on valuations carried out every year by external independent valuers. Increases in the carrying amount arising on revaluation of leasehold land are credited to revaluation surplus in other comprehensive income. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in other comprehensive income to the extent that such decrease relates to an increase on the same asset previously recognized. All other decreases are charged to consolidated statement of profit or loss for the year.

When revalued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings.

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Depreciation is computed on a straight-line basis over the estimated useful lives of other property and equipment as follows:

<u>Assets category</u>	<u>Years</u>
Motor vehicles and equipment	3 - 15
Leasehold land improvement	10
Prefabricated buildings	5 - 20
Furniture and fixtures	3 - 5
Tools and machinery	5

Capital work in progress is stated at cost. Following completion, capital work in progress is transferred into the relevant class of property and equipment.

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 from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

g) Revaluation surplus

The asset revaluation surplus is used to record increases in the fair value of land and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

h) Leases

Group as a lessor

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

(i) Finance lease

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

(ii) Operating lease

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

Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

(i) Right-of-use assets

The Group recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

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Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right of use assets are subject to impairment. Amortization is computed on a straight-line basis over the estimated lease term of right-of-use assets as follows:

<u>Assets category</u>	<u>Years</u>
Lands	3
Buildings	3

(ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

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

i) Investment properties

Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost including purchase price and transactions costs. Subsequent to the initial recognition, investment properties are stated at their fair value at the end of the reporting period. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss for the period in which they arise.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are derecognized when either they have been disposed of (i.e. at the date the recipient obtains control) or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

j) Impairment of non-financial assets

At the end of each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

k) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

l) Provision for end of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector and employee's contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of financial period and approximates the present value of the final obligation.

m) Dividend distribution to shareholders of the Parent Company

The Group recognizes a liability to make cash and non-cash distributions to shareholders of the Parent Company when the distribution is authorized and the distribution are no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders of the Parent Company at the Shareholder's Annual General Assembly Meeting. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss.

Distributions for the year that are approved after the reporting date are disclosed as an event after the date of consolidated statement of financial position.

n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

o) Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable till the holding period of treasury shares. Any realized 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, reserves, and then share premium. Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Where any of the Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity attributable to the Parent Company's shareholders.

p) Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group applies a five steps model are as follows to account for revenues arising from contracts:

- Step 1: Identify the contract with the customer – A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2: Identify the performance obligations in the contract – A performance obligation is a promise in a contract with the customer to transfer goods or services to the customer.
- Step 3: Determine the transaction price – The transaction price is the amount of consideration to which the Group expects to be entitled in exchange of transferring promised good or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4: Allocate the transaction price to the performance obligations in the contracts – For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group recognizes revenue 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 transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Control is transferred at a point in time if none of the criteria for a good or service to be transferred over time are met. The Group considers the following factors in determining whether control of an asset has been transferred:

- The Group has a present right to payment for the asset.
- The Customer has legal title to the asset.
- The Group has transferred physical possession of the asset.
- The Customer has the significant risks and rewards of ownership of the asset.
- The Customer has accepted the asset.

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

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

Revenue for the Group arises from the following activities:

(i) Service revenue

Service revenue primarily comprises of stevedoring, haulage, equipment leasing, inventory management, transportation and warehousing services. Service revenue are recognised over a period of time when the services are rendered to the customer.

The Group also recognises revenue from contracts of 'sale of services' or 'bundled sale of goods and services contracts that are viewed as a single performance obligation' over time using an output method in measuring progress, generally based on cost-to-cost measure of progress because it faithfully depicts the Group's performance towards complete satisfaction of the performance obligation.

The Group elected to apply the 'right to invoice' practical expedient for contracts that contain fixed amounts and rates for manpower and materials specified in a contract, when the Group determines that right to consideration from a customer corresponds directly with the value of the Group's performance completed to date.

(ii) Other income

Other income is recognized on an accrual basis.

q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

r) Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting date are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period. Translation differences on non-monetary items such as equity investments classified as financial assets at FVOCI are included in "fair value reserve" in other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

s) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

t) Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

u) Material accounting estimates and judgments

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

a) **Judgments:**

In the process of applying the Group's accounting policies which are described in Note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IFRS 15 and revenue accounting policy explained in Note 2(p) are met requires significant judgment.

(ii) Determination of contract cost

Determination of costs which are directly related to the specific contract or attributable to the contract activity in general requires significant judgment. The determination of contract cost has a significant impact upon revenue recognition in respect of long-term contracts. The Group follows guidance of IFRS 15 for determination of contract cost and revenue recognition.

(iii) Provision for expected credit losses and inventories

The determination of the recoverability of the amount due from customers and the marketability of the inventories and the factors determining the impairment of the receivable and inventories involve significant judgment.

