

Annual Report 2024 - 2025





















Energising Kuwaitby making more possible







H. H. Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah

The Emir of the State of Kuwait





H.H. Sheikh Sabah Khaled Al-Hamad Al-Sabah

The Crown Prince of the State of Kuwait



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About this report

This report outlines KIPIC's financial and operational performance, presenting comprehensive data on revenues, expenses, and profitability. It examines sector-specific performance, highlighting key achievements and challenges faced during the reporting period. The document provides shareholders and stakeholders with transparent insights into the Company's current position and strategic outlook for future growth and development.

Disclaimer

This report is available in Arabic and English, with the Arabic version taking precedence in case of discrepancies. The information provided is solely for informational purposes and should not be construed as investment advice or financial recommendations. KIPIC bears no responsibility for any consequences or damages resulting from the use of information contained herein.



I am honoured to present Kuwait Integrated Petroleum Industries Company (KIPIC) Annual Report for fiscal year 2024-2025, a period marked by exceptional strategic achievements and transformative milestones. This report showcases our steadfast dedication to advancing national objectives and enhancing Kuwait's standing in the global energy landscape.

Our accomplishments stem from the seamless collaboration and harmonious teamwork, which has significantly strengthened our competitive position and accelerated our pursuit of excellence.

A historic moment was marked by the inauguration of Al-Zour Refinery by H. H. Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah, The Emir of the State of Kuwait. This mega project exemplifies Kuwait's commitment to the "New Kuwait 2035" vision through strategic initiatives that maximise the value of our natural resources.

In our drive for operational excellence and sustainability, Al-Zour Refinery has successfully reached its peak refining capacity of 615,000 barrels daily, processing diverse crude oil blends including Kuwaiti export, medium, and heavy varieties.

We are currently evaluating the addition of an LNG Reliquefaction unit to our permanent import facilities. This enhancement would significantly reduce evaporated natural gas losses through refrigerated reliquefaction, improving operational efficiency and minimising waste.

Regarding the petrochemical complex project integrated with Al-Zour Refinery, KIPIC is actively pursuing the necessary approvals for the project's capital budget allocation in Q3 of fiscal year 2025/2026, following completion of directives from the project's Higher Steering Committee.

The Company has achieved significant milestones in several areas, including, to name just a few, the following:

- In April 2024, we successfully exported our first shipment of low-sulfur jet fuel (10 ppm) to South Africa, reflecting the quality of our environmentally-friendly products.
- In September 2024, we entered the European market with our first low-sulfur diesel shipment to France, strengthening our strategic position.
- In January 2025, we dispatched our largest sulfur shipment to date (52,000 tons) and began producing fuel oil compliant with the IMO standards advancing our global sustainability goals.

The Company succeeded in achieving a net profit of approximately KD 52.25 million, primarily attributed to the adjustment of the pricing formula for heavy crude designated for Al-Zour Refinery. This adjustment contributed to a reduction in production costs and an increase in the Refinery's profit margin.

In addition, the concerted efforts of various working groups across the Company led to a 25% reduction in operating expenses compared to the approved budget. The Committee overseeing cost rationalisation and profitability improvements continued its duties throughout the year, achieving financial savings of KD 27 million through the adoption and implementation of several targeted initiatives.

Our commitment to HSSE excellence continues through comprehensive policy development, regular awareness and training initiatives, rigorous emissions monitoring systems, and enhanced emergency response capabilities across all facilities.

In digital transformation, we've made significant progress implementing cutting-edge technologies. The adoption of smart solutions and digital applications has markedly improved our operational efficiency and decision-making processes, resulting in enhanced productivity and overall corporate performance.

We've made exceptional progress in human resource development, achieving 100% of our employee engagement objectives for fiscal year 2024/2025. This success reflects our commitment to fostering an empowering work environment built on effective communication and staff development.

Our community responsibility initiatives remained robust through various programmes including Qaruh Island environmental clean-up campaign, distribution of Iftar meals and food baskets during Ramadan, support for educational institutions like Al-Noor School for the Blind and organising blood donation campaigns.

In alignment with Kuwait Petroleum Corporation's (KPC) restructuring initiative to enhance integration among oil sector companies, we've initiated preparatory steps for the complete merger of KIPIC into Kuwait National Petroleum Company (KNPC). A dedicated Steering Committee and working group have been established to supervise and coordinate the restructuring implementation across all Divisions.

In closing, I reaffirm our steadfast commitment to excellence and dedication in supporting KPC's vision and advancing national strategic objectives. We remain dedicated to enhancing Kuwait's leadership position in the global energy landscape.



Wadha Ahmed Al-Khateeb Acting Chief Executive Officer 2



Our Vision

To be a leader in integrated refining and petrochemical operations and LNG supply that maximises shareholder value, achieves operational excellence, unlocks the potential of our people and cares for the community.





Our Mission

To operate an integrated complex that manufactures refined petroleum and petrochemical products and supplies Liquefied Natural Gas (LNG) after regasification in a reliable, efficient, safe and environmentally responsible manner while maximising profit, developing a professional and competent workforce and enabling Kuwaiti private sector's participation in the downstream petroleum industry.



Our Values



Integrity

Acting in a trustworthy manner with the highest standards of ethics, respect and honesty.



Innovation

Developing and embracing new ideas, methods, and approaches to solving challenges that create value.



Excellence

Encouraging strong performance, continuous improvement and a customer focus.



One Team

Caring for the interests of KPC and ensuring alignment to achieve corporate and state goals.



Partnership

Building and sustaining relationships that support growth and enhance operational excellence.



Caring for People

Creating a culture where people develop and grow, and are positively motivated to contribute to the success of others.



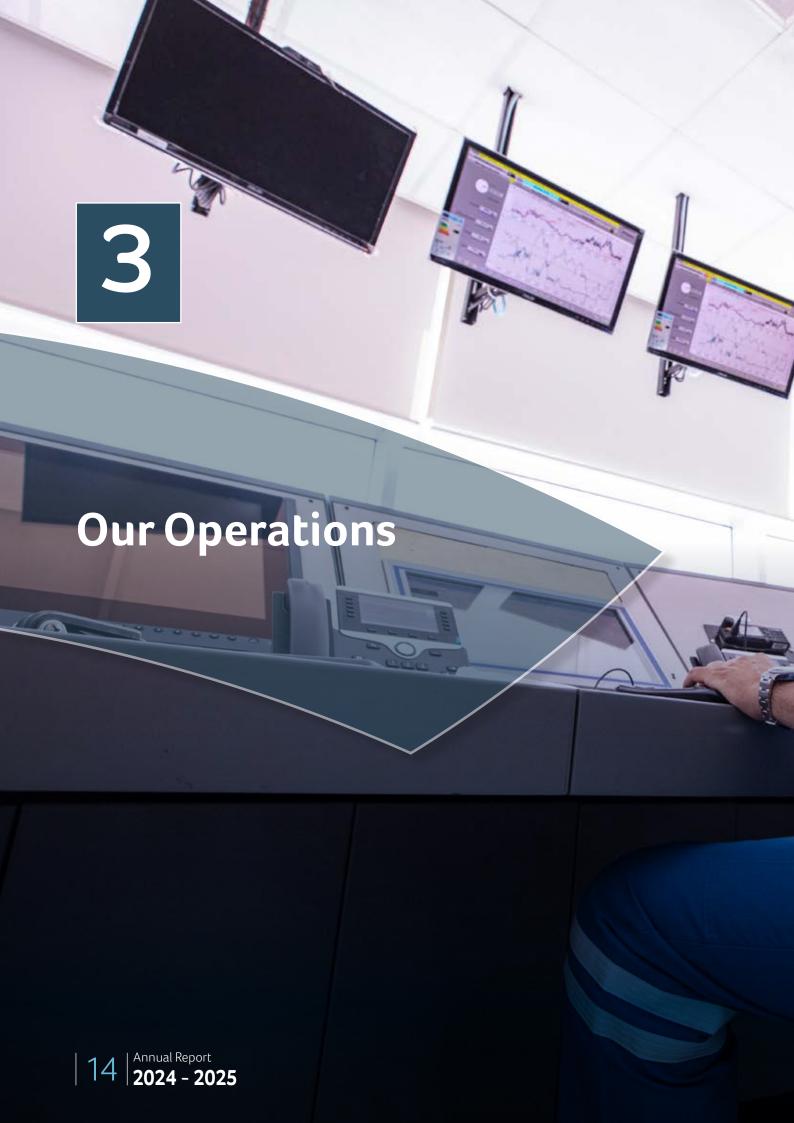
Commitment to HSSE

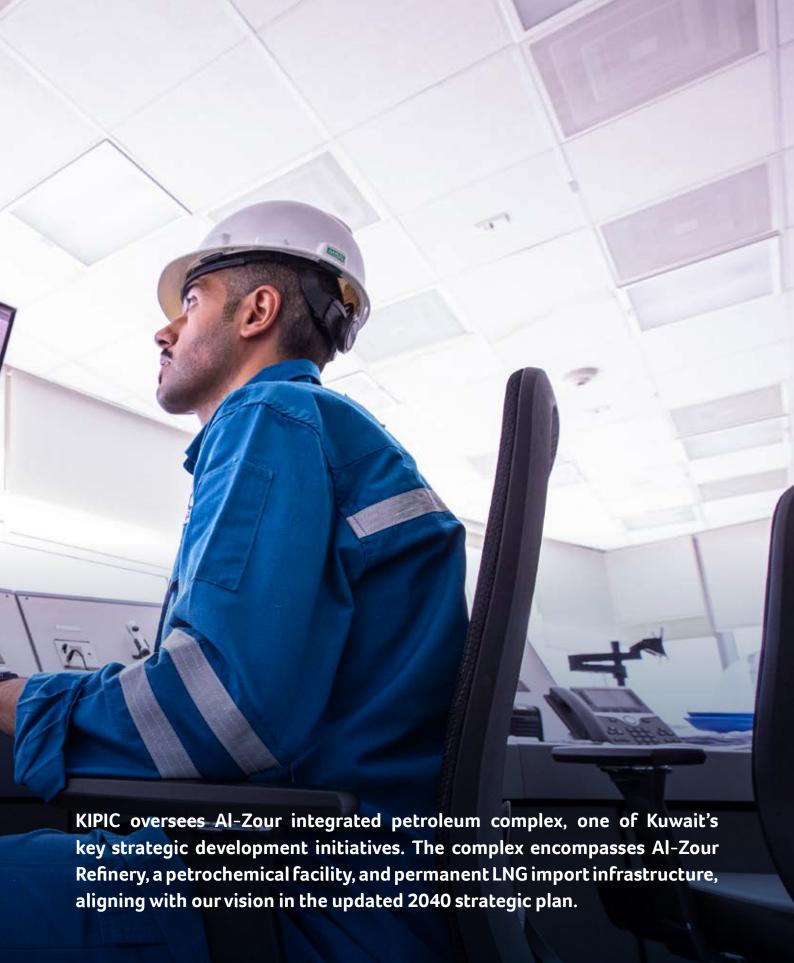
Respecting the environment and ensuring safety, security and the promotion of a healthy workplace wherever KPC operates.



