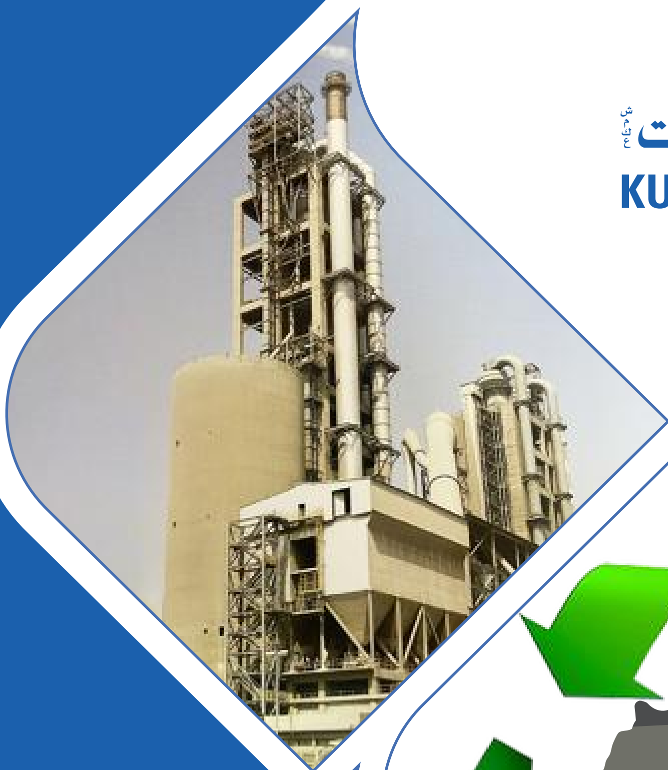
شركة اسمنت الكويت ش.م.ك.ع

KUWAIT CEMENT COMPANY K.S.C.P



ANNUAL REPORT 54

AND CONSOLIDATED FINANCIAL STATEMENTS

2024

بسم الله الرحمن الرحيم

In The Name of Allah The Most Gracious The Most Merciful

Established in accordance with Amiri Decree on 5 Nov. 1968

Paid up capital KD 73,330,387

C.R. 1532 - P.O. Box 20581,Safat, 13066 KUWAIT

Tel.: (+965) 22401700 - 1801700 - Telefax: (+965) 22432956 - 22440896

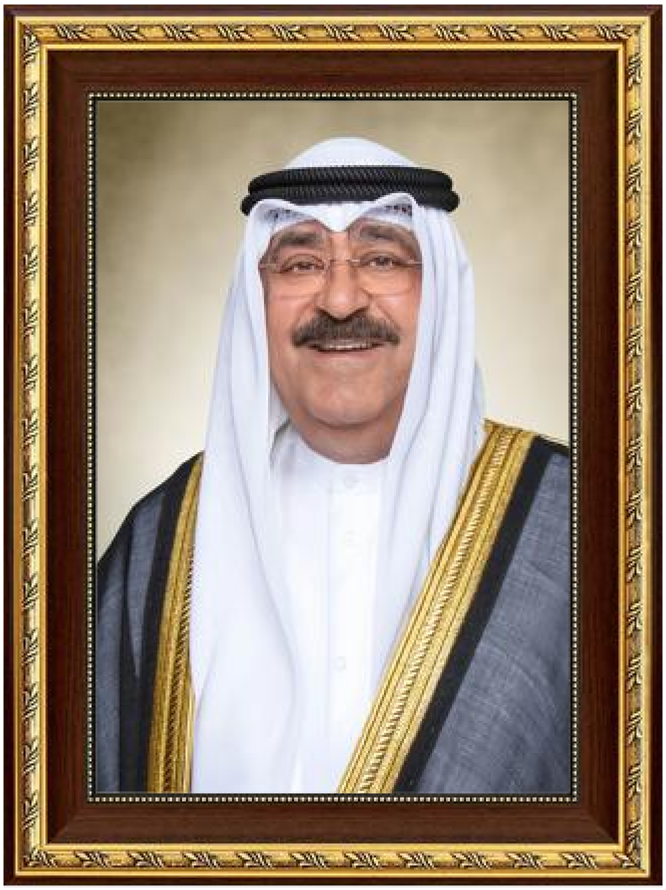
Website: www.kuwaitcement.com - Email: alcement@kuwaitcement.com

Head Office: Kuwait City - Cement House

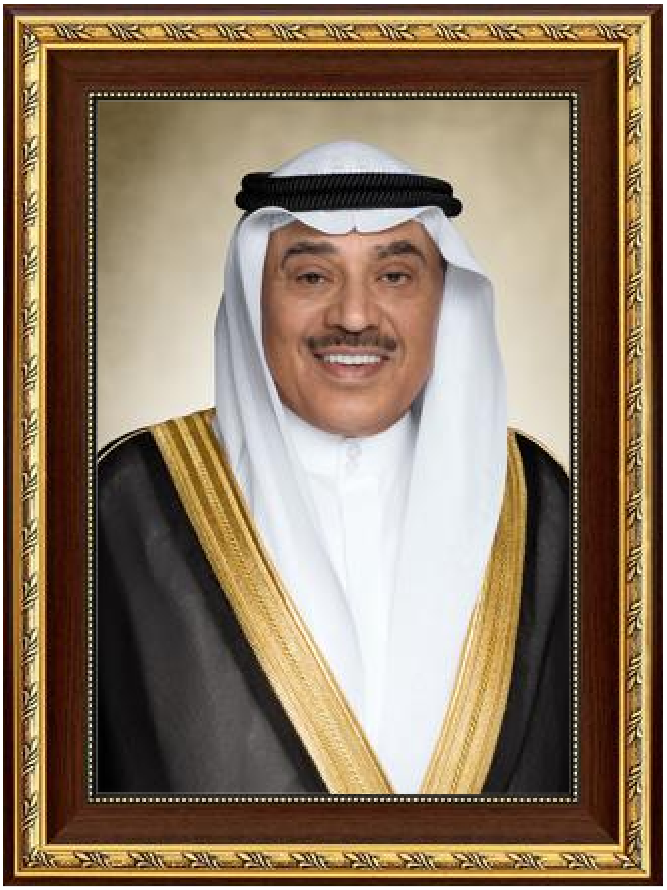
At the intersection of Al-Shuhada Street

With Khaled Ibn Al-Waleed Street, Al-Sawaber Area

State of Kuwait



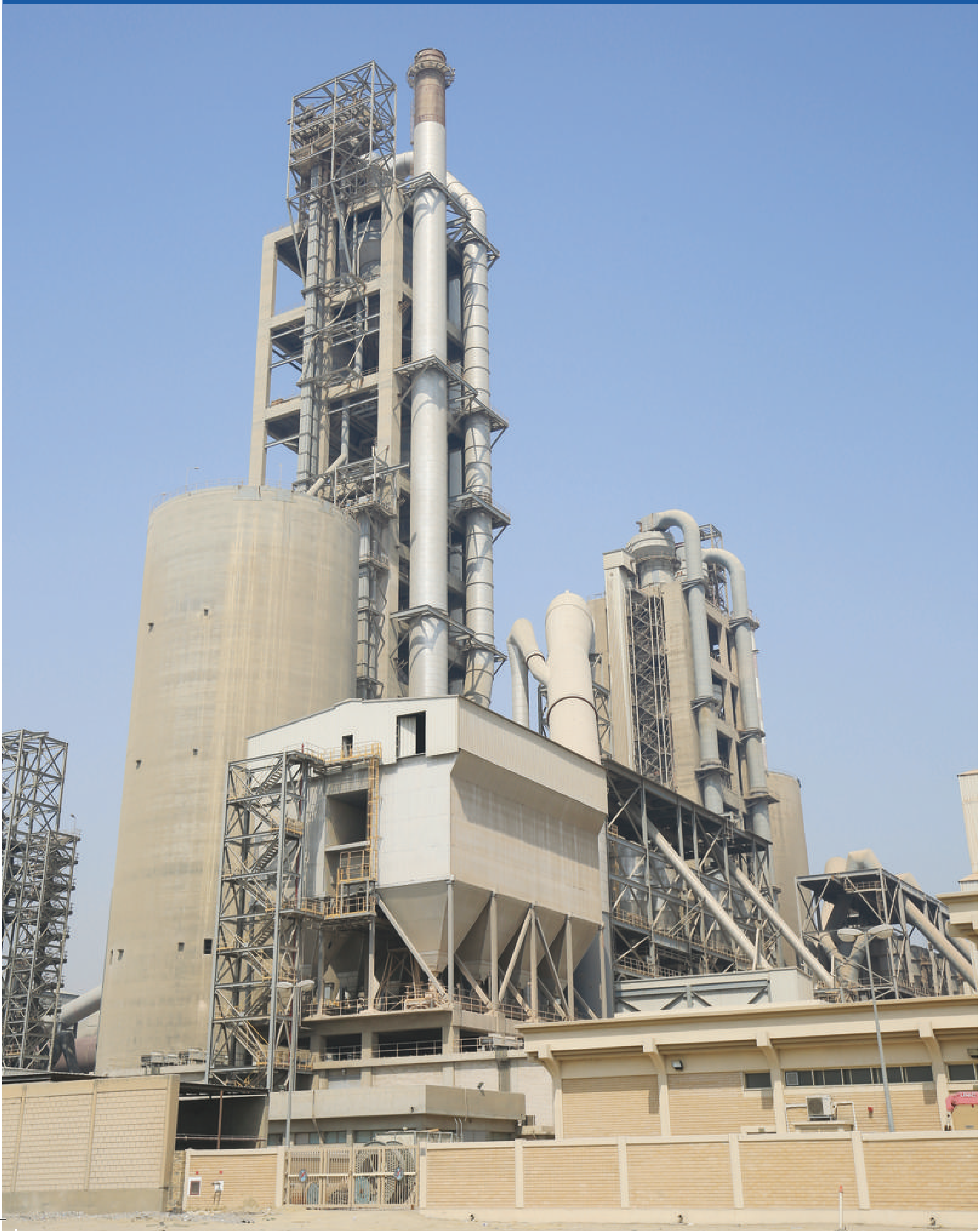
H.H. Sheikh Meshal AL-Ahmad Al-Jaber Al-Sabah
Amir Of The State Of Kuwait



H. H. Sheikh Sabah Khaled Al-Hamad Al-Sabah
Crown Prince Of The State Of Kuwait

Unloading of raw material from ships on the covered conveyor belt

Side view for Cement Plant



CONTENTS

Ship unloader for transporting raw material through covered belt conveyor from port to the plant

BOARD OF DIRECTORS

Rashed Abdulaziz Al-Rashed	CHAIRMAN
Dr. Abdulaziz Rashed Al-Rashed	VICE CHAIRMAN
Khaled Abdullah Al-Rabiah	BOARD MEMBER
Ziad Tareq Al-Mukhaizeem	BOARD MEMBER
Abdullah Manea Al-Ajmi	BOARD MEMBER
Abdullah Mohamad Al-Saad	BOARD MEMBER
Mishal Abdulmohsen Al-Rashed	BOARD MEMBER
Waleed Abdullah Al-Roumi	BOARD MEMBER
Yaqoub Yousef Al-Saqer	BOARD MEMBER
Yousef Bader Al-Kharafi	BOARD MEMBER

Auditor

Qais M. Al-Nisf

BDO Al-Nisf & Partners

Agenda of the 57th Ordinary General Assembly

1- Discuss and approve the Board of Directors' report on the Company's activities, financial position, and business results for the fiscal year ended on 31/12/2024.

2- Read and approve both the Governance Report and the Audit Committee Report for the fiscal year ended on 31/12/2024.

3- Discuss and approve the External Auditor's Report on the results of the Company's financial statements for the fiscal year ended on 31/12/2024.

4- Discuss and approve the consolidated financial statements for the fiscal year ended on 31/12/2024, and endorse the same.

5- Review any violations identified by the regulatory authorities and any penalties issued consequent to such violations, and resulted in imposing financial and non-financial penalties on the Company during the fiscal year ended on 31/12/2024 (if any).

6- Discuss the Board of Directors' recommendation to distribute cash dividends of 6% of the capital (i.e. 6 fils per share), after excluding the treasury shares, totaling KD. 4,277,842.020 (four million two hundred and seventy-seven thousand eight hundred and forty-two Kuwaiti dinars and 20 fils) for the fiscal year ended on 31/12/2024. These cash dividends are payable to the shareholders recorded in the Company's registers at the end of the due date. And to authorize the Board of Directors to amend the payment time-schedule if it was not possible to announce a confirmed time-schedule.

7- Discuss the Board of Directors' recommendation not to pay remunerations to the Board members for their membership on the Board of Directors for the fiscal year ended on 31/12/2024.

8- Review the transactions with related parties for the fiscal year ended on 31/12/2024, and authorize the Board of Directors to conduct transactions with related party during the fiscal year to be ending on 31/12/2025.

9- Approve the Board of Directors' issuance of bonds in Kuwaiti dinar denomination, or any other currency it deems appropriate, not exceeding the maximum permitted by law, or its equivalent in foreign currencies. Together with authorizing the Board of Directors to determine the type, term, nominal value, return, maturity date, and other terms and conditions of these bonds, subject to the approval of the relevant regulatory authorities.

10- Approve authorizing the Board of Directors to purchase or sell the Company's shares, not exceeding 10% of its total shares, in accordance with the provisions of Law No. 7 of 2010 concerning the establishment of the Capital Markets Authority and Organizing the Securities Activities, and its Executive Bylaw, and the amendments thereon.

11- Approve of the release of the members of Board of Directors from liability for all legal, financial, and administrative actions for the fiscal year ended on 31/12/2024.

12- Approve the appointment or reappointment of the auditor, Mr. Faisal Saqer Al-Saqer, from the list approved by the Capital Markets Authority, taking into account the mandatory change period for the auditor for the fiscal year to be ending on 31/12/2025, and authorizing the Board of Directors to determine his fees.

13- Elect the Board of Directors for the next three years (2025, 2026, and 2027).

Rashed Abdulaziz Al-Rashed
Board Chairman

Chairman's Statement

Honorable Shareholders,
Peace and God's mercy and blessing be upon you,

I am honored, on behalf of the Board of Directors, to express our sincere gratitude for your presence and for responding to our invitation. I am pleased to present to you the 54th Annual Report of Kuwait Cement Company (K.S.C.P) which includes an overview of the main activities of the Company and its subsidiaries, the independent Auditor's Report, and the consolidated Financial Statements for the fiscal year ended on December 31, 2024.

Honorable Shareholders,

In continuation of a journey that has extended over five decades, your Company has earned the trust of clients and has adhered to the principles of sustainable development in its operational processes. We are committed to developing aspects related to the environment, health, and safety, and continuously improving production and operational processes to minimize their environmental impact, ensuring sustainability as a national and humanitarian responsibility. The Executive Management of the Company and all its employees are striving to achieve the strategic objectives set forth through operational excellence in the industrial sector. Our Company has maintained its market share locally, thanks to the quality of our products which meet the highest Kuwaiti and Gulf specifications, as well as our high production efficiency that ensures timely fulfillment of all contracts and market demands. The Company has also endeavored to exploit all opportunities that contribute to increased efficiency and production capacity in its plant, along with investing in innovative technologies that boost production and reduce operational costs. These efforts have resulted in a sales growth of (6%) compared to the same period in 2023.

Kuwait Cement Company has continued to strengthen its position in the construction and building sector by providing various types of cement and developing aspects related to the environment and health in order to mitigate their environmental impact hence ensure sustainability, which represents a social responsibility.

Below is an overview of the Company's activities and achievements in year 2024.

Marketing and Sales

In year 2024, the Company continued its efforts to enhance communications with all government and private entities and companies in the oil sector across various fields, which contributed to significant progress in marketing its products, including ordinary Portland cement and sulphate-resistant cement type (5), in addition to oil well cement and ground granulated blast furnace slag (GGBS), which is environmentally friendly.

The Company has achieved a 9% growth in sales volume in 2024 compared to sales in 2023. Despite the challenges faced by the Company, it succeeded in achieving acceptable operating profits relative to the sales of 2023, which can be attributed to the sustained demand for high-quality cement offered by our product and our distinguished relationship with clients, notwithstanding the decline in government and private projects, delays in delivering new-cities plots, and the flooding of the local market with Iranian cement.

The Company looks forward to achieving better results in the coming years, given the government's strategic decisions to accelerate the completion of developmental projects, major cities-housing projects, infrastructure projects, the resumption of postponed projects, and an increase in government spending, which will undoubtedly revitalize the construction sector. This provides your Company with a better opportunity to increase operations, along with expectations that we will have a significant share in this, which will help to increase the volume and value of our sales in the coming years. Moreover, if the decision to impose anti-dumping duties on imports of Iranian cement and clinker to the Kuwaiti market is implemented, along with State support for the national local products and assistance in overcoming the difficulties faced by these products, and a return to economic calm and stability in the region, it will further enhance our prospects.

Ports Authority Contract

By the grace of God, a contract has been signed with the Kuwait Ports Authority for a duration of ten years, concerning the licensing of the right to utilize the berth number (19) at the Shuaiba Port and an empty land with an area of 21,571 square meters, along with unloading and loading conveyor belt and unloading equipment covering an area of 4,550 square meters. This will positively reflect on the operational processes at the plant.

Environmental Fuel Project (RDF)

Kuwait Cement Company signed a contract on March 6, 2024, with the Ministry of Finance and the State Property Contracts Department, under the supervision of the Kuwait Municipality, for the execution of a project to establish a plant to convert municipal solid waste into dry fuel for use in the cement manufacturing kilns of the Company.

The project aims to scientifically treat approximately 20% of the country’s municipal solid waste, achieving environmental and economic returns, as well as social benefits and public advantage. This project is considered one of the largest plants in the world and the largest in the Gulf Cooperation Council Countries in terms of production capacity. The project aims to reduce environmental burden, preserve natural resources, minimize the loss of large areas of land used as landfills, and provide alternative energy sources through energy recovery using the Refuse Derived Fuel (RDF), thereby reducing the volume of waste in landfills and replacing it with a modern environmental system for treating municipal solid waste. The contract duration is 20 years from the actual operational date of the project, with a site area of 200,000 square meters in the designated area for Kuwait Municipality at Abdullah Port for landfilling of waste, with a capacity of 3,600 tons of solid waste daily. The project is expected to be completed in the second quarter of 2026.

Project Benefits:

1- Treatment of nearly 20% of municipal solid waste in Kuwait.

2- Contribution to achieving environmental and economic returns, as well as social benefits and public advantage.

3- Reduction in the consumption of fossil fuel (coal).

4- Lowering carbon emissions in Kuwait, in line with the State’s strategy and objectives to achieve carbon neutrality by 2050.