(iv) Classification of land

Upon acquisition of land, the Group classifies the land into one of the following categories, based on the intention of the management for the use of the land:

a) Properties under development

When the intention of the Group is to develop land in order to sell it in the future, both the land and the construction costs are classified as properties under development.

b) Work in progress

When the intention of the Group is to develop a land in order to rent or to occupy it in the future, both the land and the construction costs are classified as work in progress.

c) Properties held for trading

When the intention of the Group is to sell land in the ordinary course of business, the land is classified as properties held for trading.

d) Investment properties

When the intention of the Group is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land, the land is classified as investment property.

(v) Classification of financial assets

On acquisition of a financial asset, the Group decides whether it should be classified as at "amortized cost", "FVTPL" or "FVOCI". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets as explained in Note 2(d).

(vi) Taxes

The Group is subject to income taxes in other jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business for the Group.

(vii) Control assessment

When determining control over an investee, management considers whether the Group has a 'de facto' power to control an investee if it holds less than 50% of the investee's voting rights. The assessment of the investee's relevant activities and the ability to use the Group's power to affect the investee's variable returns requires significant judgment.

(viii) Leases

Critical judgements required in the application of IFRS 16 include, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- Determining the stand-alone selling prices of lease and non-lease components.

b) Estimates and assumptions:

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

(i) Useful lives of depreciable assets

The Group reviews its estimate of useful lives of depreciable assets at each reporting date based on the expected utility of assets. Uncertainties in these estimates mainly relate to obsolescence and changes in operations.

(ii) Provision for allowance for expected credit losses and inventories

The extent of provision for expected credit losses and inventories involves estimation process. Provision for expected credit losses is based on a forward looking ECL approach as explained in Note 2(d). Bad debts are written off when identified. The carrying cost of inventories is written down to their net realizable value when the inventories are damaged or become wholly or partly obsolete or their selling prices have declined. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of accounts receivable and inventories are subject to management approval.

(iii) Revaluation of leasehold land

The Group measures leasehold land at revalued amounts with changes in fair value being recognized in other comprehensive income. The Group engaged independent valuation specialist to assess fair value at the reporting date. Leasehold land was valued by reference to market based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

(iv) Valuation of investment properties

The Group carries its investment properties at fair value, with change in fair values being recognized in consolidated statement of profit or loss. The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of IFRS 13. Investment property under construction is measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined.

One main method is used to determine the fair value of the investment properties is the comparative analysis which is based on the assessment made by an independent real estate appraiser using values of actual deals transacted recently by other parties for properties in a similar location and condition and based on the knowledge and experience of the real estate appraiser.

(v) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

(vi) Taxes

The Group recognizes a liability for the anticipated taxes levied in the jurisdictions of its activity based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Any changes in the estimates and assumptions may have an impact on the carrying values of the deferred taxes.

(vii) Leases

Key sources of estimation uncertainty in the application of IFRS 16 include, among others, the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments;
- Assessment of whether a right-of-use asset is impaired.

3. Cash and cash equivalents

	2025	2024
Cash on hand and at banks	1,123,010	1,780,374
Fixed deposits	4,250,000	4,500,000
Cash and cash equivalents as presented in the consolidated statement of financial position	5,373,010	6,280,374
Fixed deposits with original maturities more than three months	(4,250,000)	(2,750,000)
Cash and cash equivalents as presented in the consolidated statement of cash flow	1,123,010	3,530,374

Fixed deposits carry an effective interest rate ranging between 3.85% to 4.35% (2024: 2.87% to 5.20%) per annum.

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4. Accounts receivable and other debit balances

	2025	2024
Trade receivables (a)	9,618,463	7,581,731
Allowance for expected credit losses ("ECL") (b)	(1,874,209)	(1,777,046)
	7,744,254	5,804,685
Accrued income (a)	1,690,951	1,702,926
Allowance for expected credit losses ("ECL") (b)	(30,349)	(37,568)
	1,660,602	1,665,358
Prepayments and deposits	706,123	1,082,863
Advance to suppliers	1,581,296	745,938
Amounts due from related parties (Note 22)	13,567	8,930
Other receivables (c)	-	667,380
	11,705,842	9,975,154

a) Trade receivables and accrued income

Trade receivables and accrued income are non-interest bearing and are generally due within 30 days.