Pride

Creating employee satisfaction on an individual level and promoting a sense of loyalty and belonging to KPC.





Production Data and Financial Performance for Fiscal Year 2024/2025

Crude Oil Refining Rate:

Al-Zour Refinery operated at an actual crude oil refining rate of 507,458 barrels per day during fiscal year 2024/2025. This represents a 3% shortfall (16,841 bpd) from the planned target of 524,300 bpd. This variance primarily stemmed from challenges associated with heavy crude oil processing and several unplanned emergency shutdowns. Despite these operational challenges, the facility continues to advance toward full capacity utilisation while maintaining strict quality control standards and operational excellence.

Statement of Petroleum Products Produced:

The fiscal year 2024/2025 yielded a net production of approximately 24,918 thousand metric tons of petroleum products, falling short of the planned 26,247 thousand metric tons, as detailed in the following table:

	Ann	ual produ	ction during th	e fiscal ye	ar 2024/2025	5			
Product	Actua	l	Plan		Increase (De	Increase (Decrease)			
	Thousand Metric Tons	Ratio%	Thousand Metric Tons	Ratio%	Thousand Metric Tons	Ratio%			
Naphtha	2,710	10	2,366	9	345	15			
Kerosene / Jet Fuel	3,352	13	3,514	13	(162)	(5)			
Gas Oil / Diesel	5,473	21	7,195	26	(1,722)	(24)			
Low Sulfur Fuel Oil (0.5%)	12,167	47	12,017	44	150	1			
Granular Sulfur	732	3	868	3	(135)	(16)			
Liquefied Gas	166	1	288	1	(122)	(42)			
Other Products*	318	1	-	0	318	-			
Net Total Products	24,918	96	26,247	96	(1,328)	(5)			
Consumed/Loss	1,085	4	1,198	4	(113)	(9)			
Total	26,003	100	27,445	100,0	(1,442)	(5)			

^{*} Includes products in production and petroleum gases used within the refinery.

Key Indicators for Fiscal Year 2024/2025:

Key Indicators for Fiscal Year	2024	2024/2025		2022/2023		
2024/2025:	Actual	Plan/ Budget	Actual	Actual		
Financial Indicators (Million KD)						
Company total products sales	4,651	4,386	3,134	736		
Total revenue from LNG services	165	131	170	157		
Company net profit/loss	52	(116)	(482)	(172)		
Total operational expenses	(499)	(584)	(709)	(186)		
Capital expenditures	(15)	(119)	(52)	(92)		
Changes in total fixed assets	(153)	(162)	3,667	1,337		
Crude Oil Processing Rate (Thousand barrels/day)						
Al-Zour Refinery	507	524	328	104		
Sales (Thousand tons)						
Total products exported to global markets	17,444	17,930	11,492	3,284		
Fuel for Ministry of Electricity, Water and Renewable Energy	6,923	8,029	3,357	511,4		
Other sales	148,6	288	115	15,3		
Sales to KNPC	145,7	288	112,10	15,3		
Fuel for Ministry of Oil	2,9	-	3,20	-		
Workforce						
Total workforce at the end of fiscal year	1431	1744	1393	1328		

Domestic Fuel Sales Statement

Company's Fuel Sales to the Ministry of Electricity, Water and Renewable Energy:

KIPIC's fuel sales to the Ministry of Electricity, Water, and Renewable Energy totaled approximately 6,923 thousand metric tons, consisting primarily of low-sulfur fuel oil and gasoil products, as detailed in the following table:

	Annual Sales	Annual Sales for the Fiscal Year 2024/2025		
Product	Actual Plan		Increase (Decrease)	
	One thousand metric tons	One thousand metric tons	Ratio%	
low-sulfur fuel oil for the Ministry of Electricity, Water and Renewable Energy	6,857	8,027	(14,58)	
Low-sulfur gasoil for the Ministry of Electricity, Water and Renewable Energy	66,3	2,40	2662,9	

Company's Fuel Sales to KNPC:

During the 2024/2025 fiscal year, the Company sold approximately 145.7 thousand metric tons of LNG to the KNPC, significantly lower than the planned target of 287.8 thousand metric tons, as detailed in the following table:

	Annual Sales During Fiscal Year 2024/2025			
Product	Actual	Plan	Increase (Decrease)	
	One thousand metric tons	One thousand metric tons	Ratio%	
liquefied Gas to KNPC	145,7	287,8	(49,4)	

Company's Fuel Sales to the Ministry of Oil:

KIPIC supplied approximately 2.9 thousand metric tons of low-sulfur gasoil to the Ministry of Oil during the 2024/2025 fiscal year, as detailed below:

	Annual Sales During Fiscal Year 2024/2025			
Product	Actual	Plan	Increase (Decrease)	
	One thousand metric tons	One thousand metric tons	Ratio%	
low-sulfur gasoil to the Ministry of Oil	2,9	-	-	



Al-Zour Refinery



Key Achievements for the Fiscal Year 2024/2025

Inauguration of Al-Zour Refinery: A Milestone Achievement

Under the slogan "Achievements Continue," H. H. Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah, The Emir of the State of Kuwait honoured the official inauguration ceremony of Al-Zour Refinery on May 29, 2024. This facility stands as one of Kuwait's most significant strategic projects in the country's history.

The Emir's presence at the full operation ceremony demonstrated his support for Kuwait's development and highlighted the leadership's commitment to vital infrastructure projects. This refinery particularly strengthens Kuwait's global position as a major clean fuels supplier.

The prestigious ceremony took place at Al-Zour Oil Complex with distinguished attendees including Prime Minister His Highness Sheikh Ahmad Al-Abdullah Al-Sabah, along with various Sheikhs, Ministers, ambassadors, and senior oil sector officials.

Importance of Al-Zour Refinery

Al-Zour Refinery stands as a cornerstone of KPC's 2040 strategy and supports the "New Kuwait 2035" vision by enhancing energy security and sustainability. Its primary function is providing low-sulfur fuel oil to the Ministry of Electricity, Water, and Renewable Energy while producing clean petroleum products for global markets that meet premier international environmental standards.

With exceptional operational flexibility, the refinery processes various crude oil types, achieving maximum refining capacities of 615,000 barrels daily of Kuwait Export Crude (KEC) and 535,000 barrels daily of other crude varieties. This versatility enables Kuwait to efficiently process heavy crude oil while generating significant economic benefits.



The primary objective was to liberate naphtha for use in petrochemical complexes or for export markets. The project progressed methodically, with the Company consulting the technology licensee to amend the Project Development Plan (PDP) and commissioning Al-Zour Refinery Project Consultant to perform Front-End Engineering and Design (FEED) studies for both main and supporting facilities.

Upon completion of these studies, the formal project proposal was submitted to KPC in September 2019 for budget approval. After reviewing the proposal, KPC decided on a phased implementation approach, dividing the project into two distinct stages:

Phase 1: This initial stage utilises LNG as the primary alternative feedstock for hydrogen production units.

Phase 2: The second stage incorporates fuel gas alongside LNG as an additional alternative feedstock. This phase will be implemented independently at a later date through a separate Engineering, Procurement, and Construction (EPC) contract.

This phased approach was adopted to reduce capital expenditures. The project consultant was instructed to review the preliminary engineering designs (Pre-FEED) with Phase 1 outcomes in mind. Additionally, Tender Documents (ITB) for the Phase 1 EPC contract have been prepared.

Key Project Implementation Progress

- Four technical bids were received by the Central Agency for Public Tenders on September 4, 2024, with one bid rejected for non-compliance with tender instructions.
- Upon evaluation, the Company determined that none of the bidding companies met the technical qualifications required.
- Currently, approval is being sought from relevant committees to cancel the existing tender and initiate a new bidding process.

Future Capital Projects

KIPIC is advancing ambitious plans to develop its refining sector in response to changing local and global market conditions. Currently, several strategic initiatives are in progress:

Integrated Petrochemical Complex Project with Al-Zour Refinery:

This project aligns with KPC strategic vision for petrochemical expansion, focusing on intermediate petrochemical products both domestically and internationally. The strategy encompasses building new assets, expanding existing facilities, and pursuing strategic acquisitions or mergers with international partners when advantageous to achieve global industry leadership.

The initiative further supports KPC's refining and manufacturing objectives within Kuwait, emphasising maximised integration between refining and petrochemical operations. This approach aims to ensure the production of petroleum products that meet rigorous local and international specifications while exploring partnership opportunities to enhance operational efficiency and strengthen the integration between refining and petrochemical processes.

Key Objectives of Integrated Petrochemical Complex Project:

- Increase value of Kuwaiti hydrocarbons by upgrading low-value fuel oil into premium petrochemical products.
- Supply local and global markets with gasoline (motor fuel) at 1.55 million tons annual capacity.
- Introduce Impact Copolymer Polypropylene (ICP) to new markets.
- Boost Kuwait's polypropylene production by 1000% and aromatics by 200%, reaching 2.3 million tons annual capacity.
- Address gasoline shortage from Equate's existing styrene plant.
- Achieve maximum integration with existing refineries.
- Provide opportunities for downstream manufacturing industries by local entrepreneurs.
- Create new job opportunities for Kuwaiti youth.