5- Minimizing loss of lands used as landfills.

6- Preserving groundwater.

7- Extending the lifespan of the Abdullah Port landfill and eliminating the need to open new landfills to accommodate the growing amounts of waste.

Subsidiary Companies:

Kuwait Cement Ready-Mix Company (K.S.C.) Closed

Since its inception, the company has focused on establishing a strong record of excellence in the production and manufacture of ready-mix concrete. In 2024, despite the challenges and competitive situation faced by this sector in the latest years due to various reasons, including the scarcity of major projects and fluctuations in raw material prices, Kuwait Cement Ready-Mix Company has managed to maintain its leading position among competing companies through this excellence. Notwithstanding these challenges, the company has dedicated all its efforts to uphold its motto “Quality That Deserves Trust.” One of the key factors that contributed to achieving and applying the highest standards of quality was the firm vision and plans adopted by the company’s management since its inception, particularly the focus on time management, as it is critical to the quality of ready-mix concrete from the beginning of the production until the completion of the pouring process. Therefore, the company has ensured continuity in expanding its geographical presence throughout the districts of Kuwait, with its plant located in the Sulaibiya district serving the central zone, its plant within Mutlaa’ residential city serving clients in the northern zone and the clients therein as well as the neighbouring districts, and its plant located in the western Shuaiba district serving clients in the southern zone. The Company’s management has always kept this planning in mind to ensure geographical expansion, which enables the Company to meet its clients’ demands in a timely manner across all zones, even in border and remote districts.

Regarding the Company’s vision and future aspirations, it is primarily focused on maintaining its leadership and position in leading and developing the ready-mix concrete sector by providing the highest standards of quality at all stages of design, manufacturing, and supply.

Shuwaikh Cement Company (K.S.C.) Closed

During this year, Shuwaikh Cement Company has managed to achieve significant results. The export of granulated rocks (salboukh) to Kuwait during 2024 increased by 125% and consequently the sales rose in 2024 by 113%. Therefore, Shuwaikh Cement Company achieved substantial profits, while accumulated losses decreased from 346,301 Kuwaiti dinars in 2023 to 140,926 Kuwaiti dinars in 2024.

Regarding the Shuwaikh crusher, the United Arab Emirates market improved in 2024, resulting in a 12.9% increase in production, while sales inside and outside the United Arab Emirates market grew by 43.6%. The company implemented a cost-reduction policy and equipment leasing for operations, ensuring the quality of various types of the crusher products, which granted the crusher an excellent reputation in both the United Arab Emirates and Kuwaiti markets.

In light of this, Shuwaikh Cement Company was able to achieve excellent results this year with profits exceeding its capital. We hope for the company to continue this outstanding success.

Amwaj International Real Estate Company (K.S.C.) Closed

Amwaj International Real Estate Company has been able to secure satisfactory profits from its investment activities in local companies listed on Kuwait Stock Exchange and other global firms enjoying high reputation and strong performance. In addition to investing in several portfolios and funds managed by specialized companies and institutions across various geographic sectors (Kuwait, Gulf Cooperation Council, United States of America, United Kingdom), reflecting the company’s intent to diversifying its investment portfolio to mitigate risks and ensuring attractive returns and stable cash flows. In addition to the dividends received from investments in local and foreign companies, the company is, thanks God, progressing on an upward trajectory, which will positively impact the income statement and will thus meet the desired aspirations.

As for the company's activity in managing the property of the "Cement House" owned by the parent Company "Kuwait Cement", with the real estate market beginning to recover, it is expected that the remaining vacant units in the building will be leased to reputable companies and institutions.

Regarding the utilization of the plots leased to the parent Company (Kuwait Cement) in the East Ahmadi district, the construction and development process for the plot commenced this year and is expected to take around 18 months, unless obstacles or unforeseen circumstances occur. The development of this plot is expected to benefit the company and the parent Company (Kuwait Cement), with God willing.

Governance Report for year 2024

The Board of Directors of Kuwait Cement Company (K.S.C.P) is committed to adhering to the highest governance standards, aligning with the Company's needs and according to the Executive Regulations of Law No. 7 of 2010 concerning the establishment of the Capital Markets Authority and organizing the financial securities activity, and its amendments. The Board of Directors ensures that values, manners, and professional behaviors are manifested in all areas of work, while promoting transparency and disclosure, and providing timely information in a manner that enables the Board of Directors to make necessary decisions for achieving sustainable growth.

Corporate Social Responsibility

The social responsibility policy of Kuwait Cement Company aims to create a positive and sustainable social impact to enhance its leading role in serving the local community through its social responsibility programs. These programs align with best practices in the corporate social responsibility domain. The Company strives to contribute effectively and positively to its community as part of its strategy and in line with its vision, aiming to build strong relationships with the local community to fulfill its mission, achieve its goals, and secure long-term sustainable growth for its operations, which brings real opportunities for our community through environmental protection, safety, and sustainable community development in general, particularly for the Company's employees.

Honorable Shareholders,

As regards the Company's financial results, the net profit for the year has reached 3,209,013 Kuwaiti Dinars, with earnings per share being 4.50 fils for the fiscal year ended on December 31, 2024. Total assets amounted to 304,731,495 Kuwaiti dinars as of December 31, 2024, and reserves totaled 109,249,177 Kuwaiti dinars as of December 31, 2024. Based on the above, the Board of Directors is pleased to present, within the agenda of your esteemed assembly, a recommendation to distribute cash dividends at a rate of 6%, which equals 6 fils per share for the fiscal year ended on December 31, 2024.

In conclusion, the Board of Directors is honored to extend its heartfelt gratitude and appreciation to His Highness Sheikh Meshaal Al-Ahmad Al-Jaber Al-Sabah, the Amir of State of Kuwait, may God protect him and bless him with a long life, for the significant advancements achieved under his wise leadership. The Board also acknowledges His Highness's visionary support for the economic sector and his encouragement of national investments. We implore God Almighty to grant His Highness good health and well-being, and to continue bestowing blessings of security, stability, and prosperity upon the State of Kuwait and its citizens.

The Board of Directors conveys its sincere thanks and appreciation to His Highness Sheikh Sabah Khaled Al-Hamad Al-Mubarak Al-Sabah, the Crown Prince, may God protect him and grant him long life, for his remarkable efforts and unwavering commitment to the well-being of our beloved country, Kuwait.

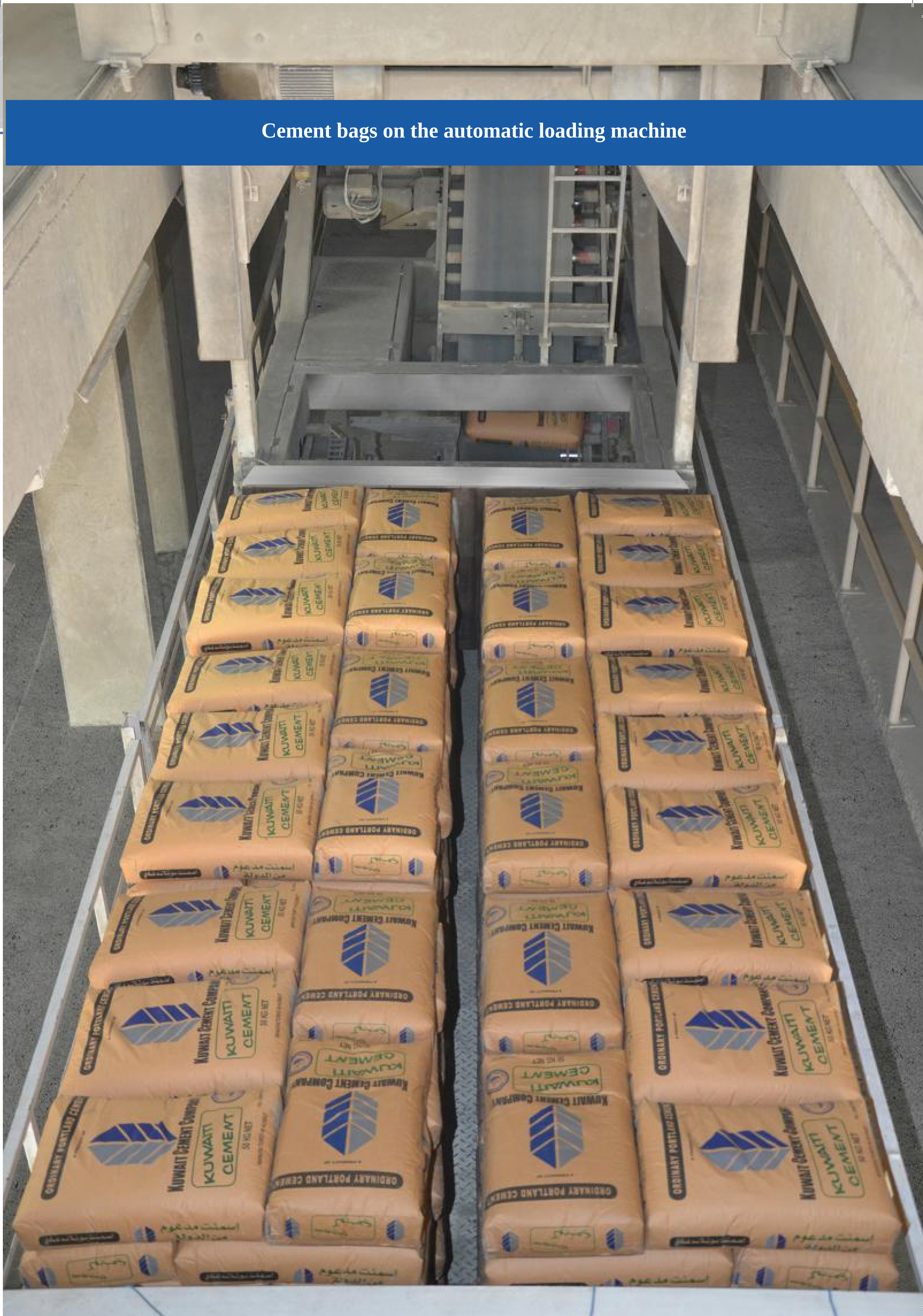
The Board also extends its heartfelt thanks to His Highness Sheikh Ahmad Abdullah Al-Ahmad Al-Sabah, the Prime Minister, as well as to the esteemed Ministers and all State institutions, affiliated companies, and national banks for their steadfast support and collaboration.

I would also like to express my sincere appreciation to our esteemed shareholders for their ongoing trust in their Company, as we look forward to continued growth and success together. Furthermore, I extend my deep gratitude to all distinguished members of the Board of Directors, the Executive Management, and the Technical and Administrative staff for their relentless efforts in fostering and promoting sustainability across the Company's various activities, hoping for their sustained dedication to achieving the Company's desired goals.

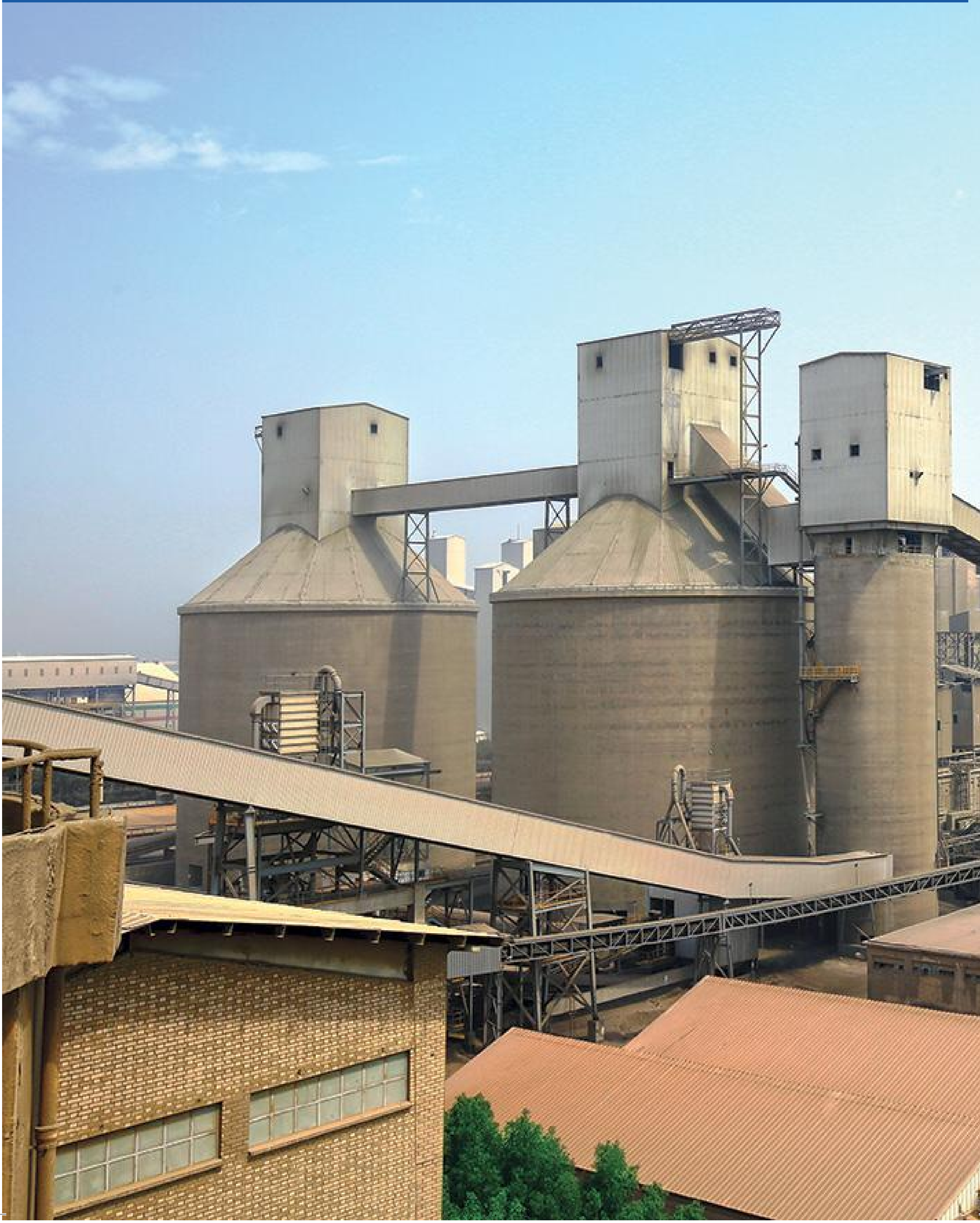
May God be the guardian of our success.

Peace, mercy, and blessings of God be upon you.

Rashed Abdulaziz Al-Rashed
Board Chairman



Cement bags on the automatic loading machine



Side view for Cement Plant showing the Two Pre-heaters for Line 1 and line 2 and also silos for storing cement

Company's Governance Report
for Year 2024

- **Formation of the Board of Directors:**

Pursuant to the provisions of Clause (18) of the Articles of Association of Kuwait Cement Company, which has specified the Members of Board of Directors to be Ten members, the Board of Directors of Kuwait Cement Public Company (K.S.C.P) has approved formation of the Board of Directors for the current term (2022 - 2024) at its Session held on 20/04/2022 during the 54th Ordinary General Assembly meeting of the Company's shareholders held on the date.

As such, the formation of the current Board of Directors is as follows:

Member's Name	Member's Rank (Executive/ Non-Executive/ Independent, Secretary)	Date of Election/ Appointment/Secretary Appointment
Rashed Abdulaziz Al-Rashed Chairman of Board of Directors	Non-executive	20/04/2022
Dr. Abdulaziz Rashed Al-Rashed Vice-Chairman of Board of Directors	Non-executive	20/04/2022
Khaled Abdullah Al-Rabiah Board Member	Non-executive	20/04/2022
Ziad Tariq Al-Mukhaizeem Board Member	Non-executive	20/04/2022
Abdullah Manea Al-Ajmi Board Member	Non-executive	20/04/2022
Abdullah Mohamad Al-Saad Board Member	Non-Executive - Independent	20/04/2022
Mishal Abdulmohsen Al-Rashed Board Member	Executive	20/04/2022
Waleed Abdullah Al-Roumi Board Member	Non-executive	20/04/2022
Yacoub Yousef Al-Saqer Board Member	Non-executive	20/04/2022
Yousef Bader Al-Kharafi Board Member	Non-Executive -Independent	20/04/2022

Mishal Abdulmohsen Al-Rashed	Board Secretary	22/12/2022

- **Qualifications, Experiences and Positions of Board Members:**

All members of the Board of Directors are of Kuwaiti nationality, who possess academic credentials and experience for assuming their positions:

Mr. Rashed Abdulaziz Al-Rashed – Chairman of Board of Directors

- He holds a Bachelor's degree in Business Administration and Economics from Claremont University in the United States of America in 1958, and a Master's degree in Business Administration from the same university in 1959.
- Founding member of Kuwait Cement Company since its inception in 1968, the first Chairman of Board of Directors from the convening date of the Constituent Assembly on 20 /01 /1969 till 1978. He assumed the post of Board Chairman and Managing Director from 1996 till 27/12/2015, and Board Chairman since 28/12/2015 until now. He also holds the post of Head of the Nominations and Remunerations Committee.
- His experiences include working at several ministries. Among the posts he assumed are the following:
  * Assistant Director of Technical Affairs at Ministry of Public Works.
  * State Secretariat for Political Affairs.
  * Director of Political Affairs at the Ministry of Foreign Affairs.
  * Ambassador of the State of Kuwait to the United Nations (first ambassador).
  * Vice-President of the United Nations' General Assembly.
  * Undersecretary of Ministry of Foreign Affairs from 1967 till 1985.
  * Minister of State for Council of Ministers Affairs during the period 1985- 1990.
  * Participated in large number of international and regional meetings.
  * Received a number of Arab and international medals.
  * In 1990, he dedicated himself to private business.

Dr. Abdullaziz Rashed Al-Rashed - Vice Chairman

- He holds a doctorate degree in Electrical Engineering from the University of Wisconsin in the United States of America.
- Dr. Abdulaziz Rashed Al-Rashed was elected as Vice Chairman at the Board meeting on 08/11/2017. He is also a member of the Audit Committee.
- He chairs the Board of Directors of Kuwait Drilling Company.
- Member of Board of Directors of the Contracting and Marine Services Company.
- Member of Board of Directors of the National Industries Holding Group.

Mr. Khaled Abdullah Al-Rabiah –Board Member

- He holds a university degree from Kuwait University in 1977.
- Member of Board of Directors of Kuwait Cement Company, representing the National Industries Holding Group since 1998 until today. He is also a member of the Risk Management Committee.
- He held the post of General Manager of the Gulf International General Trading Corporation and, at Mohammed Abdullah Al-Rabiah Company & Partners.