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

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

There has been no change in the estimation techniques or significant assumptions made during the current year.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

2025

	1-365 days	More than 365 days	Total
ECL rate %	1.58%	100%	-
Estimated total gross carrying amount at default	9,556,164	1,753,250	11,309,414
Allowance for expected credit losses	(151,308)	(1,753,250)	(1,904,558)
	9,404,856	-	9,404,856

2024

	1-365 days	More than 365 days	Total
ECL rate %	4.62%	100%	-
Estimated total gross carrying amount at default	7,831,637	1,453,020	9,284,657
Allowance for expected credit losses	(361,594)	(1,453,020)	(1,814,614)
	7,470,043	-	7,470,043

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- b) Allowance for expected credit losses ("ECL"):
The movement in allowance for ECL is as follows:

	2025	2024
Balance as at the beginning of the year	1,814,614	2,083,176
Provision charged (no longer required) for the year	97,123	(272,940)
Foreign currency translation adjustments	(7,179)	4,378
Balance as at the end of the year	1,904,558	1,814,614

- c) Other receivables represents KD Nil (2024: KD 667,380) balance paid by the Parent Company on behalf of customers and fully recovered from customers during the year.

5. Inventories

	2025	2024
Spare-parts	1,561,086	1,529,577
Provision for slow-moving and obsolete inventories (a)	(70,937)	(62,637)
	1,490,149	1,466,940

- a) Provision for slow-moving and obsolete inventories:
The movement in the provision for slow-moving and obsolete inventories is as follows:

	2025	2024
Balance as at the beginning of the year	62,637	62,585
Charge for the year (i)	8,410	-
Foreign currency translation adjustments	(110)	52
Balance as at the end of the year	70,937	62,637

- (i) Provision charged during the year is allocated to "Operating costs".

During the year, the Group has written off inventory directly to the consolidated statement of profit or loss amounting to KD 110 (2024: 20,770) included in "Operating costs".

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6. Property and equipment

	Motor vehicles and equipment (e)	Leasehold lands (c)	Leasehold land improvement	Prefabricated buildings	Furniture and fixtures	Tools and machinery	Capital work in progress (d)	Total
Cost:								
As of December 31, 2024	74,820,953	9,678,000	925,321	1,114,827	1,198,853	182,046	746,225	88,666,225
Additions	7,306,878	-	80,839	696,000	256,142	24,459	313,092	8,677,410
Revaluation (c)	-	601,410	-	-	-	-	-	601,410
Disposals	(1,590,968)	-	-	-	(156)	-	-	(1,591,124)
Write-off (b)	(11,623)	-	-	-	-	-	-	(11,623)
Transfers	115,974	-	-	522,279	9,092	-	(647,345)	-
Foreign currency translation adjustments	(137,039)	-	(217)	(554)	(743)	(65)	-	(138,618)
As at December 31, 2025	80,504,175	10,279,410	1,005,943	2,332,552	1,463,188	206,440	411,972	96,203,680
Accumulated depreciation:								
As of December 31, 2024	41,766,198	-	790,275	649,615	1,006,889	136,770	-	44,349,747
Charge for the year (a)	5,555,617	-	34,987	94,873	100,117	18,578	-	5,804,172
Related to disposals	(1,469,298)	-	-	-	(114)	-	-	(1,469,412)
Related to write-off (b)	(10,506)	-	-	-	-	-	-	(10,506)
Foreign currency translation adjustments	(71,367)	-	(10)	(347)	(456)	(47)	-	(72,227)
As at December 31, 2025	45,770,644	-	825,252	744,141	1,106,436	155,301	-	48,601,774
Net carrying value:								
As at December 31, 2025	34,733,531	10,279,410	180,691	1,588,411	356,752	51,139	411,972	47,601,906
As at December 31, 2024	33,054,755	9,678,000	135,046	465,212	191,964	45,276	746,225	44,316,478

(a) Depreciation charge for the year has been allocated as follows:

	2025	2024
Operating costs (Note 17)	5,555,617	5,087,451
General and administration expenses (Note 18)	248,555	226,109
	5,804,172	5,313,560

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- (b) During the year, the Group has written off property and equipment with a net book value amounting to KD 1,117 (2024: KD Nil) based on the approval from Executive Management on August 19, 2025.

(c) Leasehold lands

During the year, the fair valuation was conducted by two accredited appraisers with a recognized and relevant professional qualification and recent experience of the location and category of leasehold land being valued. The change in fair value was calculated based on the lower of the two values. Fair value of the leasehold land is arrived at by reference to industry acknowledged methods of valuation that depends on market data including recent sales value of comparable properties. The fair value was determined based on the sale comparison methods and is measured under Level 2 fair value hierarchy. The revaluation gain amounting to KD 601,410 (2024: KD 302,218) was included in the consolidated statement of other comprehensive income and credited directly to equity as revaluation surplus. The significant assumption used in the determination of fair value was the market price (per sqm). A decrease of 5% (2024: 5%) in the estimated market price (per sqm) will reduce the value by KD 513,971 (2024: KD 483,900).

Leasehold lands are obtained from Public Authority of Industries and expire on May 5, 2028, February 2, 2029, September 8, 2029, and are renewable.