Key Features of the Project

The project construction has been strategically divided into three core packages: the first consists of the construction of gasoline (motor fuel) production units, the second is the development of aromatics and olefins units, while the third package involves the development of port and export facilities, plus implementation of onshore and offshore pipelines.



Integrated Petrochemical Project Plan

Project Implementation Progress Plan

- All project studies have been presented to the Higher Steering Committee to develop solutions for challenges related to obtaining the final investment decision.
- During its January 8, 2025 meeting, the Higher Steering Committee directed KIPIC to coordinate with specialised consultants to prepare: an updated marketing study and a revised price forecasts for project-related petrochemical products. These updates aim to reassess project economics and evaluate long-term product feasibility regarding supply and demand dynamics.
- KIPIC aims to secure Higher Steering Committee approval for the Petrochemical Complex Project (PRIZe) and proceed with capital budget (FID) approval from relevant authorities.

Adding Natural Gas Re-Liquefaction Unit to LNG Import Facilities

This project aims to eliminate flaring of boil-off gas (BOG) that occurs when supply rates from LNG import facilities drop below minimum design thresholds. The solution involves re-liquefying natural gas through cooling processes and returning it to storage tanks in liquid form.

Key Features of the Project:

The project encompasses three primary components:

- Natural Gas Re-Liquefaction Unit: Core technology for cooling and liquefying BOG.
- Electrical Substation: Setting up as dedicated power supply for the re-liquefaction unit and auxiliary systems.
- Supporting Infrastructure: Essential construction elements including pipelines and control systems.

Project Implementation Progress Plan:

- FEED study completed (November 2024).
- FID approved by the Company board of directors (January 2025).
- FID currently undergoing KPC approval process.



Permanent LNG Import Facilities



Al-Zour Refinery's Sea Island

Flexible Operation and Reliable Production

During fiscal year 2024/2025, KIPIC enhanced operational efficiency and production reliability at Al-Zour Refinery and LNG import facilities through flexible operations and proactive planning strategies. These approaches significantly improved operational sustainability and efficiency, yielding notable operational and environmental achievements, which are structured around the following pillars:

- KIPIC modified distillation unit operations from maximum kerosene production to maximum naphtha production with heavy diesel in July 2024. This implementation was prompted by delays in the Kerosene Processing Unit (U-25) start-up. The strategic adjustment effectively managed kerosene inventory levels while maintaining continuous refinery operations. These operational changes generated a substantial financial benefit of \$37.6 million through optimised finished product sales.
- The Company permanently replaced LNG with nitrogen gas as fuel for the Flare Gas Unit at LNG import facilities starting July 2024. This strategic initiative eliminates fuel gas flaring in the assembly line, reducing waste and greenhouse gas emissions with an expected annual reduction of 8,380 tons of carbon dioxide.
- KIPIC successfully completed initial cleaning of all four crude oil supply lines through meticulous planning and stakeholder coordination. This achievement maintained uninterrupted refinery operations while fulfilling all domestic and international export commitments.
- The Company completed the third "Train 30" heavy oil clean-up, ensuring optimal pipeline integrity and continuous crude oil transportation, demonstrating the refinery's dedication to operational excellence and sustainability.
- We have achieved significant operational milestones during this period, enhancing both capacity and process efficiency. Heavy oil processing capacity was increased to its maximum operating capacity of 120,000 barrels per day, demonstrating improved resource utilisation while maintaining operational stability and performance.
- A comprehensive performance assurance test for heavy oil refining was successfully completed in October 2024, processing 2 million barrels of crude oil. This achievement validated the refinery's operational efficiency and alignment with strategic production targets, showcasing excellence in project execution and commitment to operational objectives.

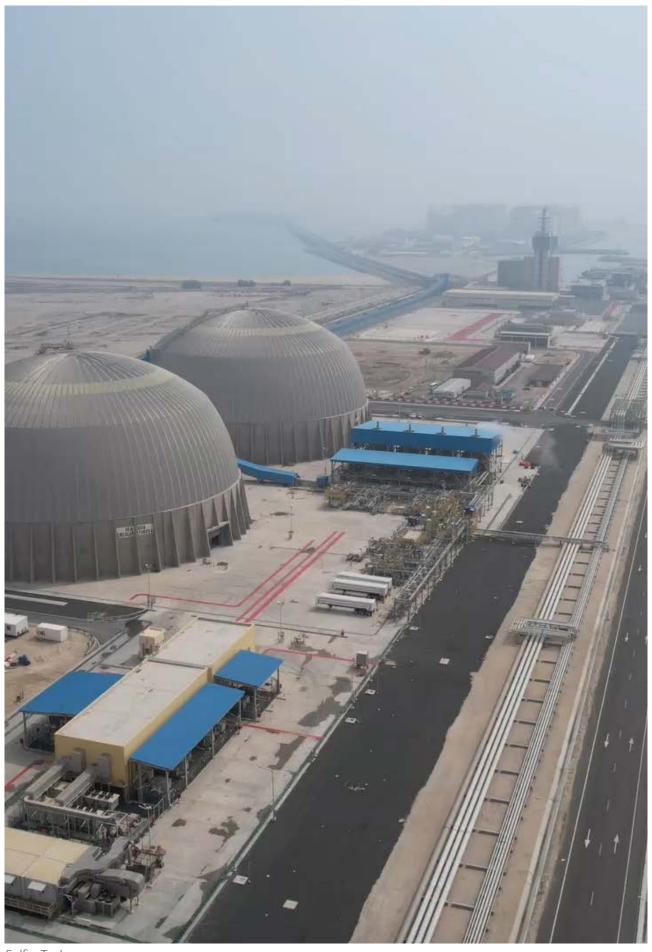


- Critical modifications to the low-sulfur fuel oil transfer systems were completed and implemented on January 6, 2025. These enhancements ensure continuous supply to the Ministry of Electricity, Water and Renewable Energy's Mina Al-Ahmadi tank without disrupting export vessel loading operations, enabling independent supply to both local and export markets.
- The refinery began processing crude oil from Umm Naqa on January 31, 2025, marking a significant advancement in processing flexibility. This capability demonstrates the refinery's adaptability to various crude types, ensuring optimal performance and efficient resource utilisation.
- KIPIC has implemented significant operational enhancements at its LNG import facilities, achieving remarkable performance metrics through March 2025. The Re-condensation Unit was successfully operated at an elevated pressure of 10 bar in the Flare Gas Unit, particularly during winter when consumer network demand falls below minimum transmission thresholds. This strategic adjustment increased the BOG re-condensation unit capacity, maintained normal operating pressure in the assembly line, and eliminated unwanted flare emissions. To further enhance operational efficiency, the Company has completed the FEED phase for a dedicated BOG re-liquefaction unit. This future installation will enable plant operation at rates below minimum threshold or even at zero transmission without flaring. The project is currently awaiting FID approval.
- By March 31, 2025, the LNG import facility successfully unloaded 92 vessels, receiving a total volume of 13.9 million cubic meters of LNG.
- Total natural gas delivery to consumers reached an impressive 301 billion standard cubic feet by end of March 2025, with the LNG import facilities maintaining an average storage capacity utilisation rate of 62%.
- The terminal has consistently exceeded performance targets, achieving 100% average production availability compared to the 85% target. Additionally, operational efficiency reached 99.87%, substantially outperforming the 85% target threshold through March 2025.
- A significant milestone was achieved on August 11, 2024, when the terminal reached peak
 natural gas production of 1,568 million standard cubic feet (MMSCF), demonstrating the
 facility's robust capacity and operational excellence in meeting both domestic and export market
 demands.

Maximising Profitability and Improving Operational Efficiency

KIPIC prioritises profitability maximisation and cost-effectiveness when developing operational and capital plans, positioning itself as a strategic partner alongside KPC and its subsidiaries to address evolving oil industry challenges. The 2024/2025 fiscal year demonstrated significant achievements in these areas:

- KIPIC successfully exported large sulfur shipments while achieving substantial energy and material consumption savings.
- On April 20, 2024, the Company exported its first low-sulfur jet fuel shipment (10 ppm) to South Africa, showcasing KIPIC's expertise in delivering high-quality products that meet international market requirements. This reduction from the previous (25 ppm) is projected to decrease carbon dioxide emissions by approximately 500 kg daily, marking a significant environmental advancement.
- KIPIC exported its first ultra-low-sulfur diesel shipment to France on September 24, 2024, demonstrating the refinery's capability to meet Europe's stringent environmental standards. This achievement reflects KIPIC's commitment to quality and sustainability through adapted production processes. The Company aims to bypass existing suppliers and establish market dominance in European ultra-low-sulfur diesel. Financial benefits are expected to reach approximately \$128,000 daily, depending on future global pricing of French specifications.
- The Company achieved a milestone on January 15, 2025, by exporting its largest sulfur shipment to date, with a capacity of 52,000 tons, demonstrating exceptional operational performance at the refinery.
- KIPIC maintains ongoing coordination with KPC to increase heavy crude oil allocation for Al-Zour refinery, a strategic initiative designed to enhance the refinery's profit margins.
- Significant cost reductions were implemented across multiple operations. The refinery saved KD 459,000 annually through improved steam consumption in the stripping tower and reduced furnace fuel consumption, resulting in lower gas usage and operating costs in Atmospheric Residue Desulfurisation (ARDS) Unit.
- Further cost efficiencies of KD 1.2 million were realised by utilising 483 cubic meters of leftover catalysts from the construction phase and emergency materials across five recent purchase orders, eliminating the need to purchase new catalysts for ARDS Unit.
- The refinery achieved estimated annual savings of \$14.2 million by optimising start-up and shutdown procedures for ARDS Unit, reducing downtime by 40 hours and significantly improving operational efficiency.
- Standard operating procedures were modified to enable ARDS Unit to produce Low-Sulfur Fuel
 by eliminating thermal load on the stripping tower during low-temperature start-up operations.
 By rerouting used diesel through an alternative path, the Company generated \$100 million in
 savings.
- A strategic three-year contract was secured on November 28, 2024, to fulfil the ARDS Unit's long-term operational requirements.