Mr. Ziad Tariq Al-Mukhaizeem - Board Member

- He holds bachelor's scientific degree in Civil Engineering from the University of the Pacific, California - United States of America, 2004.
- He holds master's degree in business administration from DePaul University, Illinois, - United States of America, 2006.
- His professional experience (financial and investment) covers many entities, including:
  * Cap Corp Investments Company - Vice-Chairman and Executive Officer from March 2021 till November 2023.
  * AREF Investment Group - Executive Officer - Head of Investment Sector, from January 2011 till January 2017.
  * Kuwait Finance House - Investment Manager, from August 2007 till December 2010.
  * Kuwaiti Manager Company and Bovis Lend Lease (KMC & Bovis Lend Lease) - Kingdom of Bahrain and in the State of Kuwait, where he progressed in several posts: Planning Manager and Project Manager, from June 2004 till July 2007.
- He held the post of member of Board of Directors at many companies, institutions and banks, including:
  * Arab Capital Investment and Finance Company - Kuwait (2010 - 2012), member of Board of Directors and member of the Executive and Investment Committee.
  * Elenmaa Real Estate Company – Kuwait (2008 - 2013), member of the Audit Committee.
  * Ibdar Bank Bahrain (2013 - 2015), member of the Executive Committee.
  * Bank of London and Middle East - United Kingdom (2013 – 2017), Member of the Audit Committee, the Risk Committee and the Remuneration Committee.
  * Munshaat Real Estate Projects Company - Kuwait - Chairman of Board of Directors, Head of the Executive Committee (2013 - 2017), Head of Remuneration and Nominations Committee (2013 - 2016).
  * The Public Institution for Social Security - Kuwait, member of the Investment Committee (2017 till 2023).
- He also assumed membership in several companies, investment funds and committees inside and outside the State of Kuwait.

Mr. Abdullah Manea Al-Ajmi - Board Member

- He holds a bachelor's degree in accounting major from Kuwait University, year 1999.
- He holds a master's degree in business administration major (Accounting) from Delmont University, year 2010.
- He holds a Certificate of Judicial Server approved by the Ministry of Justice - Supreme Court, year 2014.
- Mr. Abdullah Manea Al-Ajmi joined membership of the Board of Directors as representative of the Investment Public Authority on 20/ 04 /2022 until now. He also holds the post of Member of the Nominations and Remuneration Committee.

- His previous and current practical and professional experiences cover many entities, including:
  * Kuwait Cement Company - Accountant - from 1999 till 2002.
  * Investment Public Authority, from 2002 till now, holding the post of Director of Accounting and Administrative Services Department.
  * Ibrahim Al-Raqam Company - Participating Member in the Liquidation Committee from 2004 till 2022.
  * National Technology Projects Company, where he held many posts, including:
- Member of Board of Directors from 2015 till 2018.
- Member of the Audit and Risks Committee from 2015 till 2018.
- Vice-Chairman of Board of Directors from 2018 till 2020.
- Head of the Audit and Risks Committee from 2018 till 2020.
  * Aluminum Extrusion Company - Chairman of Board of Directors from 2018 till now.
  * Kuwait Cement Company - member of Board of Directors and member of the Nomination & Remunerations Committee from 2020 till now.

Mr. Abdullah Mohammed Al-Saad - Board Member (Independent)

  * He holds a bachelor's degree in business administration from Cairo University, year 1969.
  * Member of Board of Directors of Kuwait Cement Company since 1998 until today. He also holds the post of member of the Nomination & Remuneration Committee.
- His work experiences covered several posts including:
  * Worked at the Ministry of Foreign Affairs as a Diplomatic attaché in 1970.
  * Director of Kuwait Office in Dubai until 1972.
  * Chargé d'affaires of the Embassy of Kuwait in Abu Dhabi, 1973
  * Chargé d'affaires of the Embassy of Kuwait in Nairobi, Kenya, 1974
  * Chargé d'affaires of the Embassy of Kuwaiti in Mogadishu, Somalia, 1975.
  * Completed his work at the Ministry of Foreign Affairs and returned to Kuwait in year 1976.
  * He started his private business in year 1977.
  * He Joined the Board of Directors of Kuwait Food Company (Americana) from 1977 till 2017.
  * Joined the Board of Directors of Kuwait Food Company (Americana) from year 1977 till year 2017.
  * Board Chairman and Managing Director of the Seafury Americana International, 1984.
  * Member of the Board of Directors of Al-Ahlia Insurance Company from year 1999 until today.

Mr. Mishal Abdulmohsen Al-Rashed - Board Member

- He holds a bachelor's degree from the American University in Washington as on 12/05/1996 majoring in International Business.
  * He worked for Wafra International Investment Company - European Stocks Department, during the period from 19/10/1997 till 14/11/1998.

* He worked for Global Investment House Company - American Stocks Department, during the period from 15/11/1998 till 31/12/2002.
* He held the post of Chief Executive Officer for Financial and Administrative Affairs at Kuwait Cement Company, during the period from 01/01/2003 till 27/12/2015.
* He held the post of Deputy Chief Executive Officer of Kuwait Cement Company during the period from 28/12/2015 till 21/12/2022.
* Mr./ Mishal Abdulmohsen Al-Rashed was appointed as Chief Executive Officer and Secretary of Board of Directors since 22/12/2022.
* Mr./ Mishal Abdulmohsen Al-Rashed was elected as member of the Board of Directors of Kuwait Cement Company as on 20/04/2022 till year 2024. He also held the post of member of the Risk Management Committee during the period from 20/04/2022 till year 2024.

Mr. Waleed Abdullah Al-Roumi - Board Member

- He holds a Bachelor of Commerce, majoring in Business Administration and Marketing from Kuwait University, year 1983.
  * He worked at the Investment Public Authority from 1983 till 2024.
  * Mr./ Waleed Abdullah Shamlan Al-Roumi joined the Board of Directors as representative of the Investment Public Authority on 20/04/2022 till today. He also holds the post of member of the Audit Committee.
- His current membership covers several companies, amongst them are:
  * Equity Holding Company - Egypt, Board Chairman from 2015 till now.
  * Kuwait Cement Company, Member of Board of Directors from year 2022 till year 2024.
- He assumed the Board membership in several companies during previous periods, which included the following:
  * Nakheel Agricultural Production Company - Vice Chairman of Board of Directors during the period from 1992 till 1995.
  * Kuwait Cement Company, Member of Board of Directors during the period from 1995 till 1998.
  * Misr Cement Company (Qena), Member of Board of Directors during the period from 2002 till 2007.
  * The Tunisian Kuwaiti Development Group, Member of Board of Directors during the period from 2001 till 2007.
  * International Investment and Tourism Group - Chairman of Board of Directors, during the period from 1999 till 2007.
  * Zamalek Investment and Tourism Company, Chairman of Board of Directors, during the period from 1999 till 2007.
  * Aslon Company - Egypt (plastic pipes factory affiliated to Kuwait Egyptian Investment Company), Chairman of Board of Directors during the period from 1997 till 2007.
  * Kuwaiti Egyptian Investment Company, Vice Chairman and Managing Director (Executive), during the period from 1997 till 2007.

* Kuwaiti Egyptian Real States Development Company, Chairman of Board of Directors, during the period from 2008 till 2013.
* Moroccan Kuwaiti Development Group, Chairman of Board of Directors during the period from 2008 till 2015.
* Kuwait Investment Company, Member of Board of Directors during the period from 2013 till 2015, and Chairman of Board of Directors during the period from 2015 till 2018.
* Livestock Transport and Trade Company - Member of Board of Directors from 2013 till 2019, Chairman of Board of Directors from 2020 till 2022, and Board member until his membership ended in year 2024.

Mr. Yacoub Yousef Al-Saqer – Board Member

* Member of the Board of Directors of Kuwait Cement Company representing the National Industries Holding Group from 2007 till today. He also holds the post of Head of the Audit Committee.
* Member of the Board of Directors of the Tourism Projects Company during the years from 1976 till 1982, and from 1998 till 2004. He was also a member of the Board of Directors of Warba Insurance Company from 31/03/1987 till 13/03/1993. Also, he worked at the Directorate General of Civil Aviation from September 1969 till 01/12/2006, where he progressed in several posts such as researcher, supervisor, director of financial and administrative affairs, Deputy Director General at the rank of Assistant Undersecretary, Director General of Civil Aviation with the rank of Ministry Undersecretary, and then Director of Civil Aviation at the Excellence Level.

Mr. Yousef Bader Al-Kharafi - Board Member (Independent)

* He holds a Military College degree from Egypt in 1957, and a certificate of Theoretical and Training Studies in the various Departments of the Ministry of Interior in Egypt in the same aforesaid year.
* Member of Board of Directors of Kuwait Cement Company since 2007 until today, he also holds the post of Head of the Risk Management Committee.
* He held many leadership posts during his service at the Ministry of Interior from 1957 till 1998, namely: First-Lieutenant, Captain, Major, Lieutenant-Colonel, Colonel, Brigadier-General, Major-General, Lieutenant-General, then promoted to the rank of General in 1998.

  Moreover, he assumed responsibility of several departments in the Ministry of Interior during the period from 22/05/1974 until retirement on 14/11/1998, of which he was the Director of Administration, Head of Personnel Affairs Committee, Head of General Committee for Police Affairs, Board Chairman of Police Academy, Deputy Head of the Emergency Committee, President of Traffic Higher Council, Board Chairman of Police Officers' Club, Assistant Ministry Undersecretary, then Undersecretary of Ministry of Interior in year 1981 until retirement in year 1998.

- **Meetings of the Board of Directors of Kuwait Cement Company During 2024**

The Board of Directors of Kuwait Cement Company has held (6) meetings during year 2024.

The following table shows the details and number of those meetings attended by each member:

Member's Name	Meeting No.1/2024 dated 20/03/2024	Meeting No. 2/2024 dated 08/05/2024	Meeting No. 3/2024 dated 13/08/2024	Meeting No. 4/2024 dated 16/10/2024	Meeting No. 5/2024 dated 06/11/2024	Meeting No. 6/2024 dated 22/12/2024	Number of Meetings
Rashed Abdulaziz Al-Rashed Chairman of Board of Directors	√	√		√	√	√	5
Dr. Abdulaziz Rashed Al-Rashed Vice-Chairman of Board of Directors	√	√	√	√	√	√	6
Khaled Abdullah Al-Rabiah Board Member	√	√	√	√	√	√	6
Ziad Tariq Al-Mukhaizeem Board Member	√	√	√	√	√	√	6
Abdullah Mohamad Al-Saad Board Member	√	√	√	√	√	√	6
Abdullah Manea Al-Ajmi Board Member	√	√	√		√	√	5
Mishal Abdulmohsen Al-Rashed Board Member	√	√	√	√	√	√	6
Waleed Abdullah Al-Roumi Board Member		√	√	√	√		4
Yacoub Yousef Al-Saqer Board Member	√	√	√	√		√	5
Yousef Bader Al-Kharafi Board Member	√	√	√	√	√	√	6

* Marking with the sign ((√) denotes attendance of the meeting by the member of board of directors.

- **Recording, Coordinating and Keeping the Minutes of Meetings of the Company's Board of Directors:**

Secretary of the Board of Directors applies the requirements of recording, coordinating, and keeping the minutes the meetings of the Board of Directors of Kuwait Cement Company, using special register that contains information about the agenda of each meeting, its date and venue, as well as the meeting starting and ending times. Each meeting is kept under a serial number according to the respective year, and special files are prepared in which the minutes of meetings are kept, together with the deliberations and discussions that take place therein. The Board members are provided with the agenda together with its relevant documents before the date of the meeting with sufficient time, for the members to study the agenda items. The minutes of meetings are signed by the Board members and its secretary who are present at that meeting. In the meetings that take place by passing, the minutes are signed by all members. As regards the means of remote communication (according to the Companies Law, Article No. «190») and pursuant to the rules and directives of government bodies, the minutes of its meetings must be signed by all participating members, and the Board Secretary works on the coordination and clarifying all information to all Board members.

- **The Policy of Tasks and Responsibilities of the Company's Board of Directors, Duties of each Board Member and the Executive Management, and the Powers Delegated to the Executive Management**

The Regulation of tasks and specializations of the Board of Directors approved by the Board on 15/11/2016 and updated on 31/08/2022, has stipulated that the Company's Board of Directors bears comprehensive responsibility for the Company, including setting strategic goals for the Company as well as risks strategy, governance standards, responsibility of supervising the Executive Management, preserving interests of the shareholders, creditors, employees and all stakeholders, and ensuring that management of the Company is carried out effectively and within the framework of the laws of the regulatory authorities, the Articles of Association, and the internal regulations and policies of the Company. Here below is an overview of the general duties of the Board of Directors:

- The Board bears ultimate responsibility for the Company's operations and soundness of its financial position, fulfilling the requirements of the Capital Markets Authority, protecting the interests of shareholders, protecting the rights of minority, creditors, investors, customers, employees and stakeholders, and ensuring that the Company is managed in a prudent manner and in accordance with the applicable laws and the internal regulations, policies and procedures.
- Ensure reviewing the dealings with relevant parties and verify accuracy and soundness of these dealings.
- Approve the important goals, strategies, plans and policies of the Company, which include the following, as minimum:
  - Endorsing the interim and annual financial statements.
  - Supervising the key capital expenditures of the Company, and the ownership of the assets and disposing them.
  - Ensuring the Company's adherence to the policies and procedures that guarantee the Company's compliance with the applicable internal systems and regulations.
  - Ensuring the accuracy and soundness of the data and information to be disclosed, in accordance with the applicable policies and systems of disclosure and transparency.
  - Formation of specialized committees in accordance with a charter that clarifies the committee's duration, powers and responsibilities, and monitoring it by the Board.
  - Ensuring that the organizational structure of the Company is transparent and clear, which allows for a process of decision making and realization of the principles of judicious governance and separation of powers and merits between the Board of Directors and the Executive Management.
  - Determining the powers delegated to the Executive Management, the decision-making procedures, and the duration of delegation. Moreover, the Board determines the subject matters for which it retains merit to take decisions thereon.
  - Monitoring and supervising the performance of the Executive Management and ensuring that it fulfills the roles entrusted to it.

- Moreover, the Board of Directors has also approved the policies and procedures regulating the work of the Executive Management. The following is an overview of the general duties of the Executive Management:
- Manage the Company's business and provide directions to the Executive Departments in a manner consistent with the Company's strategic goals and the policies established by the Board of Directors, as well as the provisions of the law and those of the other legislations related to the Company's business and activities.
- Furnish the Board of Directors with accurate periodic reports on the Company's financial conditions and its business, as well as the measures taken on risk management and the internal control system, so that the Board of Directors can review the established goals, plans and policies, and to question the Executive Management about its performance.
- Provide the Board of Directors with recommendations regarding any suggestions it deems necessary that relate to the Company's business.
- Provide the regulatory bodies with any information, data and documents required in accordance with the provisions of the law, the systems, directives and resolutions issued regarding any of them.

- **Tasks and Achievements of the Company's Board of Directors During 2024**

The Board of Directors of Kuwait Cement Company was keen to monitor implementation of the strategic and goals set out by the Board, to communicate constantly with the Executive Team to ensure achieving these goals, and to comply with the regulatory directives of the Capital Markets Authority, as well as responding completely to the requirements of Corporate Governance. Moreover, the Board has endorsed this approach as key business strategy within the Company and affirming the importance of adhering to these principles.

Among the most prominent tasks and achievements carried out by the Board of Directors during year 2024 are:

1- Follow up the Company's performance in coordination with the Executive Management, and discuss all issues related to the Company's financial, administrative and technical activities, as well as the extent of their impact on the work progress and production.

2- Examine the sessions' minutes of the three committees emanating from the Board of Directors for year 2024.

3- Review and approve the work results of the Audit Committee and the recommendations submitted by it regarding the interim and annual financial statements of the Company.

4- Endorse the annual report for year 2024, including the Corporate Governance report and the Audit Committee's report.

5- Approve the Audit Committee's recommendation to re-appoint the external auditor - Mr. Qais Mohammed Al-Nisef for the office of Messrs./ BDO Al-Nisef & Partners.

6- Review and endorse the reports and recommendations issued by the Nominations and Remuneration Committee, including the annual evaluation process of the Board members and the Executive Management.

- **Board of Directors' Committees**

  Pursuant to the Board of Directors' Resolution No. 1329/2/2022 dated 20/04/2022, three specialized committees emanating from the Board of Directors were formed for a period of Three years ending at the end of the current term of the Board of Directors (2022-2024), and these committees are as follows:

1- Audit Committee:

- **Formation of the Committee:**

  The Board of Directors has formed the Audit Committee, where the number of its members is not less than three, and at least one of its members must be from among the independent members. Membership in the committee cannot be taken by the Board Chairman or any of the Board's Executive members. Moreover, the Committee member must possess the academic qualification and practical experience appropriate for the work of the committee. Among the members of the Committee there must be at least one member with academic qualifications and/or practical experience in the fields of accounting and finance. The committee shall have the right to seek the assistance of external experts after the approval of the Board of Directors on that. The Board of Directors shall determine the term of membership of the Committee members as well as the method of its work, as the term of membership in the Committee ends with the end of their membership in the Board of Directors. Furthermore, the Board of Directors has endorsed formation of the Audit Committee, and the committee has already held (4) meetings during year 2024. The table below illustrates formation of the Committee and details of those meetings:

Member's Name	Capacity	Rank	First 20/03/2024	Second 08/05/2024	Third 13/08/2024	Fourth 06/11/2024
Yacoub Yousef Al-Saqer	Head of Committee	Non-Executive	√	√	√	√
Dr. Abdulaziz Rashed Al-Rashed	Member	Non-Executive	√	√	√	√
Waleed Abdullah Al-Roumi	Member	Non-Executive		√	√	√
Yousef Bader Al-Kharafi	Member	Non-Executive - Independent	√	√	√	√

* Marking with the sign (√) denotes attendance of the meeting by the Head and Members of the Committee.

- **Committee's Tasks:**

  The Committee carries out its controlling role by means of backing up and supporting the Board of Directors in its responsibilities of representing the shareholders with respect to accuracy and integrity of the financial statements, supervision and review of accounts and financial statements for the Company as well as the internal control, and implementation of the policy of contracting an external auditor, while ensuring the independence and integrity of this auditor and the efficiency of the Internal Control systems and extent of its efficacy according to the approved audit standards through the works conducted by the Internal Audit Unit of the Company. In addition, the committee shall ensure the extent of the Company's compliance to the rules of professional conduct, as well as guaranteeing implementation of the relevant laws, policies, systems and directives and endorsing them in accordance with the policies approved by the Board of Directors in this realm.