Leasehold land amounting to KD 8,529,410 (2024: KD 7,828,000) is pledged against the term loan obtained by the Group (Note 9).

- (d) Capital work in progress majorly includes certain warehouses and buildings that are under construction which is built on leasehold lands.
- (e) Certain equipment with a net book value amounting to KD 9,870,164 (2024: KD 5,664,564) are pledged against the term loan obtained by the Group (Note 9).

7. Right-of-use assets

The Group leases several assets including lands and buildings used in operations. The average lease term is ranging from 1 to 3 years, with expiry ranging from March 31, 2026, to November 30, 2028, and renewable. The leases in which the Group is the lessee do not contain any variable lease payment terms.

Set out below are the carrying amounts of right-of-use assets recognized and the movement during the year:

	<u>Lands</u>	<u>Buildings</u>	<u>Total</u>
Gross carrying amount:			
As at December 31, 2024	292,481	4,047,431	4,339,912
Additions (Note 11)	24,393	415,858	440,251
Modifications to right-of-use assets	-	464	464
Early termination of right-of-use assets (Note 19)	-	(17,853)	(17,853)
Foreign currency translation adjustments	(213)	(2,045)	(2,258)
As at December 31, 2025	316,661	4,443,855	4,760,516
Accumulated amortization:			
As at December 31, 2024	193,789	2,960,988	3,154,777
Charge for the year (Note 17)	47,594	625,466	673,060
Related to early termination of right-of-use assets (Note 19)	-	(12,518)	(12,518)
Foreign currency translation adjustments	448	353	801
As at December 31, 2025	241,831	3,574,289	3,816,120
Net carrying amount:			
As at December 31, 2025	74,830	869,566	944,396
As at December 31, 2024	98,692	1,086,443	1,185,135

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8. Investment properties

The movement during the year is as follows:

	Leasehold land (a)	Warehouse	2025	2024
Balance as at beginning of the year	3,837,000	8,085,000	11,922,000	7,877,537
Additions	-	-	-	3,482,431
Changes in fair value	345,340	(153,000)	192,340	562,032
Balance as at end of the year	4,182,340	7,932,000	12,114,340	11,922,000

(a) Investment properties represent warehouse constructed on leasehold land from the Public Authority for Industry which expires on September 8, 2029 and is renewable.

The amount of finance charges capitalized during the year amounted to KD Nil (2024: KD 82,925).

The fair value of the investment properties as of December 31, 2025, has been arrived at by reference to industry acknowledged methods of valuation that depend on market data including recent sales value of comparable properties. The fair value was determined based on the sale comparison methods and is measured under Level 2 fair value hierarchy.

The management of the Group has complied with the Executive Regulations of Capital Markets Authority with respect to guidelines for valuation of investment properties.

Leasehold land with a carrying value of KD 4,182,340 (2024: KD 3,837,000) are pledged against term loan (Note 9).

9. Loans and borrowings

	2025	2024
Term loans (a)	9,147,816	4,330,000
Murabaha payables (b)	-	4,980,030
	9,147,816	9,310,030

(a) Term loans

	2025	2024
Term loan from a local bank carries effective interest rate of 3.5% (2024: 3.5%) per annum. This loan is repayable over half-yearly installments. The next installment of KD 435,000 is due on June 15, 2026, and the final settlement is due on December 15, 2029.	3,460,000	4,330,000
Term loan from a local bank carries effective interest rate of 3.5% per annum. This loan is repayable over half-yearly installments. The next installment of KD 450,000 is due on March 15, 2026, and final settlement is due on March 15, 2031.	5,687,816	-
	9,147,816	4,330,000

Term loans are secured by the following collaterals:

	2025	2024
Certain equipment included in "property and equipment" (Note 6)	9,870,164	5,664,564
Leasehold land included in "property and equipment" (Note 6)	8,529,410	7,828,000
Leasehold land included in "investment properties" (Note 8)	4,182,340	3,837,000

The terms of the loan agreements require the Group to meet certain financial covenants. There have been no breaches of the financial covenants of any interest-bearing loan during the current year.

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(b) During the year, the Group has fully settled its Murabaha payables amounting to KD 4,980,030.