Sulfur Tanks



Discussions with the Hungarian Embassy on digital transformation technology

Technology, Scientific Research, and Digital Transformation

KIPIC continues embracing cutting-edge digital solutions to develop a smart, secure work environment supporting sustainable growth through technology investment and enhanced cyber awareness. The Company is establishing a solid foundation for a more efficient digital future, viewing technology not merely as a business support tool but as an essential element in improving operational efficiency and achieving sustainability and profitability.

Key IT achievements during the 2024/2025 fiscal year include:

- KIPIC signed a "Digital Transformation and Sustainability" contract with Aveva Software Middle East FZ-LLC to enhance its smart energy management initiative. This agreement aims to improve efficiency through automation, deliver seamless digital solutions to stakeholders, and ensure advanced system implementation.
- The Company successfully renewed and obtained certification for both ISO 27001 Information Security Management Standard and ISO 22301 Business Continuity Management Standard.
- KIPIC completed the issuance of the Operations Safety Certificate and received clearance to commence safe operations using Maximo system, further strengthening its technological infrastructure.
- The Company announced the completion of its Enterprise Architecture for operational technology systems, integrating information systems and industrial applications. This framework helps identify needs and build capabilities essential for implementing the Company's digital transformation strategy.
- Additionally, the Company facilitated coordination between departments and international firms to explore nine (9) innovative technologies focusing on carbon dioxide emission reduction, energy and water optimization, anti-sedimentation measures, and engineering efficiency improvements at the refinery.
- The renewal of the Company's partnership with the advanced global platform "Technologycatalogue.com" to stay current with technological developments in renewable

- energy engineering, carbon emission reduction, business management, technical services, refinery maintenance, and engineering consulting.
- Strategic relationships with major oil sector players were strengthened, exemplified by arranging a visit with Abu Dhabi National Oil Company (ADNOC) to exchange scientific studies, knowledge, and expertise in research and technology.
- KIPIC initiated a preliminary feasibility study exploring renewable energy sources and alternatives to diversify and add value to its business portfolio.
- Additionally, the Company conducted comprehensive research on standard combustion control technology utilising continuous carbon dioxide measurement rather than oxygen monitoring. This approach allows for real-time adjustment of air-to-fuel ratios to achieve optimal combustion efficiency, representing a significant advancement in operational technology.



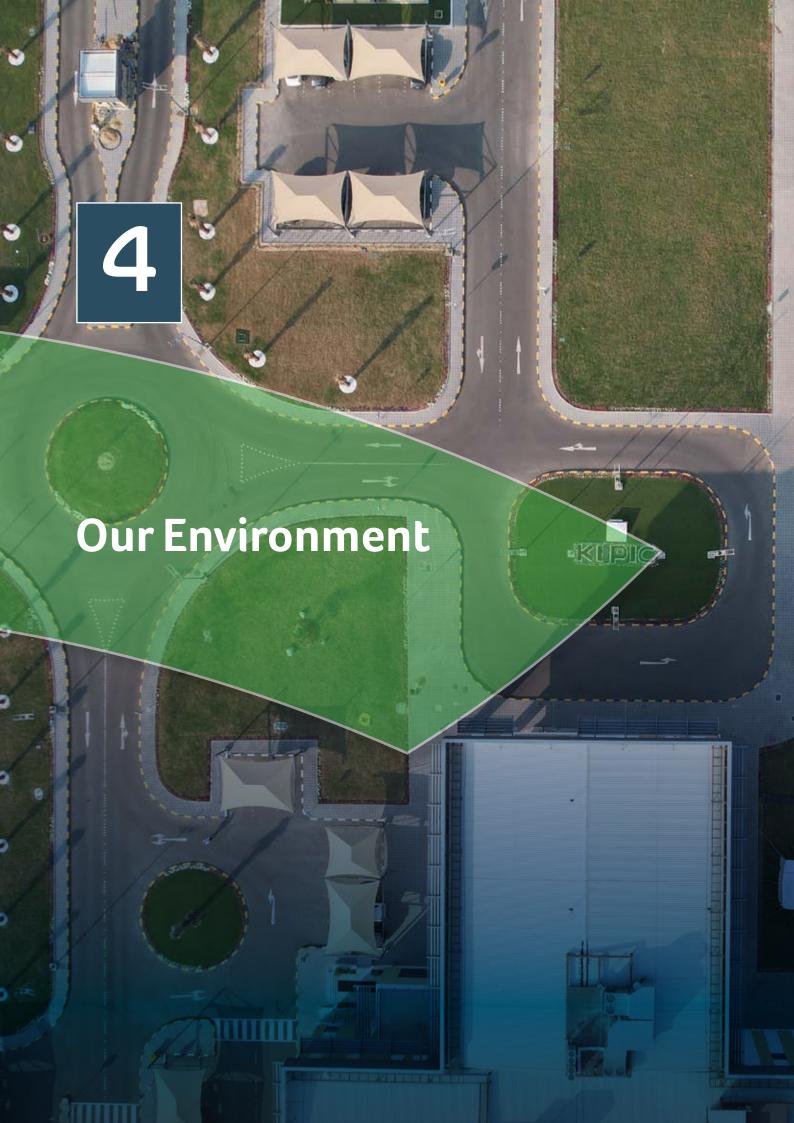
No base of

Simulation technology

Al-Zour Refinery Laboratories



Hosting a delegation from ADNOC





Energy Transition Strategy and Achieving Net-Zero Emissions by 2050

In June 2024, KIPIC initiated a "Preliminary Feasibility Study on Renewable Energy Sources and Alternatives" to explore applications that could increase returns at both KNPC and KIPIC. The local biofuels feasibility study was completed with results presented to the steering committee overseeing KNPC Energy Transition Strategy implementation in March 2025.

KIPIC established a specialised working team to examine options for reducing gas flaring at Al-Zour Refinery. This team focuses on identifying gas sources and minimising unnecessary flaring throughout refinery operations.

To enhance energy efficiency, the Company awarded the "Energy Management Services for Al-Zour Complex" contract during Q3 of fiscal year 2024/2025. This initiative aims to improve energy efficiency at Al-Zour Refinery while reducing environmental emissions.

As part of operational efficiency improvements, KIPIC successfully implemented a study addressing hydrogen gas flaring during steam shortage periods at Al-Zour Refinery. The solution involved transferring pressure swing system values from the Hydrogen Recovery Unit (Unit No. 31) to the refinery's fuel gas network, representing a significant advancement in resource optimization and emissions reduction.



Environmental Sustainability and Performance, Including HSE Achievements

KIPIC's commitment to sustainability principles has driven implementation of notable initiatives aimed at achieving superior environmental, health, safety, and security standards. These efforts focus on reducing environmental impact, fostering occupational safety culture, and ensuring compliance with international and local regulations.

Environmental Initiatives and Emission Reduction

KIPIC has implemented significant environmental initiatives focused on emission reduction and regulatory compliance:

- The Company successfully exported low-sulfur fuel products, including diesel and jet fuel, resulting in measurable reductions in carbon dioxide emissions.
- Bunker fuel oil specifications were optimised to comply with IMO standards, effectively reducing sulfur oxides (SOx) emissions. This achievement improves air quality and minimises environmental impact while aligning with global maritime regulations.
- In collaboration with a Kuwait Environment Protection Society-accredited consultant, KIPIC developed a comprehensive operational environmental monitoring plan for Al-Zour Refinery, submitting it to the Environment Public Authority on August 7, 2024, to ensure ongoing compliance with environmental standards.
- The Company completed and submitted the final ambient air quality monitoring campaign report to consultant Ramboll on November 17, 2024, fulfilling requirements of the Environmental and Social Action Plan within the KPC SACE Loan Agreement.
- When notified by Kuwait Environment Protection Authority, KIPIC actively participated in Khairan coast oil spill clean-up and the Ministry of Electricity, Water and Renewable Energy's water intake area remediation, recovering 512 barrels of oil as part of its National Emergency Plan responsibilities.
- Additionally, KIPIC conducted a solid waste management awareness campaign on January 14, 2025, training 17 direct and contractor employees on industrial waste sorting and handling techniques.



Diesel Hydrotreating Unit



Employee safety is a priority

Occupational Health and Safety

KIPIC demonstrated exceptional commitment to occupational health and safety through comprehensive training and preventive healthcare initiatives:

- By March 2025, approximately 1,417 employees (99.02% of the workforce) completed health, safety, security, and environmental training, significantly exceeding the 90% annual target.
- The Company awarded and activated an industrial health services contract covering all facilities to measure exposure to workplace hazards, including toxic gases, chemicals, noise, and air quality factors, strengthening protection of worker health.
- To ensure workforce wellbeing and operational efficiency, KIPIC conducted periodic medical examinations for 1,828 employees and contractor workers by March 2025.
- Additionally, specialised medical assessments were performed for 480 workers designated for confined space entry, verifying they met the required health standards for safely working in these challenging environments.



Blood donation campaign







Seasonal influenza vaccination

Medical examination campaign

- In collaboration with the Ministry of Health, KIPIC organised a successful blood donation campaign with 126 participants from the Company employees and contractors, demonstrating its commitment to community health initiatives.
- The Company also partnered with Al-Ahmadi Hospital to conduct a seasonal influenza vaccination campaign reaching 284 employees and contractors. This preventive measure aimed to reduce influenza infection rates, enhance collective immunity, minimise absenteeism, and maintain operational continuity and efficiency.

Safety and Security

- KIPIC conducted a comprehensive technical study assessing noise exposure risks in affected
 operational areas, creating detailed noise level mapping to enhance awareness and emphasise
 the importance of proper hearing protection protocols. This initiative reinforces the Company's
 commitment to preventing occupational hearing damage through the proper use of protective
 equipment.
- The Company achieved 100% completion of its traffic safety improvement project throughout the refinery and surrounding areas. This comprehensive initiative implemented multiple safety enhancements including strategically placed speed limit signs, traffic barriers, ceramic supports, and protective barriers. The project also involved repositioning signage to eliminate dangerous blind spots, clearly marking road designations, pedestrian crossings, and traffic indicators to ensure safe and efficient traffic flow for both vehicles and pedestrians.