- **Tasks and Achievements of the Audit Committee during year 2024:**

1- Discuss and approve the reports submitted by the Manager of the Internal Audit Unit in accordance with the Audit Plan approved for year 2024.
2- Review the interim and annual financial statements and submit opinion and recommendation to the Board of Directors.
3- Meet regularly with the external auditor and discuss any pending matters and notes that came up during the audit phase.
4- Prepare and endorse the Audit Committee report in preparation for presenting it to the Company's shareholders while holding the General Assembly of the shareholders.
5- Ensure the independence of the Internal Audit Unit, and that all internal audit activities were safe from any interference in determining the scope of audit or completion of the audit work or reporting the results of the audit work to a committee, in addition to evaluating the performance of the Manager of Internal Audit Unit.
6- Recommend to the Board of Directors the appointment and re-appointment of the Auditor.
7- Approve the audit plan for years 2025 that is submitted by the Manager of Internal Audit Unit.
8- Discuss developments on the previously submitted reports to ensure compliance of all departments to the approved recommendations.
9- Directing an external quality assessment of the Internal Audit Unit in accordance with the requirements of the Capital Markets Authority, to be implemented by an independent external consulting office.

2- Risk Management Committee

- **Formation of the Committee:**

The Board of Directors shall form a Risk Management Committee whose members must not be less than three, and at least one of its members must be independent. The Chairman of Board of Directors may not be a member of this committee. The Board of Directors shall determine the term of membership of the committee members and the method of its work, where the term of membership of the committee members ends with the expiry of their membership in the Board of Directors. The Board of Directors has approved formation of the Risk Management Committee. The committee has held four meetings during year 2024. The following table illustrates the formation of the committee and the details of those meetings:

Member's Name	Capacity	Rank	First 08/05/2024	Second 13/08/2024	Third 16/10/2024	Fourth 22/12/2024
Yousef BaderAl-Kharafi	Head of Committee	Non-Executive – Independent	√	√	√	√
Khaled Abdullah Al-Rabiah	Member	Non-Executive	√	√	√	√
Ziad Tariq Al-Mukhaizeem	Member	Non-Executive	√	√	√	√
Mishal Abdulmohsen Al-Rashed	Member	Executive	√	√	√	√

* Marking with the sign (√) denotes attendance of the meeting by the Head and Members of the Committee.

- **Committee's Tasks:**

The Committee assumes the responsibility of assisting the Board of Directors in carrying out its responsibilities towards Risk Management by preparing and reviewing the strategies and policies of managing the risks, before being endorsed by the Board, and ensuring its implementation and that it is consistent with the nature and size of the Company's activities. In addition to evaluating the systems and mechanisms of identifying, measuring and following up the types of risks the Company may be exposed to, in order to determine the deficiencies therein and rectify them in a timely manner, hence avoid any losses that may be exposed to, as well as submitting recommendations to the Board of Directors to take appropriate corrective measure.

It is worth mentioning that the Company has sought assistance from one of the consultancy offices to help identify the types and nature of risks the Company may be exposed to, and prepare a special register for that, and submit quarterly reports about them, so as to preserve the Company's assets and ensure continuity of practicing its activity in a positive manner.

- **Most Important Achievements of the Risk Management Committee during year 2024:**

1- Review the Risk Assessment Report submitted by the Consultancy Office.

2- Review and endorse the Risk Plan for year 2025.

3- Meeting periodically with the Consultancy Office and discuss any pending matters and notes.

4- Supervise and monitor the works of the Risk Management Unit.

3- Nominations and Remunerations Committee:

- **Formation of the Committee:**

The Board of Directors shall form the Nomination and Remuneration Committee of at least three members, provided that at least one of its members is from among the independent ones, and the Head of the Committee is from among the non-executive Board members. The Board of Directors shall determine the term of membership of the committee members and its method of work, where the term of membership of the committee members ends with the expiry of their membership in the Board of Directors. The Board of Directors has endorsed formation of the Nominations and Remuneration Committee. The committee has held (2) meetings during year 2024. The following table illustrates formation of the Committee and details of those meetings:

Member'sName	Capacity	Rank	First 14/02/2024	Second 08/09/2024
Rashed Abdulaziz Al-Rashed	Head of Committee	Non-executive	√	
Abdullah Manea Al-Ajmi	Member	Non-executive	√	√
Abdullah Mohamad Al-Saad	Member	Non-executive - Independent	√	√
Yousef Bader Al-Kharafi	Member	Non-executive - Independent	√	√

* Marking with the sign (√) denotes attendance of the meeting by the Head and Members of the Committee.

- **Committee's Tasks:**

The Committee assumes the responsibility of assisting the Board of Directors with respect to its responsibilities towards the nominations and remuneration of the members of Board of Directors and the Executive staff, and also reviewing the framework and plan of the remuneration plan applied at the Company, as well as preparing a detailed annual report on all remunerations granted to members of the Board of Directors and the Executive Management, whether as salaries, benefits, privileges or incentives. The Committee also assumes the responsibility of ensuring that the capacity of independence is not removed from the Board member who is independent, in addition to supervising evaluation of the members of Board of Directors and the Executive Management.

- **Most Important Achievements of the Nominations and remuneration Committee during 2024:**

1- Prepare an annual report on all remunerations and privileges granted to members of the Board of Directors and the Executive Management as well as the employees and submit the report to the Board of Directors for approval.

2- Supervise conducting the annual evaluation process of the members of the Board of Directors and the Executive Management.

3- Review and ensure that the capacity of independence is not removed from the Board member who is independent.

- **Mechanism for Members of Board of Directors to Obtain the Information and Data Accurately and in Due Time**

The Company has made available the necessary mechanisms and tools that enable the Board members to obtain the required information and data in a timely manner, by means of developing information technology environment inside the Company, establishing direct communication channels between the Board's Secretary and Members, and furnish reports about the meetings, which must be of high quality and accuracy, and to do this in advance so as to discuss them and take decisions thereon.

- **Report on the Remunerations Granted to Members of the Board of Directors and the Executive Management**

- Remunerations and Incentives Policy

The remuneration policy applied in the Company is consistent with the determined strategic goals, which aims to attract, retain and motivate all its workers especially those with academic and professional competencies as well as special skills, thus enhance the risk management and perpetual profitability, while taking into account all relevant laws.

The Nominations and Remunerations Committee operates within the framework of this policy and in accordance with the ratings of the annual performance and evaluation applicable at the Company, where it recommends the remunerations for both the Board of Directors and the Executive Management, taking into consideration the Company's success in realizing its objectives and in line with the Companies Law, Article No. (198) and Article No. (29) of the Articles of Association of Kuwait Cement Company. Moreover, it is the responsibility of the Board of Directors to take the final decisions in approving those remunerations and incentives.

- Board Members' Remunerations

On 26/09/2021, the Resolution No. 108 of 2021 was issued by the Capital Markets Authority to amend Appendix No. 2 (Structure of the Corporate Governance Report Form) in Chapter Two of the Governance Rules. The following table illustrates details of the Remunerations and Privileges granted to members of the Board of Directors (in Kuwaiti Dinar):

Remunerations and Privileges of the Members of Board of Directors							
Total Number of Members	Remunerations and Privileges through Mother Company			Remunerations and Privileges through Subsidiary Companies			
	Fixed Remunerations and Privileges	Variable Remunerations and Privileges		Fixed Remunerations and Privileges		Variable Remunerations and Privileges	
	Health Insurance	Annual Bonus	Committees' Bonus	Health Insurance	Monthly Salaries (annual total)	Annual Bonus	Committees' Bonus
10	-	-	184,000	-	-	-	-

- **Remunerations of the Executive Management and the Finance Manager**

The following table illustrates, in accordance with the decision referred to above, details of the remunerations and privileges granted to the Executive Management and the Finance Manager (in Kuwaiti Dinar):

Total Number of Executive Posts	Remunerations and Privileges through Mother Company								Remunerations and Privileges through Subsidiary Companies						
	Fixed Remunerations and Privileges							Variable Remunerations and Privileges	Fixed Remunerations and Privileges						Variable Remunerations and Privileges
	Monthly Salaries (annual total)	Health Insurance	Annual Tickets	Housing Allowance	Transport Allowance	Education Allowance	Others	Annual Bons	Monthly Salaries (annual total)	Travel Allowance	Annual Tickets	Housing Allowance	Transport Allowance	Education Allowance	Annual Bons
6	297,110	-	565	16,200	17,940	17,101	-	190,000	-	-	-	-	-	-	20,840

There were no material deviations or changes in the application of the Remunerations Policy for year 2024 from the policy approved by the Board of Directors. Moreover, these remunerations are subject to the approval of the Shareholders' Ordinary General Assembly.

08/01/2025

Nominations and Remunerations Committee

Kuwait Cement Company

- **Written Undertakings by both the Board of Directors and the Executive Management on Soundness and Integrity of the Prepared Financial Reports**

  In line with the Corporate Governance requirements, the Executive Management has submitted a declaration and undertaking on its responsibilities towards the Board of Directors for presenting the Company's annual financial statements and reports, and the correctness, accuracy and completeness of the information and data contained therein and its attachments, and that they are displayed in a sound and fair manner, and that they are prepared in accordance with the International Financial Reporting Standards.

  In turn, the Board of Directors, after discussing and approving the financial statements, has submitted a declaration and undertaking to the General Assembly of the shareholders on the financial reports and its responsibility for the soundness and integrity of all Company's annual financial statements and reports.

- **Recommendations of the Audit Committee to the Company's Board of Directors**

  In accordance with the powers and responsibilities outlined in the Corporate Governance Rules, which relate to supervising, reviewing and following up all works of the Company's auditors, the activities of the internal audit, and the other tasks that ensure instilling the culture of commitment and guaranteeing fairness and transparency of the financial reports, as well as ensuring the effectiveness of the applied internal control systems, the committee undertakes to periodically submit any observations or recommendations related to its work to the Board of Directors. During year 2024, there was no contradiction between the recommendations of the Audit Committee and decisions issued by the Company's Board of Directors.

- **Independence and Impartiality of the External Auditor**

  The Ordinary General Assembly of the Company, held on 24/04/2024, has approved re-appointment of the external auditor - Mr. Qais Mohammed Al-Nisef for Messrs. BDO Al-Nisef & Partners for the year 2024, which is one of the registered and accredited auditors in the special register with the Capital Markets Authority, and enjoys complete independence from the Company and its Board of Directors.

- **Risk Management Unit**

  Emanating from the Company's keenness to comply with the directives issued by the Capital Markets Authority, the Board of Directors took its Decision No. 1264/6/2018 on approving that the Risk Management Unit shall be affiliated directly to the Risk Management Committee, pursuant to Decision No. (124) for year 2018 issued by the Capital Markets Authority in year 2022.

- **Control and Internal Control Systems**

  * The Company relies on a set of control systems and monitoring rules that cover all activities of the Company and its Management. These systems and rules work to maintain the soundness of the Company's financial position, accuracy of its data, and efficiency of its operations from various aspects. The organization structure in the Company reflects the dual control restrictions (Four Eyes Principles), which includes the proper description of powers and responsibilities, complete segregation of duties, no conflict of interest, and dual screening and control.
  * The Company's Audit Committee assumes reviewing the work of the Internal Audit Unit in the Company, and discusses its reports to ensure soundness, efficacy and effectiveness of the screening and internal control systems.

* The Company commits to the requirements of the Corporate Governance, Book Fifteen - Article (6 - 9). Moreover, an independent consultancy office, accredited by the Capital Markets Authority, was assigned to review the internal control systems (ICR) of the Company.

- **Internal Audit Unit**

  The Internal Audit Unit enjoys complete technical independence and is subject to the supervision of the Audit Committee. The Internal Audit Unit provides assurances and advisory services with the aim to add value to the Company and improve its operations. Moreover, it assists the Audit Unit in realizing the Company's objectives, by means of adopting an organized systematic methodology to evaluate and improve the effectiveness of governance, risk management and control processes.

- **Guide to Professional Conduct and Ethical Values**

  The Company applies the already made Scheme of Rules and Ethics of professional conduct for the Board of Directors, the Executive Management and the employees, which includes the general rules of professional ethics, and covers a wide range of procedures and practices consistent with the regulatory requirements, the relevant legislations and the local traditions, in order to limit the cases of conflict of interest. Emanating from the Board of Directors keenness, it has applied the highest standards and values that bestow integrity upon all Company's activities including the Executive Management and the employees. Moreover, it defines the Company's Code of Conduct and the Ethical Standards to be applied on the various stakeholders while executing the Company's operations. Moreover, the Board of Directors assumes the task of monitoring and managing any potential conflict of interest the Company may face, including exploitation of the Company's resources as well as the misuse of powers and jurisdictions.

- **Disclosure and Transparency of Information**

  The Company is committed to providing accurate, complete and up-to-date information to the shareholders, in line with the legislative and regulatory requirements within the framework of transparency. Also, the Company guarantees applying comprehensive practices and procedures for disclosure of material information, and for the public to be able to obtain the announced information in a prompt and accurate manner.

- **Register of Disclosures by the Members of Board of Directors and Executive Management**

  The Company has prepared a register for the disclosures by the members of Board of Directors and Executive Management, which is updated instantly in the event of any disclosure by the members of Board of Directors and Executive Management. Moreover, the Company's shareholders have the right to examine this register during official working hours without paying any fees.

- **Shareholders Affairs Section (Investors Affairs)**

  In compliance with the directives of the Capital Markets Authority and Kuwait Stock Exchange, the Board of Directors has established the Shareholders Affairs (Investor Affairs) Department to enable current and potential investors to access major decisions. The department enjoys the necessary independence and is committed to providing accurate data, information and reports in a timely manner through approved disclosure methods.

- **Information Technology Infrastructure in the Company**

The Company has developed its website in compliance with the Capital Markets Authority's requirements and has dedicated a special section to corporate governance. All information, data, financial reports, disclosures, and other information are posted on the Company's website. This information is updated promptly, providing the most up-to-date information and data to help the shareholders as well as the current and potential investors to exercise their rights and evaluate the Company's performance.

- **General Rights of Shareholders and Restraining Cases of Conflict of Interest**

The policy of the Stakeholders and Shareholders Relations and Rights has been approved by the Board of Directors on 15/11/2016, and updated on 20/03/2022, where the Guide stipulates that all Company's shareholders enjoy general and clear rights that include, for example but not limited to, the following:

* Disposing of the shares by means of registering, assigning or transferring the ownership thereof.
* The right to review and participate in making the decisions related to amending the Company's Articles of Association and Memorandum of Incorporation, as well as the decisions regarding unusual transactions that may affect the Company's future or business, such as mergers, sale of large part of its assets or liquidation of subsidiary companies.
* The right to participate in meetings and make remarks and recommendations thereon.
* The right to express opinion on the appointment and election of members of the Board of Directors.
* The right to monitor the Company's performance in general and the actions of the Board of Directors in particular.
* The right to receive dividends, participate and vote in the General Assembly meetings
* The shareholders' rights to be treated on equal basis and given the opportunity to rectify any mishandling of their rights.
* The right to request sufficient time before the meeting of the General Assembly, and access all information related to the meeting agenda, especially the reports of the Board of Directors and the auditor, as well as the financial statements.
* The right of shareholders who own 5% and above of the Company's capital to add items to the agenda of the General Assembly meeting.

Moreover, a special register about the Company has been provided and kept with Kuwait Clearing Company, in which the shareholders' names, nationalities, domicile and number of shares owned by them are recorded. Furthermore, this register is marked in the event of any changes to the data therein, in accordance with what the Company or Kuwait Clearing Company receive, and any interested party may request from the Company or from Kuwait Clearing Company to furnish it with data from this register.

In addition to the above policy, the Company's Articles of Association explains the above in line with the requirements of the Capital Markets Authority and the regulatory authorities.

The Company has a policy of dealings with affiliated parties, which clarifies the guiding principles on ways to conduct and manage the dealings with the affiliates, and the cases of conflict of interest, whether those dealings are between the Company, Board members, subsidiary companies, other affiliates, or Executive Management and the employees. Besides, the policy adheres to the monitoring standards and the international financial reporting standards.

- **The Company’s General Assembly Meeting**

Kuwait Cement Company is keen to organize the meetings of the General Assemblies of shareholders in accordance with what is stated in the Corporate Governance Rules as well as the laws and regulations governing the same, where the agenda items would contain the minimum required items according to the Rules of Governance. The data and information of the agenda are provided to the shareholders in advance prior to holding the General Assembly meeting. Moreover, the shareholders are permitted to actively participate in the meetings of the General Assemblies, and to discuss all listed topics. The Company is also keen to grant opportunity for all shareholders to exercise all their voting rights without any obstacles.

- **Stakeholders’ Rights**

The Company has developed policies and procedures that ensure the protection and recognition of the rights of stakeholders, and allow them to obtain compensation in the event of any violation to any of their rights, in accordance with the established laws issued in this regard, such as the Labor Law for the Private Sector, the Companies Law and its Executive Bylaw, in addition to the contracts concluded between the two parties, and any additional commitments made by the Company towards the stakeholders. Stakeholder rights include the following, as example but not limited to:

* The right to be treated on a just and equitable basis.
* The right to receive compensation in the event of any violations to their rights.
* The right to access the Company’s relevant information that are necessary for the stakeholders.
* Must inform the stakeholders about the Company’s Violation Reporting Program, and they must be provided adequate protection in accordance with the requirements of the policy of reporting violations.

- **Training Programs and Courses**

Kuwait Cement Company guarantees providing all members of the Board of Directors and the Executive Management with the training courses necessary to advance their skills, knowledge and efficiency at work. During the year 2024, a training program was organized for all members of the Board of Directors and the Executive Management on “**Management of Strategic Risks**”, and at the end of the program the members of Board of Directors and Executive Management received certificates of attendance approved by the program’s producer and presenter - “Human-Focus.”

- **General Framework for Evaluating Performance of the Board of Directors and the Executive Management**

A clear and comprehensive mechanism was set to conduct the annual evaluation process for members of the Board of Directors and the Executive Management, which is founded on practical principles that measure the performance in a comprehensive and impartial manner. The evaluation is carried out by the Nomination and Remunerations Committee.

- **Corporate Values of the Company’s Employees**

On 15/11/2016, the Board of Directors of Kuwait Cement Company approved the Rules and Ethics of Professional Conduct, which are founded by establishing the corporate values on the basis that the Company’s reputation that is based on the conduct of the members of Board of Directors, Executive Management and employees, and everyone must play a role in preserving the Company’s reputation by adhering to the highest ethical standards. Moreover, the Board of Directors assumes the responsibility of setting the standards and specifications of the Company's ethical values, and every member of the Executive Management and the employees must assist in implementing this Guide as part of his job and ethical responsibility and must report any violation to the Board of Directors.