Represented as:

	2025	2024
Current portion:		
Term loans	1,770,000	870,000
Murabaha payables	-	500,000
	1,770,000	1,370,000
Non-current portion:		
Term loans	7,377,816	3,460,000
Murabaha payables	-	4,480,030
	7,377,816	7,940,030
	9,147,816	9,310,030

10. Accounts payable and other credit balances

	2025	2024
Trade payables	3,089,894	2,403,704
Accruals and provisions	3,440,470	3,184,042
Provision for legal case (Note 24)	514,991	514,991
Advance from customers	130,398	477,494
Dividend payables	9,599	8,927
KFAS payable (Note 20)	97,523	78,479
NLST	-	287,650
Zakat	-	132,709
Other payables	23,890	-
	7,306,765	7,087,996

11. Lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2025	2024	2025	2024
Amounts payable relating to leases:				
Within one year	621,041	659,493	600,035	635,110
Beyond one year	357,823	570,559	346,484	561,091
	978,864	1,230,052	946,519	1,196,201
Less: unamortized future finance charge	(32,345)	(33,851)	-	-
Present value of minimum lease payments	946,519	1,196,201	946,519	1,196,201

The movement in the lease liabilities is as follows:

	2025	2024
Balance as at the beginning of the year	1,196,201	1,131,373
Additions (Note 7)	440,251	715,653
Related to early termination of right-of-use assets (Note 19)	(5,486)	-
Related to modifications	464	(787)
Add: finance charges on lease liabilities	28,717	36,332
Less: lease payments	(710,332)	(687,747)
Foreign currency translation adjustments	(3,296)	1,377
Balance as at the end of the year	946,519	1,196,201

The average lease term is ranging from 1 to 3 (2024: 1 to 3) years and the average effective borrowing rate is ranging from 2.63% to 5% for the financial year ended December 31, 2025 (2024: 2.63% to 5%).

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All leases are on a fixed repayment basis and no arrangements have been entered into for additional contingent rental payments.

The classification of lease liabilities according to their due dates for payments is as follows:

	2025	2024
Current	600,035	635,110
Non-current	346,484	561,091
	946,519	1,196,201

12. Provision for end of service indemnity

	2025	2024
Balance as at the beginning of the year	2,098,562	1,869,168
Charge for the year	295,051	326,459
Paid during the year	(178,506)	(96,416)
Foreign currency translation adjustments	1,563	(649)
Balance as at the end of the year	2,216,670	2,098,562

13. Share capital

The Parent Company's authorized, issued and paid-up capital comprises of 150,000,000 (2024: 150,000,000) shares of 100 fils each and all shares are paid in cash.

14. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Director's remuneration is to be transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except for in certain cases stipulated by Law and the Parent Company's Articles of Association. Distribution of this reserve is limited to the amount required to enable payment of a dividend of up to 5% of share capital in years when accumulated profits are not sufficient for the payment of a dividend of that amount. The Shareholders' Ordinary General Assembly held on October 15, 2025, approved to transfer the surplus of the statutory reserve to retained earnings, such that the maximum reserve shall be an amount equal to fifty percent (50%) of the Parent Company's capital, starting from the financial year ending December 31, 2025, and thereafter.

15. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Director's remuneration is to be transferred to voluntary reserve. Such transfer may be discontinued by a resolution at the Shareholder's Annual General Assembly, upon recommendation by the Board of Directors. There is no transfer to voluntary reserve during the year.

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16. Operating revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers based on type of services and timing:

	2025	2024
Equipment leasing	14,633,484	12,919,900
Ports management	11,527,501	9,990,730
Contract logistics	4,412,898	4,161,833
Warehousing leasing	1,926,734	1,436,150
	32,500,617	28,508,613

Timing of revenue recognition:

	2025	2024
Services transferred over time	32,500,617	28,508,613
Total revenue from contracts with customers	32,500,617	28,508,613

Geographical markets:

	2025	2024
State of Kuwait	27,760,417	24,171,968
Saudi Arabia	3,167,748	2,406,997
State of Qatar	1,572,452	1,929,648
Total revenue from contracts with customers	32,500,617	28,508,613

17. Operating costs

	2025	2024
Staff costs	6,624,200	6,298,859
Depreciation (Note 6)	5,555,617	5,087,451
Motor vehicle consumables and maintenance (i)	4,335,683	4,009,479
Sub-contract costs	429,548	475,210
Stevedoring incentive and commission	1,970,422	1,346,165
Amortization of right-of-use assets (Note 7)	673,060	650,447
Others	1,435,188	1,489,709
	21,023,718	19,357,320

(i) Motor vehicle consumables and maintenance includes an amount of KD 2,800,507 (2024: KD 2,493,498) that represents spare parts and other consumables utilized from inventories.

18. General and administrative expenses

	2025	2024
Staff costs	1,839,821	1,614,260
Communication, consultancy and repair and maintenance expenses	599,135	443,746
Domestic Minimum Top-Up Tax (Note 20) and (Note 22)	451,760	-
Depreciation (Note 6)	248,555	226,109
Others	756,614	562,658
	3,895,885	2,846,773

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19. Other income

	2025	2024
Interest income	100,926	232,798
Gain on disposal of property and equipment	66,076	254,616
Accrued expenses written back	-	115,033
Foreign exchange gain	924	47,932
Dividend income	17,215	14,569
Gain on early termination of right-of-use assets (a)	151	-
Others	176,794	265,385
	362,086	930,333

- (a) During the year ended December 31, 2025, the Group terminated certain rent agreements, resulting in a reduction of right-of-use assets amounting to KD 5,335 (Note 7) and lease liabilities amounting to KD 5,486 (Note 11) resulting in a gain on lease termination amounting to KD 151.