Speed sign installation

To foster a robust safety culture, KIPIC launched several recognition and incentive programmes to identify and celebrate outstanding safety contributions:

- The "Best Toolbox Talk" award promotes enhanced safety awareness through daily briefing sessions.
- The "Best Safety Officer" award acknowledges individual excellence in creating and maintaining safe work environments.
- The "Best Near Miss Reporting" award encourages proactive identification and reporting of potential incidents before accidents occur.
- The "Best Permit to Work Compliance" for adherence to safety procedures;
- The "Best Contractor Driver" recognising exemplary driving safety.
- The "Safety Test" rewarding knowledge of safety regulations.
- The "Reward System Based on Closing Incident Recommendations" encouraging implementation of safety improvements.
- The "Best Hazard Identification" honouring effective risk assessment.
- KIPIC enhanced safety performance through strategic collaboration with KNPC, PIC, and EQUATE, facilitating valuable knowledge exchange and best practices implementation. This cooperation improved efficiency and productivity across participating companies.
- Following lessons from the NBTC camp fire, comprehensive inspections of all contractor camps were completed to prevent future incidents.
- The Company prepared and submitted the Environment, Health, and Safety Self-Monitoring Report for Al-Zour Refinery (December 2023-August 2024) to consultant Ramboll on October 28, 2024.
- KIPIC successfully passed Environment Public Authority inspection on January 29, 2025, and lender consultant (Ramboll) monitoring visits in December 2024 with no adverse findings, demonstrating strong compliance with regulatory standards.



The 6th Annual CEO Health, Safety, Security and Environment Award

Environmental Awareness and Activities

- KIPIC implemented comprehensive health awareness campaigns targeting both employees and contractors, featuring lectures and educational programmes on critical health topics including hypertension, diabetes, cholesterol management, heat stress prevention, hepatitis awareness, smoking cessation, workplace stress management, and heart health. These initiatives reached over 1,200 participants and included proactive health screenings for early disease detection.
- A thorough operational environmental audit plan was developed and implemented for Al-Zour Refinery to ensure full compliance with Environment Public Authority regulations.
- On May 28, 2024, KIPIC conducted an environmental and social awareness workshop for 25 contractor and subcontractor supervisors, focused on implementing the Company's environmental and social guidelines.
- KIPIC Environmental Forum ran in June 4-6, 2024, with the participation of 404 individuals, it included 11 presentations related to environmental awareness, concepts and applications of environmental sustainability, in addition to an exhibition for sustainability that involved many companies and governmental entities, contributing to enhancing the path of success toward making "more is possible" and supporting the 2040 human resources strategy aimed at enhancing the employees training competencies.
- The Environmental and Social Self-Monitoring Report for the LNG Import Facility was submitted to lenders on August 15, 2024.
- On October 22, 2024, Environment and Corporate Social Responsibility Team presented "KIPIC ESG Strategy" at the Gulf Energy Day Symposium.



Awareness lecture at the training centre

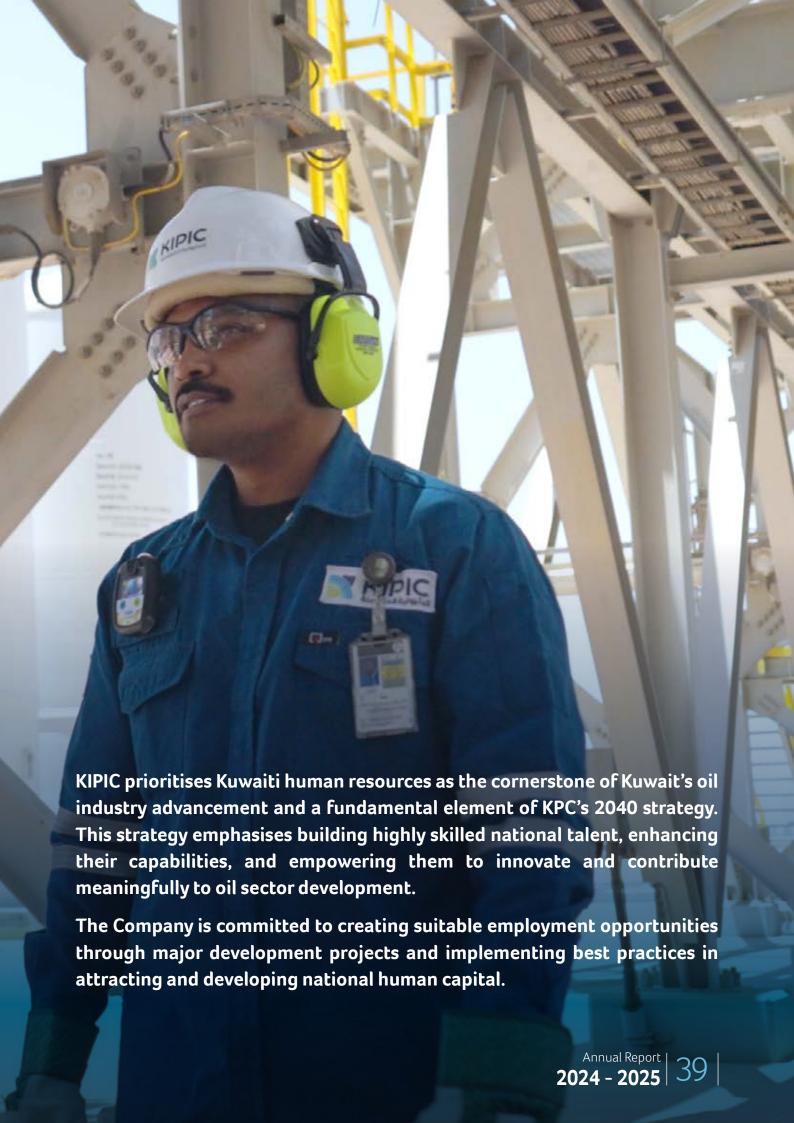






Diabetes awareness campaign





Employment and Workforce Growth

During 2024/2025 fiscal year, KIPIC continued strengthening national workforce representation across all operational areas. The Company hired 90 new Kuwaiti employees, bringing the total workforce (both operational and non-operational) to 1,431 employees-an increase of 38 compared to the previous fiscal year.

By year-end, KIPIC employed 1,384 Kuwaiti nationals, representing 96.72% of total direct employment. This reflects an increase of 43 Kuwaiti employees compared to the previous fiscal year, demonstrating the Company's ongoing commitment to nationalising its workforce and developing local talent.

Workforce Data Analysis

Tables provided next display comprehensive analysis of KIPIC's workforce composition by nationality and distribution across groups. They compare 2024/2025 fiscal year changes against the approved plan and track employee numbers from 2017/2018 through 2024/2025, demonstrating the Company's ongoing workforce development patterns.

Analysis of Employee Growth Trends and Kuwaiti Workforce Percentages Across all Groups

		31/03/2024		31/03/2025			
Group	Number of	Kuwaiti workforce (actual)		Number of	Kuwaiti workforce (actual)		Number of Group
	employees	Number	Ratio%	employees	Number	Ratio%	Employees (Budget)
CEO Office	2	2	10	1	1	10	113
Legal	8	8	100	7	7	100	12
Deputy CEO Office - Admin and Commercial Affairs	1	1	100	0	0	0,00	1
Human Resources	43	43	100	42	42	100	53
Training and Career Development	26	26	100	25	25	100	28
Management Support	20	20	100	24	24	100	30
Commercial	55	50	90,91	52	48	92,31	57

Analysis of Employee Growth Trends and Kuwaiti Workforce Percentages Across all Groups (continued)

	31/03/2024			31/03/2025				
Group	Number of (ac		orkforce ual)	Number of	Kuwaiti workforce (actual)		Number of Group	
	employees	Number	Ratio%	employees	Number	Ratio%	Employees (Budget)	
Executive Studies	0	0	0,00	1	1	100	1	
Deputy CEO Office - Al-Zour Operations	1	1	100	1	1	100	1	
Operations - (Gas)	49	46	93,88	212	204	96,14	223	
Operations - (Al-Zour Refinery)	552	537	97,28	410	402	98,05	421	
Maintenance	115	110	95,65	138	133	96,38	153	

Analysis of Employee Growth Trends and Kuwaiti Workforce Percentages Across all Groups (continued)

		31/03/2024		31/03/2025			
Group	Number of		vorkforce ual)	Number of	Kuwaiti w (act	vorkforce ual)	Number of Group
	employees	Number	Ratio%	employees	Number	Ratio%	Employees (Budget)
Quality Assurance	65	58	89,23	68	61	89,71	88
Technical Services	69	61	88,41	61	55	90,16	82
Deputy CEO Office - Planning and Finance	0	0	0,00	0	0	0,00	1
Finance	48	48	100	46	46	100	62
Corporate Planning	26	23	88,46	25	22	88,00	32
Deputy CEO Office - Support Services	0	0	0,00	0	0	0,00	0
General Services	42	42	100	35	35	100	50
Corporate Communications	21	21	100	20	20	100	23
Health, Safety and Environment	64	60	93,75	84	80	95,24	105
Security and Fire	107	107	100	105	105	100	116
Information Technology	39	38	97,44	39	38	97,44	50
Deputy CEO Office - Projects	0	0	0,00	0	0	0,00	0
Projects - I	28	28	100	23	23	100	27
Projects - II	2	2	100	3	3	100	3
Projects - III	10	9	90,00	9	8	88,89	12
Total	1393	1341	96,27	1431	1384	96,72	1744

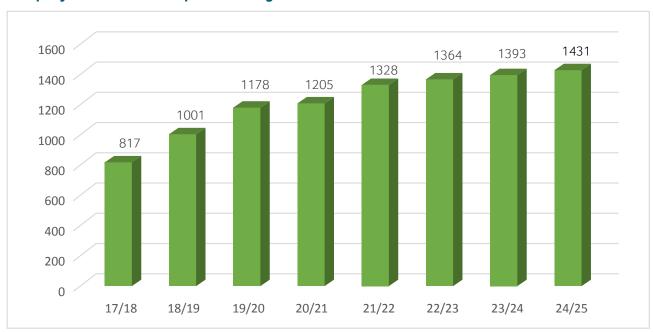
Analysis of Male and Female Employee Distribution by Number and Gender.