Given the Board of Directors keenness to promote institutional values among the employees, Kuwait Cement Company developed the "Integrated Report" as an effective tool to achieve its strategic goals. This contributes to reinforcing institutional values and making sound decisions that serve the interests of shareholders in accordance with Corporate Governance Principles.

- **Company's Contribution to Social Responsibility and Preservation of Environment**

Kuwait Cement Company is committed to its social responsibility, striving to enhance its positive role in serving the Kuwaiti community through various initiatives that highlight its commitment to sustainable development. Among its notable efforts is the implementation of a pioneering initiative to rationalize energy consumption, which has achieved tangible results in reducing electricity consumption during daily peak hours. This reflects the Company's dedication to preserving the State's resources and enhancing efficiency of using energy, especially during peak summer periods.

As part of its cooperation with government institutions, the Company has closely coordinated with the Ministry of Electricity & Water to support the State's efforts in energy management. This included productive meetings with relevant parties to discuss mechanisms for reducing pressure on the electrical network. The Company has reaffirmed its full commitment to implementing official directives and contributing to the public interest, reflecting its deep awareness of the importance of partnership between the public and private sectors in serving the community and achieving sustainable development.

In an innovative initiative, which is the first of its kind in the private sector, Kuwait Cement Ready-Mix Concrete Company has signed a strategic partnership with the "Construction Consultant Company" aimed at educating and raising awareness within the Kuwaiti society. This partnership focuses on promoting a culture of quality and commitment to sound construction standards by providing orientation seminars and free consultations to the citizens looking to build their own homes. This initiative aligns with the Company's commitment to protecting the community from unprofessional practices in the construction sector and ensuring that citizens receive the best services and products that meet their aspirations and protect their investments.

These community initiatives and achievements affirm Kuwait Cement Company's success in balancing its commercial objectives with its social responsibilities, consolidating its position as a leading national company that places the welfare of the Kuwaiti community at the core of its strategy and priorities, actively contributing to the sustainable development journey in the State of Kuwait.

*** Alternative Fuels Project (RDF)**

As part of the Company's efforts to adopt sustainable solutions, Kuwait Cement Company continues to develop a project to convert municipal solid waste into dry fuel used as an alternative energy source in clinker production kilns. In 2024, significant steps were taken to accelerate the implementation of this project, supporting the country's focus on reducing pollution and achieving environmental and economic sustainability.

On 06/03/2024, an investment contract was signed with the Ministry of Finance - State Property Contracts Department, aimed at implementing and operating the project. The contract duration is 20 years, starting from the date of actual operation, and the project site spans an area of 200,000 square meters in Abdullah Port, targeting the processing of approximately 3,600 tons of municipal solid waste daily. The project is expected to take about two years to complete and will be among the largest recycling plants worldwide, and the largest in the Gulf region.

A global consultant specialized in the field of circular economy and waste management has been contracted to provide technical and strategic support. Additionally, a local engineering consultancy office has been involved in the design and supervision of the implementation.

The project contributes to reducing environmental pollution by decreasing the amount of solid waste buried, preserving natural resources, reducing land used for waste landfill, and protecting groundwater. Furthermore, it provides an environmentally friendly alternative fuel derived from waste (Refuse-Derived Fuel or RDF), processing about 20% of municipal solid waste in the country and reducing reliance on fossil fuels, thus contributing to lower carbon emissions and achieving environmental, economic, and social yields.

The project also helps reduce the costs borne by the State for waste landfill, representing a qualitative leap towards achieving sustainable development and enhancing Kuwait’s role in adopting innovative environmental solutions globally.

Through these steps, the Company aims to support national efforts in achieving sustainability and reducing negative environmental impacts, contributing to the well-being of citizens and improving the quality of life in the country.

*** Quality Mark and ISO 9001:2015 Certification for Quality Control**

Kuwait Cement Company is considered the only national Company that has the ability to manufacture cement through all phases in the State of Kuwait, as it has taken upon itself to meet the needs of all citizens, government projects and others. For this purpose, the Company has worked diligently to maintain the provision of a product of international efficiency and quality.

In order to enhance confidence and ensure the standard specifications of quality control, the Company is working to renew the quality mark issued by the Public Authority for Industry on its cement products. Moreover, the ISO 9001:2015 Certificate of Quality Control it obtained in year 2012 is being updated by one of an independent institution, namely DNV-GL, which conducts field visits to follow-up and test the work mechanisms and examine the infrastructure and the technical processes. Furthermore, the Company follows strict procedures in applying all international standards in the domains of its operations, and it conforms to internationally approved standards, relying on the use of the latest technological means and the best and finest types of raw materials needed for the cement production. In addition to establishing a special culture that would contribute to set the appropriate work system and developing it in a way that is compatible with the Company’s strategy on the environmental level by giving special importance to its operational processes, the matter which distinguished our cement products with high quality, strength and stability of specifications, thus awarding it the merit of excellence and leadership over the past fifty years, under the slogan (Quality Means .... Kuwaiti Cement), and approval by the Public Authority for Housing Welfare and the Ministry of Public Works for its cement products as a national product.

Kuwait Quality Mark Logo

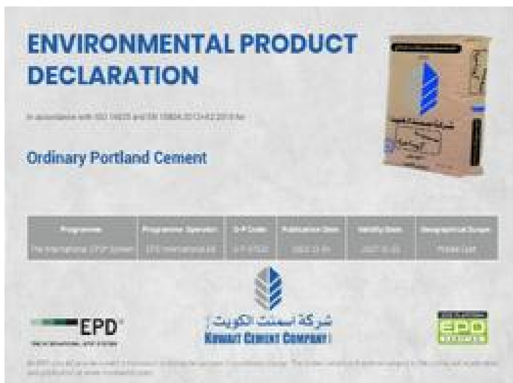
Quality Management System Logo

ISO 9001:2015

It is worth noting that it was previously mentioned in the Governance Report for year 2022, as part of the Company's contribution in the Social Responsibility and preservation of environment, that the Company has obtained an Environmental Conformity Certificate through The International Environmental Product Declaration (EPD) System, Stockholm - Sweden, for the Company's products according to ISO 14025 Certificate and the EN15804- 2012 + A2:2019 Certificate for both Ordinary Portland Cement (OPC Type 1) and the Sulphate-Resistant Cement type 5 (SRC Type V), and the product named Ground Granulated Blast Furnace Slag (GGBS) produced at the Company's plants located in the Eastern Industrial Shuaiba district.

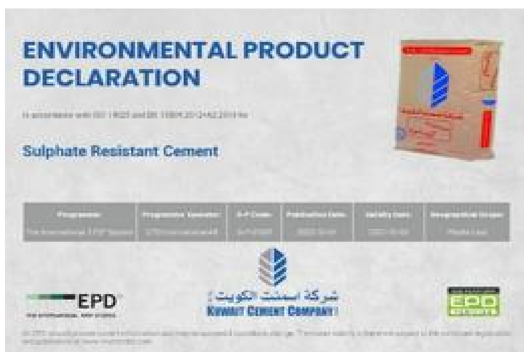
Environmental Conformity Certificate

for the Ordinary Portland Cement

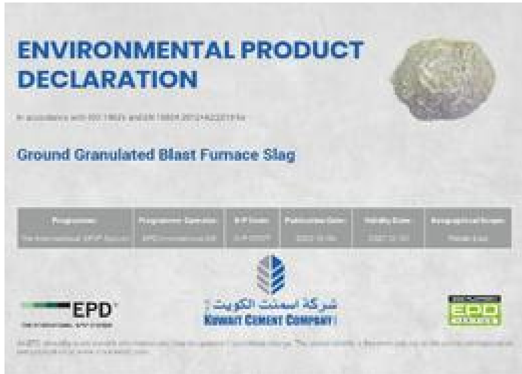


Environmental Conformity Certificate

for the Sulphate-Resistant Cement Type/5



Environmental Conformity Certificate for the Ground Granulated Blast Furnace Slag (GGBS)



Kuwait Cement Company is considered the first industrial Company in Kuwait to obtain these accredited certificates for a period of five years that are updated successively, which is considered an official documented international environmental accreditation for its advanced products that reduce the impact on environment and confirms your plant's commitment to providing its cement products for use in sustainable green buildings. These environmentally friendly products help achieving the lowest percentage of carbon gas emissions in the buildings and contribute to achieving a healthy environment free of pollution. There is no doubt that the Company's attainment of these certificates confirms its keenness to keep pace with developments and innovations in the cement industry and its interest towards safety of the urban environment, as well as following the standards of reducing environmental pollution, and being one of the environment friendly industrial companies.

* Training Programs for National Workforce in the Company

Kuwait Cement Company is keen on training national staff by providing opportunities for students from Kuwaiti Universities and Applied Education Institutes in various engineering specialties, as well as training in different fields both technically and administratively to gain practical and scientific experience.

In 2024, many students were welcomed at the cement plant located in the Shuaiba Industrial Area to train on utilizing the wasted energy from the rotary thermal kilns in the cement plant for seawater desalination. Additionally, many students were received at Kuwait Cement Ready-Mix Concrete Company to train on the technical aspects required for mixing ready-mix cement.

Rashed Abdullaziz Al-Rashed
Chairman of Board of Directors

Board of Directors' Acknowledgment and Undertaking Regarding The Consolidated Financial Statements of Kuwait Cement Company for Year 2024

The Board of Directors of Kuwait Cement Company (K.S.C.P.) acknowledges its responsibility for the accuracy and integrity of all the Company's annual consolidated financial statements and reports, including the consolidated statement of financial position, consolidated statement of income, consolidated statement of aggregate income, consolidated statement of changes in equity rights, consolidated statement of cash flows, and consolidated notes to the financial statements as of December 31, 2024. The Board of Directors acknowledges that these statements have been prepared in accordance with the international accounting standards approved by the Capital Markets Authority, and that the Company maintains proper accounting records and documents.

The Board of Directors is responsible for providing an effective control system within the Company.

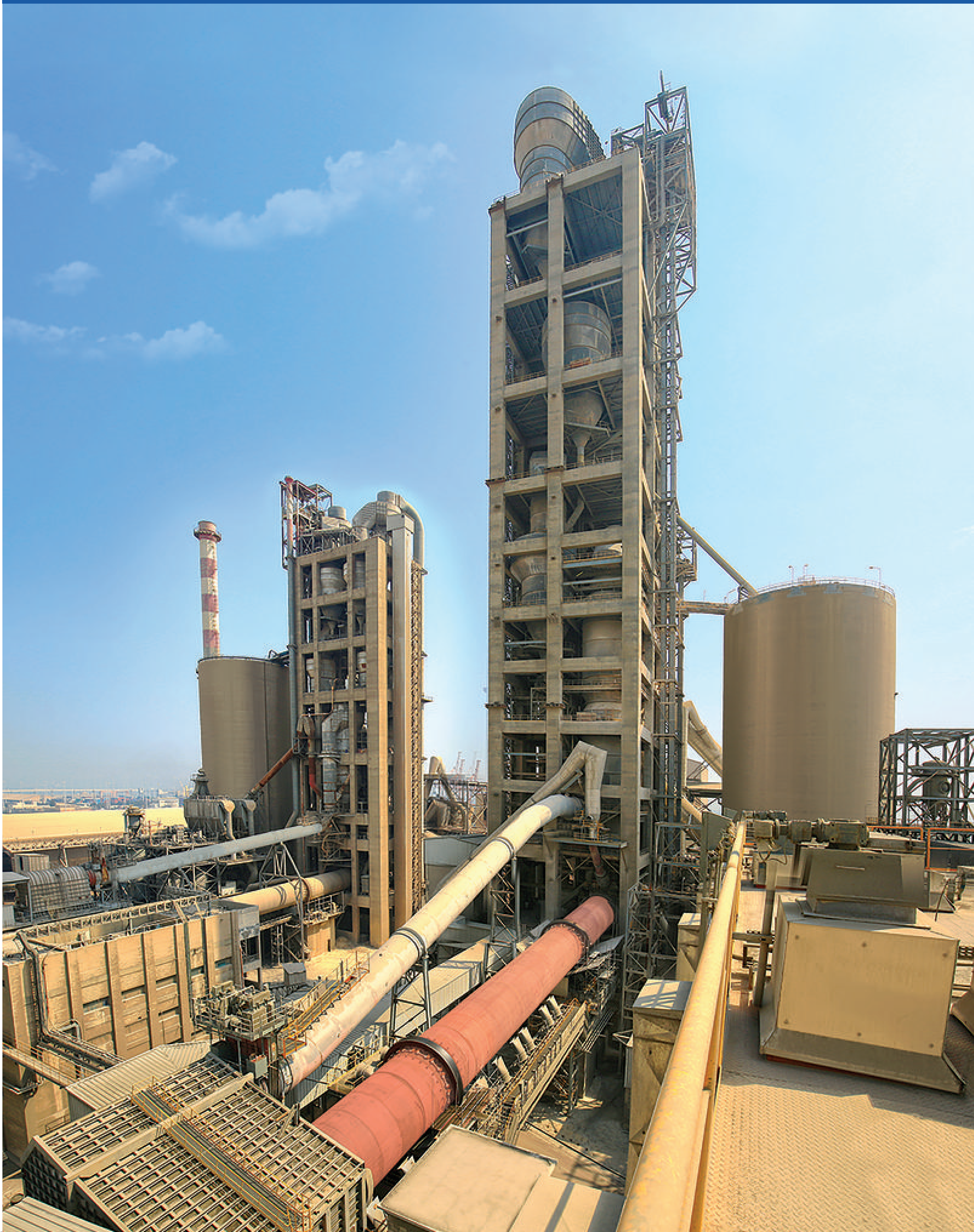
The Board of Directors bears responsibility if it is proven that the Company's consolidated financial statements and reports do not accurately reflect its actual consolidated financial position, results of its operations, and its consolidated cash flows.

Moreover, the Board acknowledges that the Executive Management has made available to its auditor all data, records, documents, and information necessary to audit the Company's consolidated financial statements, enabling the auditor to review all documents and records, and providing all information the auditor deems necessary to perform his duties. The Board also acknowledges that the Company's consolidated financial statements honestly and clearly show the Company's true consolidated financial position, its operating results, and its consolidated cash flows.

Furthermore, the Company's Board of Directors acknowledges the validity, accuracy and completeness of the information and data contained in the Company's consolidated financial statements and reports and their attachments, and that they are presented in a sound and fair manner and that they are prepared in accordance with the international accounting standards approved by the Capital Markets Authority.

Rashed Abdulaziz Al-Rashed
Chairman of the Board of Directors

Side view for the pre-heater buildings for both the first and second clinker production lines



Cooler electrostatic precipitator removes dust from the flue gases by charging the dust particles through high voltage. the dust particles are collected on the collecting discharge electrodes plate, this precipitator deducts a gas volume of about 200.000 Nm3/Hr


FLSmiljo

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Independent auditor's report
The Shareholders of
Kuwait Cement Company - K.P.S.C.
State of Kuwait
Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Kuwait Cement Company - K.S.C. (Public) "Parent Company" and its subsidiaries (together referred to as the "Group") which includes the consolidated statement of financial position as at 31 December 2024, and the consolidated statements of income, income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, which include material accounting policy information.

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements included in our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the 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 professional opinion thereon, and we do not provide a separate opinion on these matters. Below is the details of material audit matters that we have determined and how we addressed each of these audit matters in our audit.

Impairment of property, plant and equipment

Property, plant and equipment are carried in the consolidated statement of financial position at KD 125,492,079 as at 31 December 2024, which represents an important part of the total assets of the Group.

The impairment test carried by the management of the Group is significant to our audit because the assessment of the recoverable amount requires the management to make significant judgements and estimates. Management used the value in use method to assess the recoverable amount. The determination of the value in use requires that significant estimates and assumptions be made concerning future cash flows, growth rates, future business prospects and associated discount rates. Accordingly, we consider this as a key audit matter.

Our audit procedures include obtaining the impairment study and reviewing the appropriateness of valuation model and reasonableness of the adopted key assumptions that have been made. In addition, assessing the adequacy of disclosures as stated in Note 5 to the accompanying consolidated financial statements.

Management is responsible for the other information. Other information consists of the information included in the Group's annual report for the financial year ended 31 December 2024, other than the consolidated financial statements and the auditors' report thereon. We have not obtained the Group's annual report which also includes the report of Board of Directors, prior to the date of auditor's report. We expect to obtain these reports after the date of auditor's report. In connection with our audit of the consolidated financial statements, our responsibility is to peruse the other information and, in doing so, consider whether the other information is not materially identical 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, we conclude that the other information includes a material misstatement; we will be required to disclose that fact in our report. We have nothing to disclose in this regard. Our opinion on the consolidated financial statements does not include the other information, and we do not express any form of assurance conclusion thereon.

Responsibilities of management and Those Charged with Governance for the consolidated financial statements

The management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Accounting Standards as issued by ISAB, 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, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and adopting 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 objective is 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 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 those resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Group's 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 framework, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the related transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of companies or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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 material audit matter. We disclosed these matters in our auditor's report unless local laws or regulations preclude 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 information given in the Parent Company's Board of Directors' report relating to these consolidated financial statements are in accordance therewith. We further report that we obtained the information that we required for the purpose of our audit and that the consolidated financial statements incorporate information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, nothing has come to our attention indicating any 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 31 December 2024 that might have a material effect on the Group's business or its consolidated financial position.

We further report that, during the course of our audit, nothing has come to our attention indicating any material violations of the provisions of Law No. 7 of 2010 concerning the Establishment of Capital Markets Authority and the Organization of Securities Activity and its Executive Regulations, as amended, during the year ended 31 December 2024, which might have materially affected the Group's business or its consolidated financial position.