20. Taxation

'Pillar 2 Income Taxes'

In 2021, OECD's Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) had agreed to a two-pillar solution in order to address tax challenges arising from digitalization of the economy. Under Pillar 2, multinational entities (MNE Group) whose revenue exceeds EUR 750 million are liable to pay corporate income tax at a minimum effective tax rate of 15% in each jurisdiction they operate. The State of Kuwait in which the Group operates has joined the IF. Currently the Group's revenue does not exceed EUR 750 million but may be exposed to the global minimum tax by virtue of the Parent Company which is domiciled and operating in the State of Kuwait. On December 31, 2024, the State of Kuwait enacted Law No. 157 of 2024 (the "Law"), introducing a Domestic Minimum Top-Up Tax (DMTT) effective from 2025 on entities which are part of MNE Group with annual revenues of EUR 750 million or more. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE Group operating within Kuwait. The Law effectively replaces the existing National Labour Support Tax (NLST) and Zakat tax regimes in Kuwait for MNEs within the scope of this Law. The taxable income and effective tax rate shall be computed in accordance with the Executive regulations which were issued on June 29, 2025. The Group has accounted for a provision of KD 451,760 based on the assessment for DMTT as of December 31, 2025 as allocated by the Ultimate Parent Company within "General and Administrative expenses" in the Consolidated Statement of Profit or Loss for the year ended December 31, 2025 (Note 18) and (Note 22).

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to KFAS is calculated at 1% of the profit of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting the transfer to statutory reserve.

The movement in KFAS is as follows:

	2025	2024
Balance at the beginning of the year	78,479	74,384
Charge for the year	82,006	62,962
Paid during the year	(62,962)	(58,867)
Balance as at the end of the year (Note 10)	97,523	78,479

National Labor Support Tax (NLST)

NLST is calculated at 2.5% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat, and Board of Director's remuneration, and after deducting the cash dividends received from companies listed in Boursa Kuwait in accordance with Law No. 19 of 2000 and Ministerial Resolution No. 24 of 2006 and their Executive Regulations. Consequent to the implementation of DMTT in the State of Kuwait, the Group is not liable to NLST effective from January 1, 2025.

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Zakat

Zakat is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat, and Board of Director's remuneration, and after deducting cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 of 2006 and Ministerial Resolution No. 58 of 2007 and their Executive Regulations. Consequent to the implementation of DMTT in the State of Kuwait, the Group is not liable to Zakat effective from January 1, 2025.

21. Basic and diluted earnings per share attributable to shareholders of the Parent Company

There are no potential dilutive ordinary shares. Basic and diluted earnings per share attributable to shareholders of the Parent Company is computed by dividing the profit for the year attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the year:

	2025	2024
Profit for the year attributable to shareholders of the Parent Company	<u>7,452,667</u>	<u>6,639,255</u>
	<u>Shares</u>	<u>Shares</u>
Weighted average number of shares outstanding at the end of the year	<u>150,000,000</u>	<u>150,000,000</u>
	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to shareholders of the Parent Company	<u>49.68</u>	<u>44.26</u>

As there are no dilutive instruments outstanding, basic and diluted earnings per share attributable to shareholders of the Parent Company are identical.

22. Related party disclosures

The Group has entered into various transactions with related parties, i.e. Entities under common control, Board of Directors, Key Management Personnel and Other Related Parties. Prices and terms of payment are approved by the Group's management. Significant balances and transactions with other related parties are as follows:

<u>Balances included in the consolidated statement of financial position:</u>	Ultimate Parent Company	Entities under common control	2025	2024
Cash and cash equivalents	-	4,502,400	4,502,400	4,144,662
Accrued income included in "Account receivables and other debit balances"	-	39,531	39,531	57,444
Account receivables and other debit balances (Note 4)	-	13,567	13,567	8,930
Accounts payable and other credit balances	451,760	778	452,538	-
<u>Transactions included in the consolidated statement of profit or loss:</u>				
Operating revenue	-	143,185	143,185	65,710
General and administrative expenses	(451,760)	(139,854)	(591,614)	(122,555)
Other income	-	100,926	100,926	205,697

Compensation to key management personnel

Key management personnel comprise of the key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

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The remuneration to key management personnel during the year was as follows:

	2025	2024
Salaries and other short term benefits	436,915	436,085
Board of Directors' remuneration (Note 23)	46,000	41,000
Termination benefits	23,607	23,684
	506,522	500,769

23. Board of Directors' meeting and Annual General Assembly

- The Board of Directors' meeting held on February 16, 2026, proposed the following:
 - a) To distribute cash dividends of 28 fils per share amounting to KD 4,200,000.
 - b) To distribute bonus shares of 10% amounting to KD 1,500,000.
 - c) To distribute Board of Director's remuneration amounting to KD 46,000 for the financial year ended December 31, 2025.