Category	Number of males	Ratio%	Number of females	Ratio%	Total
Top Management	1	100,00	0	0,00	1
Managers	16	84,21	3	15,79	19
Team Leaders	71	81,61	16	18,39	87
Remaining Employees	1149	86,87	175	13,22	1324
Total Employees	1237	86,44	194	13,56	1431

Distribution of Company Employees by Nationality

Nationality.	Number of Employees			Percentag Work	Increase or	
Nationality	31/03/2024	31/03/2025	Change	31/03/2024	31/03/2025	Decrease Percentage
Kuwaitis	1341	1384	43	96,27	96,72	3,11
Other Arab Nationalities	3	3	0	0,22	0,21	0,00
Subtotal	1344	1387	43	96,48	96,93	3,10
Non-Arab Nationalities	49	44	(5)	3,52	3,07	(11,36)
Total Employees	1393	1431	38	100	100	2,66

Company Workforce Development During the Years 2017/2018 - 2024/2025

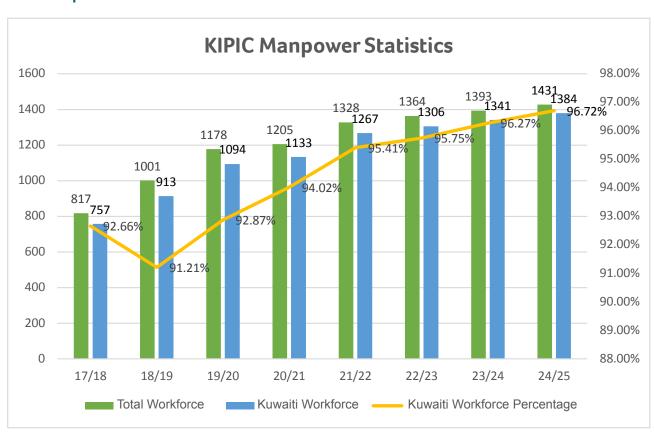


KIPIC Manpower Statistics



We believe in diversity

KIPIC Manpower Statistics





An engineer during her field work inside Al-Zour Refinery workshops

Employee Engagement Initiatives and Diversity Indicators

KIPIC's commitment to creating a positive workplace environment and strengthening organisational belonging is demonstrated through comprehensive Employee Engagement Project initiatives and diversity indicators implementation. By March 2025, all objectives related to engagement initiatives achieved 100% completion across all Company groups, reflecting KIPIC's successful diversity and inclusion efforts.



Training centres in Al-Zour Refinery

Enhancing Training and Career Development

During fiscal year 2024/2025, KIPIC prioritised professional development through comprehensive training programmes, forums, and specialised workshops aligned with employee job requirements, collaborating with local and academic institutions via established memoranda of understanding. The Company promoted continuous learning through inspirational success stories and targeted awareness campaigns.

KIPIC enhanced technical training support by advancing "Citizen Developers" initiative, creating innovative employee-focused applications including "Ask T&CD" for inquiry responses and attendance tracking systems at Al-Zour Refinery Training Centre. Additionally, specialised applications were developed for Kuwaitization contract employees, significantly improving procedural efficiency and communication.

Key Training and Career Development Achievements for the Year Included:

- KIPIC Onboard Orientation Programme was successfully conducted for 15 new employees, featuring presentations from representatives across all company groups.
- The Company achieved an 89.74% completion rate for first-year Personal Development Plan objectives for all employees at Team Leader level and below, demonstrating strong commitment to structured professional growth.
- The 2024/2025 Job Rotation Programme was completed with 13 participants from various groups, enhancing cross-functional skills and organisational knowledge.



First aid workshop

- (19) level-15 employees completed an intensive development programme designed to strengthen supervisory capabilities and leadership competencies, preparing them for future management positions.
- Training initiatives at Al-Zour Refinery Training Centres were extensive, with 915 courses delivered to 4,639 participants from across the Company groups. These included specialised programmes for refinery operators, asset performance management training, process safety courses, health and safety education, environmental training for the Company and secondment staff, induction programmes for Kuwaitization contract employees, and technical qualification courses.
- Digital simulation programmes for Operations Group (OTS) operators were successfully updated, with training activities relocated to Al-Zour Refinery training centre. Additionally, three technically certified trainers were recruited for KIPIC Academy, enhancing the Company's internal training capabilities.
- KIPIC organised significant awareness forums during the year:
 - From September 22-26, 2025, KIPIC implemented Personal Protective Equipment (PPE) awareness campaign across multiple locations, engaging 137 employees. This initiative focused on improving awareness about proper PPE usage to ensure all employees and contractors comply with the Company safety regulations.
- On February 4, 2025, "From Learning to Leading" Career Development and Training Forum took place, with 213 attendees. The event showcased four success story presentations and featured an exhibition highlighting various education and development methodologies, with extensive participation from companies and government agencies.
- The Training Centre demonstrated significant performance improvement, achieving a 90% satisfaction rate based on participant evaluations from training courses conducted during the 2024/2025 fiscal year, compared to 88% in the previous year (2023/2024) representing a 2.3% performance enhancement.



Personal Protective Equipment awareness campaign and exhibition

- In collaboration with Technip and Quality Control Group, KIPIC organised specialised "Engineering Standards and Best Practices" training programme, successfully developing 25 engineers in critical technical standards.
- The Company delivered (5) comprehensive awareness lectures to train contract supervisors and their staff on internal procedures related to national labour affairs within contractor agreements under the Kuwaitization clause.
- KIPIC's commitment to practical education was demonstrated by hosting 33 students from Public Authority for Applied Education and Training (PAEET) as part of the contractor's (Kuwaitization) workforce, providing valuable hands-on training in mechanical and electrical maintenance.
- Training programmes for national labour on Kuwaitization contracts were extensive, with 66 participants completing technical and administrative programmes, 89 engaged in health and safety training, and 104 attending awareness lectures via Unified Learning Management System (ULMS) platform.
- Looking ahead, KIPIC designed (3) specialised first-level technical programmes in mechanics, electricity, and precision machinery in partnership with Petroleum Training Centre, scheduled for implementation in fiscal year 2025/2026. These programmes aim to enhance the efficiency and skills of diploma-holding national labour on Kuwaitization contracts from (PAAET).





Corporate Social Responsibility

Marking National, Religious, and Sports Events:

- The Company fostered community connections by celebrating national holidays at Kuwait Airport aiming to foster national spirit by engaging its employees with the passengers, in an initiative that reflects belonging and pride.
- National and Ramadan-themed activities were organised for employees during the holidays and the month of Ramadan, including the traditional Quraish gathering and the distribution of Ramadan gifts, in order to promote a culture of respect and unity among them.
- Sporting initiatives such as Ramadan Championship and Second Sports Day were held, with a large number of employees participating. These activities contributed to enhancing physical fitness and team spirit within the work environment.
- The Company offered targeted support to special needs' schools and specialised institutions such as Al Noor School for the Blind, in support of their engagement in society and the promotion of inclusive education.

Enhancing Corporate Cooperation and Hosting High-level Delegations

- The Company hosted an official delegation headed by the Minister of Oil, accompanied by representatives from the KPC, reflecting the Company's position as a key hub in the oil sector.
- It hosted a delegation from the General Secretariat of the Supreme Council for Planning and Development, indicating the alignment of its projects with the state's developmental priorities.
- It received delegations from international companies such as Marubeni and Idemitsu from Japan, aiming to explore opportunities for cooperation and investment.
- It hosted delegations from the embassies of France, Malta, and Turkey, reflecting its efforts to strengthen diplomatic relations through the energy gateway.
- It organised coordination meetings with government ministries, including the Ministry of Electricity, Water, and Renewable Energy regarding electrical interconnection and clean energy, and the Ministry of Interior to enhance security and safety.

Participation in Awareness and Community Campaigns

- In partnership with KNPC, the Company participated in an anti-smoking campaign by distributing awareness brochures and promoting public welfare.
- It organised awareness seminars in schools, focusing on industrial safety (such as the use of firefighting equipment and fire handling), aiming to instill a culture of safety among the youth generation. These events were held at schools including Othman Bin Affan Boys School, Awatef Khalifa Al-Adhbi Al-Sabah Girls Secondary School and Jamila Bint Thabit School.

Supporting and Empowering National Cadres from the Community

- It organised field visits for university and institute students to introduce Al-Zour Refinery Facilities and various work fields, contributing to accelerating their job engagement.
- Participated in recruitment fairs inside and outside the university campuses with the aim of attracting Kuwaiti talents.
- Organised university workshops and specialised seminars at the Australian College of Kuwait
 and other institutions, as part of partnerships with academic institutions to strengthen the link
 between educational outcomes and labor market requirements, in addition to supporting the
 exchange of knowledge and expertise across different sectors.

Local Development

KIPIC actively advances KPC's Local Content Strategy 2040 by enhancing domestic economic participation through our projects. We target increasing local products and services to 32% of total procurement value while implementing initiatives creating direct and indirect employment opportunities for national talent.

By March 2025, our local spending reached 36% of total operating and capital expenditures, surpassing our targets as detailed below:

Local content for the fiscal year 2024/2025 Thousand KD				
Local content of operating expenses	40,711			
Local content of capital expenditures	11,329			
Total local content	52,040			
Total operating and capital expenses	143,954			



Distributing gifts to passengers at Kuwait International Airport



Al Noor School for the Blind

Jamila Bint Thabet School

7

Company Financial Report

This report presents our financial performance for the fiscal year ending March 31, 2025, with comparative analysis against the previous year's results. Total assets decreased by 4% to KD 5,434 million from KD 5,675 million on March 31, 2024, primarily attributed to depreciation expenses of KD 244 million.