Qais M. Al Nisf
License No. 38 «A»
BDO Al Nisf & Partners

Kuwait: 12 March 2025

Consolidated statement of financial position as at 31 December 2024

(All amounts are in Kuwaiti Dinars)

	Note	2024	2023
Assets			
Non-current assets			
Property, plant and equipment	5	125,492,079	126,205,648
Intangible assets		10	10
Investment properties	6	770,641	770,641
Investment in associates	7	18,206,065	17,800,835
Financial assets at fair value through other comprehensive income	8	112,506,573	98,003,213
Right-of-use assets	9	1,994,902	2,493,627
Total non-current assets		258,970,270	245,273,974
Currents assets			
Inventory	10	19,857,849	17,423,371
Accounts receivable and other debit balances	11	17,050,148	15,654,450
Financial assets at fair value through profit or loss		593,892	-
Cash and cash equivalents	12	8,259,336	13,015,501
Total current assets		45,761,225	46,093,322
Total assets		304,731,495	291,367,296
Equity and liabilities			
Equity			
Capital	13	73,330,387	73,330,387
Share premium		26,675,810	26,675,810
Treasury shares	14	(13,546,935)	(13,546,935)
Profits on sale of treasury shares		441,409	441,409
Statutory reserve	15	48,270,703	48,270,703
Voluntary reserve	16	42,048,346	42,048,346
General reserve		18,930,128	18,930,128
Investments revaluation reserve		8,483,375	(8,871,062)
Group’s share in associates’ reserves		(25,883)	(118,010)
Foreign currency translation reserve		107,854	107,854
Retained earnings		6,781,207	3,497,258
Equity attributable to shareholders of the Parent Company		211,496,401	190,765,888
Non-controlling interests		192,487	170,155
Total equity		211,688,888	190,936,043
Liabilities			
Non-current liabilities			
Loans, bank facilities and Murabaha	17	48,354,648	61,018,233
Provision for employees’ end of service indemnity		4,244,403	3,828,422
Lease liabilities	9	942,279	1,693,507
Total non-current liabilities		53,541,330	66,540,162
Current liabilities			
Loans, bank facilities and Murabaha	17	14,467,000	11,233,500
Accounts payable and other credit balances	18	24,511,655	22,152,657
Lease liabilities	9	522,622	504,934
Total current liabilities		39,501,277	33,891,091
Total liabilities		93,042,607	100,431,253
Total equity and liabilities		304,731,495	291,367,296

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

Rashed Abdulaziz Al-Rashed
Chairman

عبدالعزيز

Dr. Abdulaziz Rashed Al-Rashed
Vice Chairman

Consolidated statement of income for the year ended 31 December 2024

(All amounts are in Kuwaiti Dinars)

	Note	2024	2023
Sales		68,412,594	65,503,788
Cost of sales	19	(61,550,378)	(60,516,419)
Gross profit		6,862,216	4,987,369
Net income from other activities	20	305,512	458,412
Selling, general and administrative expenses		(3,569,534)	(3,363,098)
Profit from operations		3,598,194	2,082,683
Provision for expected credit losses	11	(180,252)	(126,954)
Finance charges		(3,421,122)	(3,719,778)
Interest income		56,861	84,940
Net investment income	21	2,545,621	2,420,453
Group's share in associates' business results	7	674,773	1,016,803
Net profit for the year before deductions		3,274,075	1,758,147
Contribution to Kuwait Foundation for the Advancement of Sciences	24	(23,383)	(5,433)
National Labour Support Tax		(36,259)	-
Zakat		(5,420)	-
Net profit for the year		3,209,013	1,752,714
Attributable to:			
The Parent Company's Shareholders		3,205,910	1,752,531
Non-controlling interests		3,103	183
Net profit for the year		3,209,013	1,752,714
Basic and diluted earnings per share (fils)	22	4.50	2.46

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

Consolidated statement of income and other comprehensive income for the year ended 31 December 2024

(All amounts are in Kuwaiti Dinars)

	Note	2024	2023
Net profit for the year		3,209,013	1,752,714
Other comprehensive income / (loss) items:			
Items that may be reclassified subsequently to the consolidated statement of income:			
Group's share of associates' reserves	7	92,127	(106,790)
Items that may not be subsequently reclassified to the consolidated statement of income:			
Changes in fair value of financial assets at fair value through other comprehensive income		17,427,455	(1,496,510)
Total other comprehensive income / (loss) for the year		17,519,582	(1,603,300)
Total comprehensive income for the year		20,728,595	149,414
Attributable to:			
The Parent Company's Shareholders		20,710,405	150,724
Non-controlling interests		18,190	(1,310)
Total comprehensive income for the year		20,728,595	149,414

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

Consolidated statement of changes in equity for the year ended 31 December 2024

(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company													
	Capital	Share premium	Treasury shares	Profits on sale of treasury shares	Statutory reserve	Voluntary reserve	Reserve General	Investments revaluation reserve	Group's share in associates' reserves	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2023	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(7,252,092)	(11,220)	107,854	5,165,534	194,159,924	168,041	194,327,965
Net profit for the year	-	-	-	-	-	-	-	-	-	-	1,752,531	1,752,531	183	1,752,714
Other comprehensive loss for the year	-	-	-	-	-	-	-	(1,495,017)	(106,790)	-	-	(1,601,807)	(1,493)	(1,603,300)
Total comprehensive (loss) / income	-	-	-	-	-	-	-	(1,495,017)	(106,790)	-	1,752,531	150,724	(1,310)	149,414
Transferred from disposal of investments	-	-	-	-	-	-	-	(123,953)	-	-	123,953	-	3,520	3,520
Change in Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(96)	(96)
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	20,108	20,108	-	20,108
Cash dividends	-	-	-	-	-	-	-	-	-	-	(3,564,868)	(3,564,868)	-	(3,564,868)
Balance as at 31 December 2023	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(8,871,062)	(118,010)	107,854	3,497,258	190,765,888	170,155	190,936,043
Net profit for the year	-	-	-	-	-	-	-	-	-	-	3,205,910	3,205,910	3,103	3,209,013
Other comprehensive income for the year	-	-	-	-	-	-	-	17,412,368	92,127	-	-	17,504,495	15,087	17,519,582
Total comprehensive income	-	-	-	-	-	-	-	17,412,368	92,127	-	3,205,910	20,710,405	18,190	20,728,595
Transferred from disposal of investments	-	-	-	-	-	-	-	(57,931)	-	-	57,931	-	4,131	4,131
Change in Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	11	11
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	20,108	20,108	-	20,108
Balance as at 31 December 2024	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	8,483,375	(25,883)	107,854	6,781,207	211,496,401	192,487	211,688,888

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

Consolidated statement of cash flows for the year ended 31 December 2024

(All amounts are in Kuwaiti Dinars)

	2024	2023
Cash flows from operating activities:		
Net profit for the year before deductions	3,274,075	1,758,147
Adjustments:		
Depreciation and amortization	3,628,519	3,524,764
Gains from sale of property, plant and equipment	(964)	(76,352)
Provision for expected credit losses	180,252	126,954
Finance charges	3,421,122	3,719,778
Net investment income	(2,682,378)	(2,547,330)
Interest income	(56,861)	(84,940)
Group's share in associates' business results	(674,773)	(1,016,803)
Provision for employees' end of service indemnity	415,981	180,957
Net operating profit before working capital changes	7,504,973	5,585,175
Inventory	(2,355,350)	2,845,624
Accounts receivable and other debit balances	(1,575,950)	1,907,235
Accounts payable and other credit balances	2,305,821	906,460
Net cash generated from operating activities	5,879,494	11,244,494
Cash flows from investing activities:		
Paid for purchase of property, plant and equipment	(2,438,673)	(306,621)
Proceeds from sale of property, plant and equipment	23,412	88,499
Paid for purchase of financial assets at fair value through other comprehensive income	(1,118,358)	(4,904,395)
Proceeds from sale of financial assets at fair value through other comprehensive income	4,046,584	5,159,209
Paid for purchase of financial assets at fair value through profit or loss	(1,854,440)	-
Proceeds from sale of financial assets at fair value through profit or loss	1,254,722	-
Dividend income received	3,069,982	2,929,108
Term deposits	2,000,000	(2,000,000)
Interest income received	56,861	84,940
Net cash generated from investing activities	5,040,090	1,050,740
Cash flows from financing activities:		
Withdrawn from loans, bank facilities and Murabaha	6,000,000	7,000,000
Paid for loans, bank facilities and Murabaha	(15,430,085)	(9,067,965)
Finance charges paid	(3,408,314)	(3,623,752)
Lease liabilities paid	(825,476)	(748,799)
Dividends paid	(11,885)	(3,563,023)
Net change in non-controlling interests	11	(96)
Net cash used in financing activities	(13,675,749)	(10,003,635)
Net (decrease) / increase in cash and cash equivalents	(2,756,165)	2,291,599
Cash and cash equivalents at the beginning of the year	11,015,501	8,723,902
Cash and cash equivalents at end of the year (Note 12)	8,259,336	11,015,501

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

1. Incorporation and activity

Kuwait Cement Company - Kuwait Public Shareholding Company - "the Parent Company" incorporated as per the Amiri Decree issued on 5 November 1968. The Parent Company's shares were listed on Kuwait Stock Exchange on 29 September 1984. Pursuant to the Extraordinary General Assembly held on 22 October 2023, some articles of the Articles of Association were amended, the latest of which was noted in the Commercial Register under No. 1532 dated 26 November 2023.

The Parent Company's objectives are as follows:
1- Production of cement of all kinds.
2- Production of refractory bricks, blocks and tiles (including refractory cement).
3- Production of bulk, hollow cement blocks and bricks.
4- Production of cement block.
5- Production of kinds of concrete or cement.
6- Production of asbestos cement or cellulosic fiber cement.
7- Production of building materials produced from plant materials and agglomerated with cement.
8- Aggregate crusher.
9- Chemical stores.
10- Extract sand and refilling (quarries).
11- Transportation of solid and liquid waste.
12- Collection of non-hazardous waste.
13- Collection of hazardous waste.
14- Treating and disposing of non-hazardous waste.
15- Treating and disposing of hazardous waste.
16- Recycling used tires.
17- Import of aggregate.
18- Wholesale of cement, gypsum and the like.
19- Wholesale of sand and aggregate.
20- Retail sale of building materials and scrap.
21- Storage in warehouses.
22- Investing the financial surplus in portfolios managed by specialized companies and entities.
23- Sale and purchase of shares and bonds for the interest of the Company.
24- Owning the real estate and movables necessary to carry out its work within the limits permitted by law.
25- Managing its subsidiaries or participating in the management of other companies in which it contributes and providing the necessary support to them.
26- Production of agglomerated cement (clinker).
27- Importing chemicals.

The Company may have interests or participate in any suitable way with entities and companies conducting similar activities or which may assist it in achieving its objectives in Kuwait or abroad. It may as well acquire such entities or affiliate them, and participate in incorporation of real estate companies. The Company may practice the above activities inside the State of Kuwait and abroad either in its own name or by proxy. The Company may practice similar, supplementary, necessary or related business to the mentioned objectives.

The Parent Company's headquarters is located at Sharq, Al Sawaber area, Shuhada Street, Cement House, P.O. Box 20581, Safat 13066, State of Kuwait.

The consolidated financial statements for the year ended 31 December 2024 were authorized for issue by the Parent Company's Board of Directors on 12 March 2025. and it is subject to the approval of the shareholders' general assembly. The Annual General Assembly of the Parent Company's Shareholders has the power to amend these consolidated financial statements after their issuance.

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

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

The accounting policies used in preparation of the consolidated financial statements are consistent with those used in the previous year except for the changes resulting from the application of certain new and amended International Financial Reporting Standards beginning on or after 1 January 2024 (unless otherwise stated), as follows:

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

The amendments had no impact on the Group's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not affect its classification.

In addition, a requirement has been introduced that an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer payment is conditional on compliance with future covenants within twelve months.

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

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

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

b) New standards, interpretations and amendments issued but not yet effective

The International Accounting Standards Board ("IASB") has issued a number of standards, amendments to standards and interpretations that are effective in future accounting periods and which the Group has decided not to apply early.

Amendments to IAS (21) - Lack of Exchangeability
In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendment becomes effective for annual periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, the entity cannot restate comparative information.

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

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

b) New standards, interpretations and amendments issued but not yet effective (Continued)

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18 and the amendments to the other standards are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

Amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures
On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 relating to:
a) clarifying the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.
b) clarifying and adding further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.
c) Adding new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets), and
d) updating the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Amendments are effective for annual periods starting on or after 1 January 2026.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
In May 2024, the IASB issued IFRS 19, which allows eligible entities to choose to apply its reduced disclosure requirements while continuing to apply the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, the Company must, at the end of the reporting period, be a subsidiary as defined in IFRS 10, not be subject to public accountability, and be a parent company (ultimate or direct) that prepares consolidated financial statements that are available for public use and comply with IFRS. IFRS 19 will be effective for financial reporting periods beginning on or after 1 January 2027 with early application permitted.

The Group does not expect IFRS 19 to apply to it.

3. Material accounting policies

3.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and Companies' Law No. 1 of 2016 and its Executive Regulations, as amended.

Notes to the consolidated financial statements for the year ended 31 December 2024
(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.2 Basis of preparation

The consolidated financial statements are prepared on basis of historical cost except for financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss, which are carried at fair value. These consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is the Parent Company's functional and presentation currency once the consolidated financial statements are prepared.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain estimates, assumptions and judgments in applying the Group's accounting policies. The areas where material judgments and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in Note 4.

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

3.3 Basis of consolidation

Subsidiaries
The consolidated financial statements include the financial statements of the Parent Company and its following subsidiaries (together referred to as "the Group").

Name of the Company	Activity Principal	Country of Incorporation	Percentage of ownership (%) 2024	2023
Shuwaikh Cement Company - K.S.C.C	Industrial	State of Kuwait	99.250	99.250
Amwaj Real Estate Company - K.S.C.C	Real Estate	State of Kuwait	96.000	96.000
Kuwait Cement Ready-mix Company - K.S.C.C	Industrial	State of Kuwait	99.844	99.844

The Group consolidated its subsidiaries based on the audited financial statements as at 31 December 2024.

The subsidiaries' total assets amounted to KD 30,487,968 as at 31 December 2024 (2023: KD 30,106,646) and their net losses amounted to KD 179,853 for the year ended 31 December 2024 (2023: net losses amounted to KD 94,705).

The consolidated financial statements incorporate the financial statements of the Parent Company and subsidiaries controlled by the Parent Company. Control exists when the Parent Company has: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the returns.

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

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

3. Material accounting policies (Continued)

3.3 Basis of consolidation (Continued)

<u>Subsidiaries</u> (Continued)
Profit or loss and each item of income and other comprehensive income items are distributed to the shareholders of the Company and to the non-controlling interests. Comprehensive income of subsidiaries is attributed to the shareholders of the Company or to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of controlling and non-controlling interests are adjusted to reflect changes in their interest in subsidiaries. The difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and is available to the Company's shareholders.

When the Group loses control of a subsidiary, the profit or loss on disposal is stated in the consolidated statement of income and is calculated as the difference between:
a) The aggregate of the fair value of the consideration received and the fair value of any retained interest and
b) The carrying value of assets before disposal (including goodwill), the liabilities of the subsidiary as well as non-controlling interests.

All amounts previously recognised in consolidated statement of other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary. The fair value of any investment retained in the "former" subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 9, or the cost on initial recognition of an investment in an associate.

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

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

Goodwill is measured by the excess of the consideration transferred, the share of non-controlling interests in the acquiree and the fair value of any previously acquired interest over the net value of the assets acquired and identifiable liabilities incurred as at the acquisition date. If the net value of assets acquired and liabilities incurred exceeds the consideration transferred, the share of non-controlling interests in the acquiree and the fair value of any previously acquired interest, such excess is recognized directly in the consolidated statement of income as profit.

Notes to the consolidated financial statements for the year ended 31 December 2024
(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.3 Basis of consolidation (Continued)

Business combinations (Continued)
The non-controlling interest in acquired subsidiary is measured by the proportion of the non-controlling interest in the identifiable net assets of the acquiree or at the fair value of that interest. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of income. Amounts recognized in the consolidated statement of other comprehensive income relating to previous interests prior to the acquisition date are transferred to the consolidated statement of income as if the interest had been disposed of in its entirety.

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

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

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses if any. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance.

Depreciation of property, plant and equipment is calculated using the straight-line basis over its expected useful life, except for furnace equipment (listed under machinery and equipment), for which depreciation is calculated using the production units method as follows:

	Useful life
Buildings	5 - 50 years
Machinery and equipment (except for furnace equipment)	7 - 50 years
Motor vehicles, computers & furniture	1-7 years

3. Material accounting policies (Continued)

3.4 Property, plant and equipment (Continued)

The asset's residual values, useful life and depreciation method is reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Should the estimated useful lives of a property, plant and equipment be changed, such lives are changed at beginning of the financial year of change without retroactivity.

The carrying amount of property, plant and equipment is reviewed at each consolidated statement of financial position date to determine whether there is any indication of impairment in this carrying value. If any such indication exists, an impairment loss is recognized in the consolidated statement of income, being the difference between carrying value and the asset's recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

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

Profits or losses on disposals are determined by the difference between net sale proceeds and net carrying amount of the asset and is recognised in the consolidated statement of income.

Work in progress is included in property, plant and equipment in the consolidated statement of financial position until they are completed and ready for their intended use, at that time, they are reclassified under similar assets and the depreciation commences.

3.5 Intangible assets

Intangible assets with definite life, which are separately acquired, are carried at cost less accumulated amortization and impairment losses if any. Amortization is charged on a straight-line basis over the estimated useful lives.

The useful live and amortization methods are reviewed at the end of each financial year. Changes in estimations are accounted for as at the beginning of the financial year in which the change occurred.

Intangible assets with infinite life, which are separately acquired, are carried at cost less impairment losses if any.

Intangible assets are removed on disposal or when it is proved that there will not be any future benefit resulting from use of these assets. The profit or loss resulting from disposal are measured by the difference between the net proceeds and carrying value of the disposed asset and are then recorded in the consolidated statement of income.

3.6 Investment properties

Property that is held for long-term rental terms or for capital appreciation or both, and that is not occupied by the Group, is classified as investment properties. Investment property also includes property that is being constructed or developed for future use as investment property.

3. Material accounting policies (Continued)

3.6 Investment properties (Continued)

Investment properties are initially measured at cost, including transaction costs. Transaction costs include professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Investment properties are recorded at cost less accumulated depreciation and impairment, if any. Land is not depreciated. Building is depreciated using the straight line basis over its estimated useful lives of 10-20 years.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses on the disposal of investment property are determined as the difference between the carrying amount and the net disposal proceeds. Any gains or losses on the retirement or disposal of investment property are recognised in the consolidated statement of income in the year of retirement or disposal.

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. Transfers are made from investment property when, and only when, there is a change in the use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

3.7 Investment in associates

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

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group’s investment in its associates is accounted for using the equity method.

The Group calculated its investments share in the associates based on financial statements as at 30 September 2024, with making the amendments related to any material transactions made during the period from 1 October to 31 December 2024 (if any).

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

Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The consolidated statement of income reflects the Group’s share of the business results of the associate.

Any change in statement of other comprehensive income of those investees is presented as part of the Group’s other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the interest in the associate. The aggregate of the Group’s share of results of an associate is shown on the consolidated statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

3. Material accounting policies (Continued)

3.7 Investment in associates (Continued)

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

When the Group loses significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of income.