These proposals are subject to the approval of the Shareholders' Annual General Assembly.

- d) The Board of Directors discussed the invitation to convene the Parent Company's Extraordinary General Assembly, for the purpose of increasing the Parent Company's authorized share capital to KD 20,000,000 divided into 200,000,000 shares with a par value of 100 fils per share. This proposal is subject to Parent Company's Extraordinary General Assembly.
- The Shareholders' Annual General Assembly held on April 15, 2025, approved the following:
 - a) The consolidated financial statements for the financial year ended December 31, 2024.
 - b) Board of Directors' proposal to distribute cash dividends of 26 fils per share amounting to KD 3,900,000.
 - c) Board of Directors' proposal to distribute Board of Director's remuneration amounting to KD 41,000 for the financial year ended December 31, 2024.
- The Shareholders' Annual General Assembly held on April 16, 2024, approved the following:
 - a) The consolidated financial statements for the financial year ended December 31, 2023.
 - b) Board of Directors' proposal to distribute cash dividends of 22 fils per share amounting to KD 3,300,000.
 - c) Board of Directors' proposal to distribute Board of Director's remuneration amounting to KD 36,000 for the financial year ended December 31, 2023.

24. Contingent liabilities, capital commitments and legal cases

The contingent liabilities and capital commitments for the Group is as follows:

	2025	2024
(i) Contingent liabilities		
Letters of guarantee	2,738,279	2,168,336
Letters of credit	2,611,462	1,122,733
	5,349,741	3,291,069
(ii) Capital commitments		
Property and equipment	104,955	457,880
Investment properties	2,153,559	907,115
	2,258,514	1,364,995

(iii) Legal cases

- (i) Legal case Number: 4117/2018 (Electronic No. 182317800).

Plaintiff: Kuwait Port Authority

Defendant: Parent Company

Case subject: Forcing the Parent Company to evacuate plot No. S5 in Free Trade Zone being occupied by the Parent Company. The Parent Company evacuated this location on January 20, 2014.

Court verdicts issued:

- On April 24, 2024, the "Court of First Instance" issued its verdict in favor of the defendant by rejecting the case.
- During May 2024, the Plaintiff appealed against the verdict through case No. 2494/2024 in the "Court of Appeal" and on November 20, 2024, the "Court of Appeal" issued its verdict in favor of plaintiff by obligating the defendant to pay an amount of KD 514,991.

Current status:

- The Defendant appealed against the verdict and the case is pending in the "Court of Cassation" and the date of hearing is not set yet.

Financial impact:

- The Parent Company has recorded a provision of KD 514,991 (Note 10) during the year ended December 31, 2024.

- (ii) There are legal cases being raised by and against the Group as at December 31, 2025. According to the available information, it was not possible to assess probable outflows which could result from those cases until a final verdict is rendered by the court. Accordingly, no provision for any liability has been made in these consolidated financial statements in relation to these legal cases.

25. Segmental reporting

Management has determined the operating segments based on the information reviewed by the Board of Directors represented by the Chief Operating Decision Maker for the purpose of allocating resources and assessing performance. The Chief Operating Decision Maker organizes the entity based on different geographical areas, inside and outside Kuwait. The following table presents the geographical analysis of the Group's assets, liabilities as at December 31, 2025 and December 31, 2024 and profit for the year ended December 31, 2025 and December 31, 2024. The geographical analysis of the Group's operating revenue for the year ended December 31, 2025, and December 31, 2024 is presented in Note 16.

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Geographical information

In presenting the geographic information, segment revenue, results and assets have been based on the geographic location from which income is derived and segment assets were based on the geographic location of the assets.

	<u>2025</u>	<u>2024</u>
Segment assets:		
State Kuwait	64,472,358	62,067,000
Rest of GCC	14,938,607	13,265,336
	<u>79,410,965</u>	<u>75,332,336</u>
Segment liabilities:		
State Kuwait	18,438,920	18,850,178
Rest of GCC	1,178,850	842,611
	<u>19,617,770</u>	<u>19,692,789</u>
Results:		
Profit for the year		
State Kuwait	6,472,872	5,248,919
Rest of GCC	979,795	1,390,336
	<u>7,452,667</u>	<u>6,639,255</u>

26. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, accounts receivable and other debit balances (except advance payments), financial assets at FVOCI, loans and borrowings, accounts payable and other credit balances (except advances from customers), and lease liabilities, and as a result, is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

a) Interest rate (finance cost) risk

Financial instruments are subject to the risk of changes in value due to changes in the level of interest rates (finance cost rate) for its financial assets and liabilities carrying floating interest rates (finance cost rates). The interest rates (finance cost rates) and the periods in which interest-bearing financial assets and liabilities are repriced or matured are indicated in the respective notes.