3.8 Impairment of tangible and intangible assets other than goodwill

The tangible and intangible assets are reviewed annually to determine whether there is any indication that those assets have suffered impairment in value. 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). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The net recoverable amount is determined at the higher of an asset's fair value less costs to sell or value in use. Impairment losses are recognised in the consolidated statement of income for the year in which they arise. When an impairment is written back, the impairment is reversed to the extent of net carrying amount of the asset if no impairment was recognised. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

3.9 Financial instruments

A financial asset or liability is recognised when the Group becomes a party to the contractual provisions of such instrument.

All regular way purchases and sales of financial assets are recognized using trade date accounting. Changes in fair value between the trade date and settlement date are recognized in the consolidated statement of income or in the consolidated statement of income and other comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by laws or conventions in the market place.

A financial asset (in whole or in part) is de-recognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. A financial liability is derecognized when the Group's obligation specified in the contract is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same creditor 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 recognition of a new liability.

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified at fair value through profit or loss. Transaction costs for financial assets carried as financial assets at fair value through profit or loss are recorded in the consolidated statement of income.

3. Material accounting policies (Continued)

3.9 Financial instruments (Continued)

Financial assets
The Group determines classification and measurement category of financial assets based on a combination of the entity's business model for managing the assets and the instrument's contractual cash flow characteristics except for equity instruments and derivatives.

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 objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also material aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Contractual cash flow assessment
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and to sell the financial instrument, 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 and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of 'interest' within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and interest margin. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial assets are classified into following categories under IFRS 9:
- Amortized cost;
- Fair value through other comprehensive income;
- Fair value through profit or loss.

Amortized cost
The Group classifies its financial assets at amortized cost if the following conditions are met, and are not designated at fair value through profit or loss:

- 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.

3. Material accounting policies (Continued)

3.9 Financial instruments (Continued)

Financial assets (Continued)

Amortized cost (Continued)
Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest rate method adjusted for impairment losses, if any. Interest income, foreign exchange gains/losses and impairment are recognised in the consolidated statement of income. Any gain or loss on derecognition is recognised in the consolidated statement of income.

Fair value through other comprehensive income

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

Equity instruments carried at fair value through other comprehensive income are subsequently measured at their fair value. Changes in fair value including foreign exchange gains and losses are recognised in other comprehensive income. Dividends are recognized in consolidated statement of income 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 other comprehensive income. Equity instruments carried at fair value through other comprehensive income

Not subject to impairment testing. Upon disposal, cumulative gains or losses are reclassified from other comprehensive income to retained earnings in the consolidated statement of changes in equity.

Fair value through profit or loss
Financial assets whose business model is to acquire or sell, or whose contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI), are classified at fair value through profit or loss.

In addition to the above, on initial recognition, the Group may irrevocably classify financial assets that do not meet the requirements to be measured at amortized cost or at fair value through other comprehensive income as carried at fair value through profit or loss. If doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the consolidated statement of income. Interest income and dividends are recognised in the consolidated statement of income according to the terms of the contract, or when the right to payment has been established.

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

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

3. Material accounting policies (Continued)

3.9 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)
The Group writes off receivables balances when there is information indicating that the debtor is in financial difficulties and there is no realistic prospect of recovery, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

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

Financial liabilities and equity instruments

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

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

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or fair value through consolidated statement of income.

Financial liabilities subsequently measured at amortised cost
Financial liabilities that are not classified under the following items, are subsequently measured at amortized cost using the effective interest method:

1) Contingent cash consideration in a business combination;
2) Held for trading;
3) Classified at fair value through profit or loss.

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

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

3. Material accounting policies (Continued)

3.9 Financial instruments (Continued)

Financial liabilities (Continued)

Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to settle on a net basis or realize the asset and settle the liability simultaneously.

3.10 Inventories

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

3.11 Employees' end of service indemnity

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at termination of employment. Regarding non-Kuwaiti employees in other countries; the indemnity is calculated based on law identified in these countries. Such payment is made on a lump sum basis at the end of an employee service. This liability is un-funded and is computed based on amount payable that would arise on involuntary termination of all employees on the consolidated financial statements date. The management expects this method to produce a reliable approximation of the present value of the Group's liability.

3.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.13 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. 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, profits are credited to a separate account in equity "treasury shares reserve" which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium respectively. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in share premium, reserves, retained earnings and treasury shares reserve respectively. 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 Group's company purchases the Parent Company's equity 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.

3. Material accounting policies (Continued)

3.14 Foreign currency

Functional and presentation currency
Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in Kuwaiti Dinars ("KD").

Transactions and balances
Foreign currency transactions are translated into Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the consolidated financial statements date.

Foreign exchange profits and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income.

Group's companies
The results and financial position of all the Group's companies that have a functional currency different from the presentation currency (except those companies that operate in countries with high inflation rate) are translated into the presentation currency as follows:

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated financial statements;
- Income and expenses for each consolidated statement of income are translated at average exchange rate.
- All resulting exchange differences are recognised as a separate component of the statement of equity.

3.15 Revenue recognition

Revenues from contracts with customers are recognized when the entity meets performance obligation through transferring the promised goods or services to the customer. Such goods or services are considered transferred when the customer has control over these goods or services at point in time or over time. Revenues are measured at the consideration expected to be received by the entity having the right to do so against transferring the promised good or service to the customer, except for the amounts collected on behalf of third parties. The consideration promised in a contract with the customer includes fixed or variable amounts or both of them.

Group's revenue streams arise from the following activities:

Sale of goods
Revenue from sale of goods is recognized at point in time, when the entity satisfies the performance obligation, and when the control over the goods is transferred to the customer. Control is transferred at the point in time the customer takes undisputed delivery of the goods. Delivery occurs when the goods, which have been previously purchased by the customer, are shipped to the specific location and the risks of obsolescence and loss are transferred to the customer. This represents the point in time at which the right to collect outstanding receivables becomes unconditional, i.e. such amounts are due directly when the purchase is made.

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

Interest income
Interest income are recognized on time proportion basis using the effective interest method.

Leases
Rental income on operating leases is recognised over the term of the lease on a straight-line basis.

Other income
Other income are recognized at point in time or over time, once such service is rendered or upon completing the service according to its nature.

3. Material accounting policies (Continued)

3.16 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. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.17 Government grants

The government grants are recognized when there is a reasonable assurance that the grant will be received and all accompanied conditions will be fulfilled. When the grant relates to an expense item, it is deducted from the related expenses on a systematic basis over the periods that the related costs, for which it is intended to compensate. When the grant relates to an asset, it is recognized as revenues at equal amounts over the expected useful life of the related asset.

When the Group receives grants from non-cash assets, the asset and grant are recognized at the nominal values and are released yearly in equal installments on the profits or losses over the expected useful life of the asset based on the depreciation pattern of the related asset's features.

3.18 Accounting for leases

When the Group is the 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 at the date on which the lessor makes the asset available for use by the Group (the commencement date).
On that date, the Group measures the right of use at cost, which comprises of:

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

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

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

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

3. Material accounting policies (Continued)

3.18 Accounting for leases (Continued)

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

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

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

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

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

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

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

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

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

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

3. Material accounting policies (Continued)

3.18 Accounting for leases (Continued)

All other leases are classified as operating leases.

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

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

3.19 Contribution to Kuwait Foundation for the Advancement of Sciences

Contribution to Kuwait Foundation for the Advancement of Sciences “KFAS” is calculated at 1% of the profit attributable to shareholders of the Parent Company before deducting the contribution to KFAS, NLST, Zakat provision and directors' remuneration, and after excluding the Parent Company’s share from profits of the Kuwaiti shareholding subsidiaries and associates, and transfer to statutory reserve account.

3.20 National Labour Support Tax

National Labor Support Tax (NLST) is calculated at 2.5% of the profit attributable to shareholders of the Parent Company before deduction of contribution to KFAS, NLST, Zakat and Board of Directors’ remuneration, and after excluding the share of the Parent Company in the profits of the associates and cash dividends received from companies listed in Boursa Kuwait in accordance with law No. 19 for year 2000 and Ministerial resolution No. 24 of 2006 and their executive regulations.

3.21 Contribution to Zakat

Zakat contribution is calculated at 1% of the profit attributable to shareholders of the Parent Company before deducting KFAS, NLST, Zakat provision and directors’ remuneration, and after excluding the Parent Company’s share from profits of the Kuwaiti shareholding subsidiaries and associates, also Zakat share paid by the Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies. This is in accordance with Law No. 46 of 2006 and Ministerial Order No. 58 of 2007 and its implementing executive rules.

3.22 Dividends

The Group recognizes cash and non-cash dividends to the Shareholders of the Parent Company as liabilities when such dividends are finally approved, and when decision on such dividends is no longer at the discretion of the Group. Such dividends are approved when they are agreed upon by the Annual General Assembly of the Parent Company’s Shareholders, whereby the value of such dividends is recognized in equity.

The non-cash dividends are measured at fair value of assets that will be distributed, along with recognizing result of the re-measurement at fair value directly in equity. When distributing such non-cash dividends, the difference between the carrying value of that liability and the carrying value of the distributed assets is recognized in the consolidated statement of income.

Dividends approved after the consolidated financial statements date are disclosed as events subsequent to the consolidated statement of financial position date.

Notes to the consolidated financial statements for the year ended 31 December 2024
(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.23 Financial risk management

Financial risk

The activities of the Group expose it to a set of financial risks, which are market risk, which include (foreign currency risk and risks of change in fair value resulting from the change in interest rates, and risks of fluctuations in cash flows resulting from the change in interest rates, and price risk) in addition to credit risk and liquidity risk.

The Group's management for these financial risks is concentrated in the continuous evaluation of market conditions and trends and the management's assessment of the changes to long and short-term market factors.

a) Market risk

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will be affected as a result of changes in foreign currency exchange rates.

The Group is exposed to foreign currency risk resulting primarily from dealing with financial instruments in US Dollar. The foreign currency risk results from future transactions and from the assets and liabilities denominated with different currency other than the functional currency. The Group has set policies to manage foreign currency risk represented in close monitoring of the change in currency rate, in addition to monitoring the effect of such changes on the financial position of the Group. Also, the use of hedging instruments to cover for the exchange rate risk of some foreign currencies over the year.

The Group is not significantly exposed to foreign currency risk.

Price risk

The Group is exposed to price risk through its investments classified in the consolidated financial statements as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The Group manages this risk by diversifying its investments on the basis of pre-determined asset allocation across various categories, continuous appraisal of market conditions and trends and management's estimate of long term changes in fair value. In addition, the Group keeps its investments at specialised investment companies which manage these investments.

The Group monitors the management of the investment portfolios through monthly periodic reports provided by the portfolio managers of these portfolios and takes the necessary actions when required to minimise the expected market risk of these investments.

The table below indicates the impact of the decrease in the Kuwait Stock Exchange "KSE" index on the consolidated statement of income and the consolidated statement of other comprehensive income. This analysis is based on the assumption that the KSE changes by ±5% with all other variables held constant.

3. Material accounting policies (Continued)

3.23 Financial risk management (Continued)

Financial risk (Continued)

a) Market Risk (Continued)

Price risk (Continued)

	Effect on the consolidated statement of income and the consolidated statement of other comprehensive income	
	2024	**2023**
Financial assets at fair value through other comprehensive income	4,696,616	3,875,963
Financial assets at fair value through profit or loss	29,695	-

Cash flow and fair value fluctuation risk resulting from the change in interest rate

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are independent of interest rate risks.

The Group's interest rate risk arises from long-term borrowings. The Group has floating and fixed interest bearing loans.

Financial instruments with fixed interest rates expose the Group to fair value interest rate risks. Financial instruments with variable interest rates expose the Group to the risk of fluctuations in cash flows resulting from the change in interest rates.

The Group analyses its interest rate exposure on a dynamic basis. Available scenarios are considered by the Group, taken into consideration the ability for refinancing and renewal of existing and alternative borrowings.

b) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument leading to financial loss.

The Group has policies and procedures in place to limit the amount of credit exposure to any counter party and to monitor the collection of the debit balances on an ongoing basis. The Group limits its credit risk with regard to bank balances by only dealing with reputable banks. Furthermore: Debit balances are monitored on an ongoing basis. Accordingly, the Group's exposure to bad debts is insignificant.

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 calculated based on the 12 months expected loss. Cash at banks and cash in portfolios are placed with high credit rating financial institutions with no previous 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.

Notes to the consolidated financial statements for the year ended 31 December 2024
(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.23 Financial risk management (Continued)

Financial risk (Continued)

b) Credit risk (Continued)

Trade receivables
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 ECLs, trade receivables have been assessed on a collective basis respectively and classified based on shared credit risk characteristics and the days past due.

Expected loss rates are based on the payment model for revenue or customer ageing. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the outstanding amount. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the period of consolidated financial statements.

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments is considered an indicator of no reasonable expectation of recovery and therefore is considered as credit impaired.

Set out below is the information about the credit risk exposure on trade receivables and other receivables:

	2024		
	Gross carrying amount at default	**Average expected credit losses rate**	**Lifetime ECLs**
Ageing of receivables			
Less than 30 days	5,551,750	1.41%	78,228
30 to 60 days	2,575,375	3.60%	92,645
61 to 90 days	1,616,027	6.29%	101,603
91 to 180 days	3,447,626	37.92%	1,307,219
More than 180 days	8,131,195	65.71%	5,343,255
	21,321,973		6,922,950

	2023		
	Gross carrying amount at default	Average expected credit losses rate	Lifetime ECLs
Ageing of receivables			
Less than 30 days	5,228,682	1.81%	94,709
30 to 60 days	2,645,197	4.46%	118,022
61 to 90 days	1,400,005	8.27%	115,754
91 to 180 days	4,605,037	45.94%	2,115,340
More than 180 days	7,008,338	61.34%	4,298,873
	20,887,259		6,742,698

3. Material accounting policies (Continued)

3.23 Financial risk management (continued)

Financial risk (continued)

c) Liquidity risk

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

The ultimate responsibility of managing the liquidity risk is kept with the board of directors. The Group manages the liquidity by keeping appropriate reserves and obtaining bank credit facilities. As well as it continuously monitors the expected and actual cash flows and a comparison of maturity dates of financial assets and liabilities.

The following are the maturity dates of financial liabilities as at 31 December:

	2024			
	Within one year	**More than one up to three years**	**More than three years**	**Total**
Loans, bank facilities and Murabaha	**14,467,000**	**42,531,560**	**5,823,088**	**62,821,648**
Accounts payable and other credit balances (excluding advance payments)	**19,137,853**	**-**	**-**	**19,137,853**
Lease liabilities	**522,622**	**942,279**	**-**	**1,464,901**

	2023			
	Within one year	More than one up to three years	More than three years	Total
Loans, bank facilities and Murabaha	11,233,500	45,201,000	15,817,233	72,251,733
Accounts payable and other credit balances (excluding advance payments)	16,269,538	-	-	16,269,538
Lease liabilities	504,934	1,623,430	70,077	2,198,441

3.24 Capital risks

The Group manages its capital to ensure that the Group's companies will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt (loans, bank facilities and Murabaha offset by cash and cash equivalents) and equity. The Group aims to keep gearing ratio to total capital ranging from 20% to 30% determined as the proportion of net debt to total capital.

Notes to the consolidated financial statements for the year ended 31 December 2024
(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.24 Capital risks (Continued)

The following shows the net debt to total capital as at 31 December:

	2024	2023
Loans, bank facilities and Murabaha	62,821,648	72,251,733
Less: Cash and cash equivalents	(8,259,336)	(13,015,501)
Net debts	54,562,312	59,236,232
Total equity attributable to shareholders of the Parent Company	211,496,401	190,765,888
Total capital	266,058,713	250,002,120
Net debt to total capital ratio (%)	20.51%	23.69%

3.25 Fair value estimation

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

- Level 1: Quoted prices in active markets for quoted financial instruments.
- Level 2: Quoted prices in active markets for similar instruments. Quoted prices in inactive markets for similar assets or liabilities. Valuation techniques based on observable inputs other than quoted prices of financial instruments.
- Level 3: Inputs for the asset or liabilities that are not based on observable market data.

The table below gives information about how the fair values of the financial assets and liabilities are determined:

Financial assets	Fair value As at 31 December 2024	2023	Fair value level	Valuation techniques and key inputs	Material unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets at fair value through other comprehensive income:						
Quoted securities	93,932,326	77,519,267	First	Last bid price	None	None
Funds and portfolios	11,296,014	12,318,749	Second	Net asset value	None	None
Unquoted securities	7,278,233	8,165,197	Three	Based on the revised NBV or on the basis of the last transaction	Liquidity discount	The higher the discount rate, the lower the value
Financial assets at fair value through profit or loss:						
Quoted securities	593,892	-	First	Last bid price	None	None

The fair value of the other financial assets and liabilities approximate their carrying amounts as at the date of the consolidated financial statements.

4. Material accounting judgments and estimation uncertainty

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

4. Material accounting judgments and estimation uncertainty (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period of the revision and future periods if the revision affects both current and future periods. The following are the estimates concerning the future, that may result in a significant risk of causing significant adjustments to the assets and liabilities within the next financial years.

Accounting judgements

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

Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Determination whether matching the criteria of revenue recognition in accordance with IFRS 15 and the policy of revenue recognition disclosed in Note No. (3.15) require significant judgments.

Classification of investments in equity instruments - IFRS 9

On acquisition of an investment, the Group decides whether it should be classified as "at fair value through profit or loss" or "at fair value through other comprehensive income". The Group follows the requirements of IFRS 9 on classifying its investments.

Determining the lease term with renewal and termination options - when the Group is the lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Under certain leases, the Group has the option to lease the assets for additional periods. The Group uses judgments to assess whether the option will be reasonably certain practiced. That is, it considers all the relevant factors that provide an economic incentive to exercise the renewal option. Subsequent to the commencement of lease, the Group revalues the lease term if there is a significant event or change in circumstances that falls within the scope of Group's control and affects its ability to exercise (or not exercise) the renewal option (such as a change in the business strategy).

Discounting of lease payments

The lease payments are discounted using the incremental borrowing rate ("IBR"). At initial adoption of IFRS 16 "Leases", the management has applied judgments and estimates to determine the incremental borrowing rate.

Estimation uncertainty

The key assumptions concerning the future and key sources of estimation uncertainty at the consolidated financial statements date that have a significant risk of causing a material adjustment to the accounts of assets and liabilities in the consolidated financial statements within the next year are discussed below: the Group's estimates and assumptions are based on indicators available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

4. Material accounting judgments and estimation uncertainty (Continued)

Estimation uncertainty (Continued)

Impairment of non-financial assets
The Group reviews the carrying amounts of its non-financial assets to determine whether there is any objective evidence that those assets have suffered an impairment loss in accordance with accounting policies. The recoverable amount of an asset is determined based on higher of fair value and value in use. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

Useful lives of property, plant and equipment
The Group's management determines the estimated useful lives and the related depreciation for property, plant and equipment. Group's management increased the depreciation charge where the useful lives are lower than previously estimated lives. The Group eliminates or writes down obsolete or non-strategic assets which have been disposed or sold.

Fair value measurement and valuation techniques
Certain assets and liabilities of the Group are measured at fair value for the purposes of preparing the consolidated financial statements. Group management determines the main appropriate techniques and inputs required for measuring the fair value. In determining the fair value of assets and liabilities, management uses observable market data as appropriate. Information regarding the required valuation techniques and inputs used to determine the fair value of assets and liabilities is disclosed in (Note 3.25).

Impairment of financial assets
The Group assesses whether the credit risk associated with financial assets and other items has increased substantially since the initial recognition in order to determine whether the expected credit loss for the 12-month period or expected credit loss over the lifetime of the financial instrument should be recognized (Note 3.23).

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

5. Property, plant and equipment

	Land and buildings	Machinery and equipment	Motor vehicles, computers & furniture	Projects in Progress	Total
Cost:					
As at 1 January 2023	58,482,185	212,729,518	17,440,668	155,823	288,808,194
Additions	1,600	178,880	46,805	79,336	306,621
Transfers	66,394	(1,718)	89,346	(154,022)	-
Disposals	-	(1,966,346)	(91,175)	(496)	(2,058,017)
As at 31 December 2023	58,550,179	210,940,334	17,485,644	80,641	287,056,798
Additions	63,725	144,463	132,693	2,097,792	2,438,673
Transfers	32,679	-	-	(32,679)	-
Disposals	-	(7,274)	(61,615)	-	(68,889)
As at 31 December 2024	58,646,583	211,077,523	17,556,722	2,145,754	289,426,582
Accumulated depreciation:					
As at 1 January 2023	34,013,433	115,536,752	10,320,796	-	159,870,981
Charged for the year	995,017	1,201,226	829,796	-	3,026,039
Disposals	-	(1,966,344)	(79,526)	-	(2,045,870)
As at 31 December 2023	35,008,450	114,771,634	11,071,066	-	160,851,150
Charged for the year	850,000	1,478,343	801,451	-	3,129,794
Disposals	-	(7,259)	(39,182)	-	(46,441)
As at 31 December 2024	35,858,450	116,242,718	11,833,335	-	163,934,503
Net carrying value:					
As at 31 December 2024	22,788,133	94,834,805	5,723,387	2,145,754	125,492,079
As at 31 December 2023	23,541,729	96,168,700	6,414,578	80,641	126,205,648

5. Property, plant and equipment (Continued)

Certain property, plant and equipment located on a land leased from the State Properties under leases for a term of five years ending 2025 and 2029.

Depreciation has been charged to the consolidated statement of income as follows:

	2024	2023
Cost of sales	3,110,928	2,985,247
Selling, general and administrative expenses	18,866	40,792
	3,129,794	3,026,039

The Group has studied the impairment of property, plant and equipment based on the value in use method. Value in use represents the present value of future cash flows. The Group's management concluded, based on the study, that the recoverable amount exceeds the carrying value of those assets as at 31 December 2024. The following assumptions were used when determining the value in use:

Basic assumption	The basis used to determine the value for the basic assumption
The period of covering financial budgets	5 years
Long-term growth rate	2.7% per annum
Discount Rate	5.23% - 7.13% per annum

6. Investment properties

	2024	2023
Cost:		
As at 1 January and 31 December	1,989,744	1,989,744
Accumulated depreciation:		
As at 1 January and 31 December	1,219,103	1,219,103
Carrying amount	770,641	770,641

The fair value of investment properties based on the second level of fair value measurement as at 31 December 2024 was: KD 4,165,850 (2023: KD 3,591,250)

An evaluation by independent valuers licensed by official authorities that is not related to the Group was relied upon. Fair value of investment properties classified based on comparable market prices.

There have been no transfers between levels during the year.

7. Investment in associates

Name of the associate	Country of Incorporation	Voting capital and ownership interest %	Carrying amount 2024	Carrying amount 2023
Kuwait Rocks Co. - K.S.C.C. (Under Liquidation)	State of Kuwait	30.00	-	-
Contracting and Marine Services Company - K.S.C.C.	State of Kuwait	33.39	18,206,065	17,800,835
			18,206,065	17,800,835

The movement on investment in associates is as follows:

	2024	2023
Balance at the beginning of the year	17,800,835	17,252,492
Group's share in associates' business results	674,773	1,016,803
Group's share of associates' reserves	92,127	(106,790)
Group's share from the transfer to the retained earnings	20,108	20,108
Dividends received	(381,778)	(381,778)
	18,206,065	17,800,835

Summarized financial information in respect of the significant associates is as follows:

Contracting and Marine Services Company:	2024	2023
Assets	555,142,776	489,973,818
Liabilities	452,472,579	389,002,289
Non-controlling interests	48,148,446	47,663,324
Revenues	155,063,046	126,327,609
Net profit for the period attributable to shareholders of the Parent Company	2,020,744	3,045,022
Other comprehensive income / (loss) items for the period	336,112	(259,589)
Total comprehensive income	2,356,856	2,785,433

8. Financial assets at fair value through other comprehensive income

	2024	2023
Quoted securities	93,932,326	77,519,267
Unquoted securities	7,278,233	8,165,197
Funds and portfolios	11,296,014	12,318,749
	112,506,573	98,003,213

The quoted securities include financial assets with amount of KD 59,899,748 as at 31 December 2024 in the shares of National Industries Group Holding - K.P.S.C., which is one of the major shareholders in the Group (2023: KD 46,696,040).

Notes to the consolidated financial statements for the year ended 31 December 2024
(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

8. Financial assets at fair value through other comprehensive income (Continued)

An analysis of the Group's financial assets at fair value through other comprehensive income along with currencies as at 31 December:

	2024	2023
KD	97,585,881	81,600,191
USD	11,553,853	12,187,500
EUR	1,767,324	2,649,637
GBP	1,192,085	1,163,075
AED	407,430	402,810
	112,506,573	98,003,213

The fair value of financial assets at fair value through other comprehensive income was determined based on valuation levels - Note (3.25).

9. Leases

The Group as a lessee

The Group leases plot of lands. Leases typically run for a period of five years, with an option to renew the lease after that date.Lease payments are renegotiated every five years to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Set out below, are the carrying amounts of the Group's right-of-use assets and the movement during the year:

	2024	2023
Cost:		
As at 1 January and 31 December	4,987,252	4,987,252
Accumulated amortization:		
As at 1 January	(2,493,625)	(1,994,900)
Charged for the year	(498,725)	(498,725)
As at 31 December	(2,992,350)	(2,493,625)
Net carrying amount as at 31 December	1,994,902	2,493,627

Below are the amounts recognised in consolidated statement of income:

	2024	2023
Amortization expenses of right-of-use assets	498,725	498,725
Lease liabilities finance charges	91,936	109,011
Expenses relating to short-term leases (cost of sales)	717,108	445,820
Expenses relating to short-term leases (selling, general and administrative expenses)	39,634	35,846
	1,347,403	1,089,402

9. Leases (Continued)

Lease liabilities

Lease liabilities are grouped in the consolidated statement of financial position as follows:

	2024	2023
Lease liabilities - non-current portion	942,279	1,693,507
Lease liabilities - current portion	522,622	504,934
	1,464,901	2,198,441

Movement in lease liabilities during the year is as follows:

	2024	2023
Balance at the beginning of the year	2,198,441	2,838,229
Lease liabilities paid	(825,476)	(748,799)
Lease liabilities finance charges	91,936	109,011
	1,464,901	2,198,441

The Group as a lessor

The Group leases out its investment properties consisting of its owned commercial properties. All leases are classified as operating leases from the perspective of the lessor.

The rental income recognized by the Group for the year ended 31 December 2024 was KD 80,516 (2023: KD 106,370) (Note 20).

10. Inventory

	2024	2023
Raw materials	17,377,187	14,906,349
Finished goods	525,643	643,521
Spare parts	1,955,019	1,873,501
	19,857,849	17,423,371

11. Accounts receivable and other debit balances

	2024	2023
Receivables against unconditional bank guarantees	668,524	1,155,191
Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	1,730,779	1,626,158
Related parties (Note 26)	306,507	467,591
Other trade receivables	16,880,585	15,727,043
Total trade receivables	19,586,395	18,975,983
Other receivables	1,735,578	1,911,276
Advance payments to suppliers	1,029,503	827,833
	22,351,476	21,715,092
Provision for expected credit losses	(6,922,950)	(6,742,698)
	15,428,526	14,972,394
Prepaid expenses	584,543	251,645
Notes receivables	1,037,079	430,411
	17,050,148	15,654,450

11. Accounts receivable and other debit balances (Continued)

- The average credit period granted to trade receivables is 60-90 days. No interest is charged on trade debit balances.
- The fair value of guarantees received by the Group from receivables was KD 1,975,854 as at 31 December 2024 (2023: KD 2,424,907).
- The ECLs have been estimated in accordance with the simplified approach as per IFRS 9 (Note 3.23).

Movement in provision for expected credit losses account is as follows:

	2024	2023
Balance at the beginning of the year	6,742,698	6,615,744
Charged during the year	180,252	126,954
	6,922,950	6,742,698

12. Cash and cash equivalents

	2024	2023
Cash on hand and at banks	4,238,435	10,368,871
Cash at investment portfolios	3,788,401	646,630
Term deposits	232,500	2,000,000
Cash and cash equivalents as at the consolidated statement of financial position	8,259,336	13,015,501
Less: term deposits with a maturity period exceeding 3 months	-	(2,000,000)
Cash and cash equivalents as at the consolidated statement of cash flows	8,259,336	11,015,501

The effective interest rate on term deposits is 3.5% (2023: ranges from 4.52% to 4.60%) per annum, and these deposits are contractually maturing within 30 days (2023: 180 days).

13. Capital

The authorized, issued and fully paid up capital is KD 73,330,387 divided into 733,303,870 shares, each of a nominal value of 100 fils. All shares are cash shares.

14. Treasury shares

	2024	2023
Number of shares (share)	20,330,200	20,330,200
Percentage of issued shares (%)	2.77	2.77
Cost (KD)	13,546,935	13,546,935
Market value (KD)	4,614,955	2,683,586

The Parent Company is committed to keeping reserves, retained earnings and share premium equal to the purchased treasury shares along acquisition period according to the instructions of the concerned regulatory authorities.

15. Statutory reserve

In accordance with the requirements of the Companies' Law and the Parent Company's Articles of Association, 10% of the profit for the year before contributions to KFAS, NLST, Zakat and Board of Directors remuneration is to be transferred to the statutory reserve. The Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the paid up capital. The reserve is not available for distribution except for payment of a dividend of 5% of paid up capital in years when profit is not sufficient for the payment of such dividend. The transfer to the statutory reserve account has been stopped due to the reserve balance exceeding 50% of the capital of the Parent Company.

16. Voluntary reserve

In accordance with the requirements of the Parent Company's Articles of Association, 10% of the profit for the year before contributions to KFAS, NLST, Zakat and Board of Directors remuneration is to be transferred to the voluntary reserve. There are no restrictions on distribution of this reserve. Transfer to voluntary reserve has been discontinued in accordance with decision of the General Assembly of Shareholders.

17. Loans, bank facilities and Murabaha

Non-current portion	**2024**	**2023**
Loans	20,848,000	22,176,000
Murabaha	27,506,648	38,842,233
	48,354,648	61,018,233
Current portion		
Loans	5,328,000	2,464,000
Murabaha	9,139,000	8,769,500
	14,467,000	11,233,500
Total loans, bank facilities and Murabaha	62,821,648	72,251,733

The average effective annual interest rate on loans, bank facilities and Murabaha was 4.75% per annum as at 31 December 2024 (2023: 4.5% per annum)

18. Accounts payable and other credit balances

	2024	**2023**
Trade payables	14,425,735	12,415,833
Accrued interest and expenses	2,686,651	2,236,863
Notes payable	973,802	652,488
Advance payments from customers	5,373,802	5,883,119
Dividends payable	920,505	932,390
Accrued KFAS (Note 24)	23,383	5,433
Accrued NLST	36,259	-
Accrued Zakat	5,420	-
Retention	22,000	3,500
Other	44,098	23,031
	24,511,655	22,152,657

Notes to the consolidated financial statements for the year ended 31 December 2024
(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

19. Cost of sales

	2024	2023
Cost of raw materials	50,513,566	48,959,285
Maintenance and spare parts	4,483,072	4,118,943
Salaries and benefits	4,192,789	4,768,620
Depreciations and amortizations	1,046,825	1,390,628
Rent	569,587	303,961
Other	744,539	974,982
	61,550,378	60,516,419

20. Net income from other activities

	2024	2023
Net income from investment properties	80,516	106,370
Net gain from exchange differences	93,724	3,213
Other income	131,272	348,829
	305,512	458,412

21. Net investment income

	2024	2023
Financial assets at fair value through statement of other comprehensive income		
Cash dividends	2,688,204	2,547,330
Portfolio management expenses	(136,757)	(126,877)
	2,551,447	2,420,453
Financial assets at fair value through profit or loss		
Unrealized loss from change in the fair value	(35,542)	-
Realized gain from sale	29,716	-
	(5,826)	-
	2,545,621	2,420,453

22. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit attributable to Shareholders of the Parent Company for the year by the weighted average of the number of the existing ordinary shares determined based on number of existing shares of issued capital during the year, taking into account treasury shares. The calculation of basic and diluted earnings per share is as follows:

	2024	2023
Net profit for the year attributable to the Shareholders of the Parent Company (KD)	3,205,910	1,752,531
Weighted average number of outstanding shares during the year (share)	712,973,670	712,973,670
Basic and diluted earnings per share (fils)	4.50	2.46

23. Staff costs

Staff costs include wages, salaries, leave, end of service's indemnity and other benefits for the Group's staff. Staff costs amounted to KD 6,838,531 for the year ended 31 December 2024 (2023: KD 7,202,670).

24. Contribution to Kuwait Foundation for the Advancement of Sciences

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

Movement in Accrued KFAS is as follows:

	2024	2023
Accrued KFAS at the beginning of the year	5,433	28,643
Charged during the year	23,383	5,433
Paid during the year	(5,433)	(28,643)
Accrued KFAS at the end of the year (Note 18)	23,383	5,433

25. General Assembly of the Parent Company's Shareholders

On 12 March 2025, the Parent Company's Board of Directors proposed to distribute cash dividends at 6% of paid-up share capital after deducting treasury shares for the year ended 31 December 2024, and not to pay Board of Directors' remunerations for the year ended 31 December 2024.

The General Assembly of Parent Company's Shareholders, held on 24 April 2024, approved the consolidated financial statements for the year ended 31 December 2023. It also approved not to distribute the cash dividends and the remuneration of directors for the year ended 31 December 2023.

26. Related party transactions

Related parties comprise of the Group's shareholders who are members in the board of directors, Board of Directors, Key Management Personnel, Associates, and subsidiaries in which the Company has representatives in their board. In the normal course of business, subject to approval of the Group's management, transactions were made with such parties during the year ended 31 December 2024. Balances and transactions between the Parent Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this Note.

Following is a summary of significant related party transactions and outstanding balances:

	2024	2023
Balances included in consolidated statement of financial position:		
Accounts receivable and other debit balances (Note 11)	306,507	467,591
Provision for employees' end of service indemnity	737,254	601,279
Transactions included in the consolidated statement of income:		
Sales	840,401	815,654
Committees' fees	184,000	184,000
Executive management salaries and benefits	560,546	386,625

All transactions with related parties are subject to the approval of the Shareholders' General Assembly.

27. Contingent liabilities and capital commitments

	2024	2023
Contingent liabilities		
Letters of guarantee	2,707,511	1,270,290
Capital commitments		
Letters of credit	27,132	332,215
Uncalled subscription relating to investments in funds	321,972	321,972
Contracts for importing raw materials	2,580,339	2,491,641
Property, plant and equipment	547,226	736,041

There is a dispute between the Parent Company and a supplier about the financial obligations resulting from the termination of the raw materials supply contract between both parties where that party submitted a financial claim, while Parent Company's management has applied with the Court's judicial arbitration for discharging it from any financial obligations resulting from termination of that contract. During the previous period, a judgment was issued for the release of all the Parent Company's financial obligations towards the supplier. The dispute with the supplier has not been resolved yet and the Parent Company's management believes that the provisions provided are sufficient against all the obligations that might result from this dispute.

28. Segment financial information

Information about the Group's business segments is set out below in accordance with IFRS 8 "Operating Segments". The IFRS 8 requires operating segments to be identified on the basis of internal reports relating to components of the Group that are reviewed on a regular basis by the "executive management" who are the chief operating decision makers in order to allocate resources to the segment and assess its performance. The Group executive manager is known as the main decision maker for the Group's operations.

- The Group's management has defined its business in two main business units: the manufacturing sector, which includes the production and sale of cement and ready-mixed concrete, and the investment sector. This business is the basis on which the Group reports its major segment information and provides it to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. The sector involves sale of cement and ready-mixed concrete, and the investments sector includes financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, investments in associates and investment properties. The above segments are the basis on which the Group reports its segment information. Transactions between sectors are conducted at estimated market prices on an arm's length basis and are eliminated on consolidation.

Financial information about business segments for the year ended 31 December is as follows:

	2024		
	Manufacturing sector	Investment sector	Total
Segments revenues	68,543,866	3,300,910	71,844,776
Gross segments profit	3,337,426	3,300,910	6,638,336
Segments assets	168,865,923	135,865,572	304,731,495

28. Segment financial Information (Continued)

	2023		
	Manufacturing sector	Investment sector	Total
Segments revenues	65,852,617	3,543,626	69,396,243
Gross segments profit	1,849,359	3,543,626	5,392,985
Segments assets	174,145,977	117,221,319	291,367,296

	2024	2023
Adjustments:		
Gross segments profit	6,638,336	5,392,985
Finance charges	(3,421,122)	(3,719,778)
Interest income	56,861	84,940
Net segments profit before deductions	3,274,075	1,758,147

Geographical segments:

Financial information about geographical segments for the year ended 31 December is set out below:

	2024		
	Revenues	Assets	Liabilities
Inside the State of Kuwait	71,585,127	285,083,206	91,930,767
Outside the State of Kuwait	259,649	19,648,289	1,111,840
	71,844,776	304,731,495	93,042,607

	2023		
	Revenues	Assets	Liabilities
Inside the State of Kuwait	68,442,776	270,423,446	99,274,436
Outside the State of Kuwait	953,467	20,943,850	1,156,817
	69,396,243	291,367,296	100,431,253

Auto-Stacker for the raw materials at cement plant located at Eastern Shuaiba Industrial Area