The Group's term deposits are carrying fixed interest rates; accordingly, they are not exposed to interest rate risk.

Term loans of the Group amounting to KD 9,147,816 (2024: KD 4,330,000) is carrying a fixed interest rate; accordingly, it is not exposed to interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest / finance cost rates, with all other variables held constant, of the Group's profit (through the impact on floating rate borrowings).

<u>Year</u>	<u>Increase / (decrease) in interest rate</u>	<u>Balance as at December 31,</u>	<u>Effect on consolidated statement of profit or loss</u>
<u>2024</u>			
Murabaha payable	± 0.5%	4,980,030	± 24,900

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash and cash equivalents and receivables. Receivables are presented net of allowance for expected credit losses. Credit risk with respect to receivables is limited due to the large number of customers and their dispersion across different industries.

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Cash and cash equivalents

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

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash and cash equivalents and accounts receivable.

c) Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between other currencies and Kuwaiti Dinar.

<u>Currency</u>	<u>Increase / (decrease) against KD</u>	<u>Effect on consolidated statement financial position</u>	<u>Effect on consolidated statement profit or loss</u>
2025			
US Dollar	± 5%	± 314,227	± 15,711
Euro	± 5%	± 11,934	± 597
UAE Dirham	± 5%	± 357,896	± 17,894
2024			
US Dollar	± 5%	±384,422	±19,221
Euro	± 5%	±99,911	±4,996
UAE Dirham	± 5%	±153,153	±7,658
GBP	± 5%	±196	± 10

d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in the investments that are readily realizable.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

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The maturity profile of financial liabilities is as follows:

	2025			
	1-3 months	3-12 months	More than one year	Total
Loans and borrowings	450,000	1,320,000	7,377,816	9,147,816
Accounts payable and other credit balances (except advances from customers)	3,089,893	4,086,474	-	7,176,367
Lease liabilities (undiscounted)	178,518	442,523	357,823	978,864
Total	3,718,411	5,848,997	7,735,639	17,303,047

	2024			
	1-3 months	3-12 months	More than one year	Total
Loans and borrowings	-	1,370,000	7,940,030	9,310,030
Accounts payable and other credit balances (except advances from customers)	2,403,704	4,206,798	-	6,610,502
Lease liabilities (undiscounted)	172,772	486,721	570,559	1,230,052
Total	2,576,476	6,063,519	8,510,589	17,150,584

e) Equity price risk

Equity price risk is the risk that fair values of equity instruments decrease as the result of changes in level of equity indices and the value of individual stocks. To manage such risks, the Group diversifies its investments in different sectors within its investment portfolio and are continuously monitored.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these equity instruments, to which the Group had significant exposure as of the reporting date:

	Change in equity instrument price %	Effect on consolidated other comprehensive income (KD)
2025		
Bahrain stock exchange	± 5%	± 9,066
2024		
Bahrain stock exchange	± 5%	± 9,313

27. Fair value measurement

The Group measures financial assets such as financial assets at FVOCI and non-financial assets such as investment properties and leasehold lands at fair value at each reporting period.

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

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

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All financial instruments for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

The fair value of foreign quoted investment carried at FVOCI as at December 31, 2025 amounting to KD 181,322 (2024: KD 186,255) is categorized as Level 1 fair value based on inputs to the valuation techniques used. During the year there were no transfers between Level 1, Level 2 and Level 3.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period.

The management assessed that the fair values of cash and cash equivalents, accounts receivable and other debit balances (except advance payments), loans and borrowings, accounts payable and other credit balances (except advances from customers), and lease liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on accredited external valuers having experience in the location and category of investment properties being valued. Valuations are based on discounted cash flows and current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. The fair value details of the investment properties is mentioned in Note 8.

28. Capital risk management

The Group's objectives when managing capital resources are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the optimal capital resources structure, the Group may adjust the amount of cash dividends paid to shareholders, reduce paid-up capital, issue new shares, sell certain assets to reduce debt, repay facilities or obtain additional facilities.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total financial facilities less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2025	2024
Loans and borrowings	9,147,816	9,310,030
Lease liabilities	946,519	1,196,201
Less: cash and cash equivalents	(5,373,010)	(6,280,374)
Net debt	4,721,325	4,225,857
Total equity	59,793,195	55,639,547
Total capital resources	64,514,520	59,865,404
Gearing ratio	7.32%	7.06%