Profits and Losses

Our operational performance demonstrated remarkable improvement, with the Company achieving a net profit of KD 52,25 million for fiscal year 2024/2025, representing a significant turnaround from the previous year's net loss of KD 482,48 million. The following breakdown details profit and loss distribution across our various business activities and operational segments:

Statement	Amount (KD Million)
Profit (Loss) from Refining Operations	72,63
Profit (Loss) from LNG Facilities Services	102,31
General and Administrative Expenses	(70,58)
Depreciation	(17,40)
Other Revenues	11,13
Other Expenses*	(45,52)
Provisions	(0,27)
Board of Directors' Remuneration	(0,04)
Total Profit (Loss)	52,25

^{*} Includes financing costs and foreign exchange loss.

Revenues

Total revenues reached KD 4.827 million for fiscal year 2024/2025, marking a significant increase of KD 1.513 million compared to the previous year as detailed below:

Statement (KD Million)	2024/2025	2023/2024
Revenue from Refining Operations	4,651	3,134
Revenue from LNG Facilities	165	170
Other Revenues*	11	9
Total Revenues	4,827	3,314

Includes interest income from deposits with Kuwait Petroleum Corporation

Independent auditor's report and financial statements for the year ended 31 March 2025

Kuwait Integrated Petroleum Industries Company K.S.C. (Closed) State of Kuwait

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KPMG Al-Qenae & Partners

Al Hamra Tower, 25th Floor Abdulaziz Al Saqr Street P.O Box 24, Safat 13001 State of Kuwait +965 2228 7000

Independent auditor's report

The Shareholder Kuwait Integrated Petroleum Industries Company K.S.C. (Closed) State of Kuwait

Opinion

We have audited the financial statements of Kuwait Integrated Petroleum Industries Company K.S.C. (Closed) (the "Company"), which comprise the statement of financial position as at 31 March 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Board of Directors report included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KPMG Al-Qenae & Partners, a Kuwaiti Public Accountant and a member firm of the KPMG global organization of independent member firms affiliated with KPMG international Limited, a private English company limited by guarantee.



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Report on Other Legal and Regulatory Requirements

We further report that we have obtained the information and explanations that we required for the purpose of our audit and the financial statements include the information required by the Companies Law No. 1 of 2016, as amended, and its Executive Regulations and the Company's Memorandum of Incorporation and Articles of Association. In our opinion, proper books of account have been kept by the Company, an inventory count was carried out in accordance with recognised procedures and the accounting information given in the board of directors' report agrees with the books of accounts of the Company. We have not become aware of any violations of the provisions of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, or of the Company's Memorandum of Incorporation and Articles of Association during the year ended 31 March 2025 that might have had a material effect on the business of the Company or on its financial position.

Safi A. Al-Mutawa License No 138

License No 138 of KPMG Al-Qenae & Partners Member firm of KPMG International

Kuwait: 7 May 2025

Statement of financial position

as at 31 March 2025

	Notes	2025 KD '000	2024 KD '000
Assets			
Property, plant and equipment	4	5,001,033	5,229,827
Deferred expenses	11	10,976	11,598
Right-of-use assets	5	-	2,584
Non-current assets	_	5,012,009	5,244,009
Inventories	7	331,279	340,832
Other receivables	6	8,614	11,878
Due from related parties	8	28	69
Term deposits held by the Parent Corporation	8	63,780	60,114
Cash and cash equivalents	9	18,220	18,281
Current assets	_	421,921	431,174
Total assets	_	5,433,930	5,675,183
Equity			
Share capital	10	1,800,000	1,800,000
Accumulated losses	10	(993,536)	(1,045,785)
Total equity		806,464	754,215
Liabilities			
Financing received from the Parent Corporation	8	2 920 072	
Employees' end of service benefits	16	3,830,072 52,846	48,271
Lease liabilities	5	32,040	1,481
Loans and borrowings	11	366,196	442,776
Non-current liabilities		4,249,114	492,528
	_	1,215,111	172,020
Loans and borrowings	11	77,235	77,105
Lease liabilities	5	-	1,720
Other payables and accruals	12	139,618	147,684
Financing received from the Parent Corporation	8	-	3,793,870
Due to related parties	8 _	161,499	408,061
Current liabilities	_	378,352	4,428,440
Total liabilities	_	4,627,466	4,920,968
Total equity and liabilities	_	5,433,930	5,675,183

The accompanying notes form an integral part of these financial statements.

Shukri Abdulaziz Al-Mahrous

Chairman

Ghanim N. Al-Otaibi A/Chief Executive Officer

Statement of profit or loss and other comprehensive income

for the year ended 31 March 2025

	Notes	2025 KD '000	2024 KD '000
Pre-commissioning revenue	13	4,816,332	3,304,096
Pre-commissioning expenses	14	(4,641,393)	(3,632,761)
Gross profit / (loss)	·	174,939	(328,665)
Staff costs		(44,776)	(44,384)
Service and maintenance contract costs		(21,093)	(20,166)
General and administrative expenses	15	(4,985)	(3,819)
Depreciation	4&5	(17,404)	(37,757)
Interest income		3,064	4,460
Finance costs		(43,746)	(53,409)
Other income		8,069	4,995
Foreign currency exchange loss		(1,779)	(3,693)
Profit / (loss) for the year before board of directors'	- -		<u> </u>
remuneration		52,289	(482,438)
Board of directors' remuneration	8	(40)	(37)
Profit / (loss) for the year		52,249	(482,475)
Other comprehensive income	_	<u>-</u>	<u> </u>
Total comprehensive income / (loss) for the year	- -	52,249	(482,475)

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity

for the year ended 31 March 2025

	Share capital KD '000	Accumulated losses KD '000	Total KD '000
Balance at 1 April 2023 Net loss and total comprehensive loss for the year Balance at 31 March 2024	1,800,000	(563,310) (482,475) (1,045,785)	1,236,690 (482,475) 754,215
Balance at 1 April 2024 Net profit and total comprehensive income for the year Balance at 31 March 2025	1,800,000 - - 1,800,000	(1,045,785) (1,045,785) 52,249 (993,536)	754,215 52,249 806,464

The accompanying notes form an integral part of these financial statements.

Statement of cash flows

for the year ended 31 March 2025

	Notes	2025 KD '000	2024 KD '000
Cash flows from operating activities			
Profit / (loss) for the year		52,249	(482,475)
Adjustments for:			
Interest income		(3,064)	(4,460)
Finance costs	• -	43,746	53,409
Provision for employees' end of service benefits	16	7,665	10,652
Depreciation	4 & 5	244,713	497,645
Foreign currency exchange loss		1,779	3,693
Amortisation of deferred expenses		1,266	1,241
Chamana in		348,354	79,705
Changes in: - other receivables		4,181	7,912
- inventories		9,354	(113,545)
- other payables and accruals		(7,728)	(15,253)
- due from related parties		41	(64)
- due to related parties		(388,342)	(189,076)
- end of service benefits paid	16	(3,090)	(1,975)
Net cash flows used in operating activities		(37,230)	(232,296)
Cook flows from investing activities			
Cash flows from investing activities	1	(14 025)	(52.024)
Purchase of property, plant and equipment Proposed from term denogits held by the Perent Cornection	4	(14,935)	(52,024)
Proceeds from term deposits held by the Parent Corporation Placement of term deposits held by the Parent Corporation		134,345 (137,960)	241,193 (198,035)
Interest received		1,450	382
Net cash flows used in investing activities		$\frac{1,430}{(17,100)}$	(8,484)
wei cash flows used in investing activities		(17,100)	(0,404)
Cash flows from financing activities			
Financing received from the Parent Corporation	8	161,225	373,904
Payment of lease liabilities	5	(1,318)	(2,996)
Payment of borrowings		(77,055)	(135,402)
Finance costs paid		(28,583)	(34,069)
Net cash flows generated from financing activities		54,269	201,437
Net change in cash and cash equivalents		(61)	(39,343)
Cash and cash equivalents at beginning of the year		18,281	57,624
Cash and cash equivalents at organisms of the year	9	18,220	18,281
cush and cush equivalents at end of the year	,	10,220	10,201
Non-cash transactions excluded from the statement of cashflows			
Due to related Party		142,986	494,715
Financing received from Parent Corporation		(142,986)	(494,715)

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2025

1. Reporting Entity

Kuwait Integrated Petroleum Industries Company K.S.C (Closed) (the "Company") is a Closed Shareholding Company incorporated in the State of Kuwait on 18 October 2016 with commercial registration no. 16568 dated 10 October 2016. The Company is a wholly owned subsidiary of Kuwait Petroleum Corporation (the "Parent Corporation"), which in turn is wholly owned by the State of Kuwait. The Company's registered office is P.O. Box 26565, Safat 13126, Kuwait.

The objectives of the Company as per the articles of association are as follows:

- Engaging in the business of petroleum products inside or outside Kuwait, including drilling and excavation for oil and gas along with other hydro carbonic substances; the production, liquefaction, refining, manufacturing, transferring and storage of petroleum products and their derivatives; and selling and exporting them;
- Developing the petroleum industry along with its products and derivatives and allied industries;
- Engaging with other similar petroleum companies to facilitate the processes of production, refining, transportation, distribution and marketing and their pricing and developing necessary facilities to achieve such targets;
- Constructing chemical, petroleum and petrochemical manufacturing plants for the production and marketing of chemical fertilisers and petrochemicals; and
- Undertaking all supporting operations for the above.

Subject to approval of the Board of Directors of the Parent Corporation, the Company undertakes above said business activities both within and outside Kuwait as deemed appropriate in their capacity as principal or through agency. The Company, based on the approval of the Board of Directors of Parent Corporation, may have an interest or participate in any way with organisations or companies that carry out similar business activities or that may help the Company to achieve its objectives in Kuwait or abroad. The Company may establish, participate in or buy these organisations or acquire them as subsidiaries.

Based on the above, the Company is now constructing its oil refinery, liquefied natural gas storage and petrochemical manufacturing facilities in Kuwait. Before the incorporation of the Company, Kuwait National Petroleum Company K.S.C., the wholly owned subsidiary of the Parent Corporation, initiated the construction of oil refinery and liquefied natural gas storage facility, respectively. Subsequent to incorporation of the Company, the Parent Corporation transferred the above said projects to the Company.

The accompanying financial statements were approved and authorised for issuance by the board of directors on 24 April 2025 and are subject to the approval of the Shareholders of the Company at the annual general assembly, which has the power to amend these financial statements after issuance.

2. Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), the requirements of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, and the Company's Memorandum of Incorporation and Articles of Association and the Ministerial Order No. 18 of 1990.

Notes to the financial statements

for the year ended 31 March 2025

b) Basis of measurement

The financial statements have been prepared on the historical cost or amortised cost basis.

c) Going concern basis of accounting

As at 31 March 2025, the Company has accumulated losses of KD 993,536 thousand (2024: 1,045,785 thousand). Notwithstanding the above, the financial statements have been prepared on a going concern basis as the Parent Corporation has committed to provide financial support to the Company. The financial statements do not include any adjustments relating to the recoverability and classification of liabilities that may be necessary if the Company is not able to continue as a going concern.

The management believes that the Parent Corporation has the ability and intent to continue to provide indefinite financial support to the Company's operations.

Based on these factors, management has a reasonable expectation that the company has and will have adequate resources to continue in operational existence for the foreseeable future.

d) Functional and presentation currency

The financial statements are presented in Kuwaiti Dinars ("KD"), which is the Company's functional currency. All financial information presented in KD has been rounded to the nearest thousand unless otherwise indicated.

e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in (Note 3 (m)).

f) Changes in accounting policies

The accounting policies adopted in the preparation of these financial statements are consistent with those used in the previous financial year, except for the adoption of the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2024 (unless otherwise stated).

Notes to the financial statements

for the year ended 31 March 2025

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

New standards, interpretations, and amendments adopted by the Company.

- Non-current Liabilities with Covenants Amendments to IAS 1; and
- Classification of liabilities as Current or Non-current (Amendment to IAS 1);
- Lease Liability in a Sale and Leaseback Amendments to IFRS 16; and
- Supplier Finance Arrangements Amendments to IAS 7 and IFRS 7.

The above amendments did not have any material impact on the financial statements of the Company for the year ended 31 March 2025.

Other amendments to IFRS which are effective for annual accounting period starting from 1 April 2024 did not have any material impact on the accounting policies, financial position or performance of the Company as at and for the year ended 31 March 2025.

g) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Lack of Exchangeability Amendments to IAS 21 and IFRS 1;
- Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7;
- Annual Improvements to IFRS Accounting Standards Volume 11;
- IFRS 18: Presentation and Disclosure in Financial Statements;
- IFRS 19: Subsidiaries without Public Accountability: Disclosures; and
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to IFRS 10 and IAS 28.

The Company does not expect the above amendments and new standards to have a material impact on its financial statements in the period of initial application.

3. Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as noted in note 2(f):

a) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any (Note 3 (d)). Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss and other comprehensive income as incurred.

Notes to the financial statements

for the year ended 31 March 2025

Depreciation is recognised in statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current year is as follows:

Buildings and facilities	25 years
Plant and machinery	25 years
Tankage and pipelines	20 to 25 years
Vehicles and ships	5 to 13 years
Furniture, tools and utilities	4 to 10 years
Computers	5 years

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Assets under construction are transferred to the related assets under property, plant and equipment when the underlying project is substantially completed and the related asset is brought into use. Depreciation of these assets commences when the assets are ready for their intended use as determined by the management.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income when the asset is derecognised.

b) Revenue

Sale of goods

Revenue from contracts with customers is recognised upon satisfaction of the performance obligations for the transfer of the promised goods and services. The revenue amount that are recognised reflect the consideration to which the Company expects to be entitled in exchange for those goods and services. Revenue from the sale of finished products is recognised when a customer obtains control of those products, which normally is when title passes at point of delivery, based on the contractual terms of the agreements.

The Company provides services or goods to its customer with variable pricing arrangements. Revenue from such services is determined by referring to the formula agreed with the customer during initiation of the service agreement. Such arrangement determine that a preliminary price is charged to the customer at the time of transfer of the services, while the final price of the services can only be determined by reference to a time period ending after that time. In such cases, and irrespective of the formula used for determining preliminary and final prices, revenue is recorded at the time of transfer of services at an amount representing the expected final amount of consideration that the Company receives.

Where the Company records receivable for the preliminary price, subsequent changes in the estimated final price will not be recorded as revenue until such point in time at which the final price is determined.

Since the refineries are still in the pre-commissioning phase and under construction, the revenue generated via the sale of goods are related to testing revenues.

Notes to the financial statements

for the year ended 31 March 2025

Interest Income

Interest income is accrued on a time proportion basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

c) Leases

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If the ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

Notes to the financial statements

for the year ended 31 March 2025

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption that are considered to be low value (i.e., below KD 1,500). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

d) Impairment of non financial assets

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

The Company assesses assets or groups of assets, (CGUs), for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the asset's or CGU's recoverable amount. Individual assets are grouped into CGUs for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. A CGU's recoverable amount is the higher of its fair value less costs of disposal and its value in use. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount. The impairment loss is recognised in the statement of profit or loss and other comprehensive income.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Impairment reversals are recognised in the statement profit or loss and other comprehensive income. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

e) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Notes to the financial statements

for the year ended 31 March 2025

i. Financial assets

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Classification and subsequent measurement

On initial recognition, a financial asset is classified and measured at amortised cost, FVOCI or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost, at FVOCI or FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "Sell" business model. The Company'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 entity's key management personnel;
- The risks that affect the performance of the business model (assets held within that business model) and, in particular, the way those risks are managed; and
- How managers of the business are compensated.

The expected frequency, value and timing of sales are also important aspects of the Company'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 Company's original expectations, the Company 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.

Notes to the financial statements

for the year ended 31 March 2025

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured.

Solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as, a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

The Company's financial assets at amortised cost includes due from related parties, other receivables, term deposits held by the Parent Corporation and cash and cash equivalents. Cash and cash equivalents in the statement of financial position comprise cash at banks, and term deposits held by the Parent Corporation maturing within three months from date of placement.

Subsequent measurement and gains and losses:

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is recognized in the statement of profit or loss and other comprehensive income.

ii. Impairment of financial assets

The Company recognises loss allowances for expected credit ("ECL") loss on financial measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECL, except for the cash and cash equivalents and term deposits, for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, and are measured at 12-month ECL.

Loss allowances for other receivables and due from related parties are measured at an amount equal to lifetime ECL. Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instruments and are recorded on financial assets that is credit-impaired.

Notes to the financial statements

for the year ended 31 March 2025

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECL on other financial assets

The Company has applied the simplified approach to calculate ECL on other financial assets based on lifetime expected credit losses as the simplified approach does not require the changes in credit risk to be tracked. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the Company's economic environment.

The management considers a financial asset in default when the contractual payments are 90 days past due. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

The Company does not recognize ECL on cash and cash equivalents, term deposits held by the Parent Corporation and due from related parties as these financial assets are considered to carry low credit risk and the Company does not expect to incur any credit losses on these instruments.

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

iii. Financial liabilities - initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company's financial liabilities include trade payables, lease liabilities, due to related parties, loans borrowings and financing received from the Parent Corporation which are recognised and measured at amortised cost basis on initial recognition.

Notes to the financial statements

for the year ended 31 March 2025

Subsequent measurement

After initial recognition, the Company's financial liabilities interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

iv. Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of profit or loss and other comprehensive income.

v. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

f) Inventories

Crude oil, intermediate and final products and other inventories are valued at the lower of cost and net realisable value after recognising due allowance for obsolete or slow-moving items. Cost is determined using the weighted average cost method. Net realisable value is based on estimated replacement cost.

Spare parts and supplies mainly used in operations are valued at lower of cost and net realisable value. Cost is determined using the weighted average cost method. Provision is made for slow moving items where necessary and is recognised in the statement of profit or loss and other comprehensive income.

Notes to the financial statements

for the year ended 31 March 2025

g) Fair value measurements

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

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

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels of the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

h) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using rates that reflect, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Notes to the financial statements

for the year ended 31 March 2025

i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

j) Finance income and finance costs

Finance income or expense is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

k) Employees' end of service benefits

Kuwaiti and expatriate employees are entitled to an end of service indemnity payable under the Kuwait Labor Law based on the employees' accumulated periods of service and latest entitlements of salaries and allowances. The expected costs of these benefits are accrued over the period of employment.

Kuwaiti employees

Pensions and other social benefits for Kuwaiti employees are covered by the Public Institution for Social Security Scheme, to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Company's share of contributions to this scheme, which is a defined contribution scheme, are recognised in the statement of profit or loss and other comprehensive income in the year to which they relate.

1) Foreign currency transactions

Transactions in foreign currencies are translated into KD at rates of exchange prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into KD at rates of exchange prevailing at the reporting date. The resultant exchange differences are recorded in the statement of profit and loss and other comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the statement of profit and loss and other comprehensive income.

Notes to the financial statements

for the year ended 31 March 2025

m) Critical accounting judgements and key sources of estimation uncertainty

The following are the critical accounting judgements, apart that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Impairment of property, plant and equipment

The Company has significant investment in property, plant and equipment under construction. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired, requiring the carrying amount to be written down to its recoverable amount. Evaluating whether an asset is impaired or if an impairment should be reversed requires a high degree of judgement and may to a large extent depend upon the key assumptions about the future.

Impairment provision of inventories

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

Uncertainty due to going concern

Management is required to assess the entity's ability to continue as a going concern and consider all available information about the entity's future. Management should consider a wide range of factors, such as: current and expected profitability, debt repayment schedules and potential sources of replacement financing and the ability to continue providing services. In some cases, management may conclude that there are no material uncertainties related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. However, reaching that conclusion involved significant judgement.

Notes to the financial statements

for the year ended 31 March 2025

4. Property, plant and equipment

10,053 494,714 504,767 243,729 748,496 5,001,033	140,445	857 709 1,566 360 1,926	714 20,849 21,563 12,156 33,719 85,216	475 1,277 1,752 1,874 3,626	1,306 143,964 145,270 72,307 217,577	2,119 221,955 221,955 224,074 115,430 339,504 2,467,451	4,582 105,960 110,542 41,602 152,144 883,543	Accumulated depreciation Balance at 31 March 2023 Charge for the year Balance at 31 March 2024 Charge for the year Balance at 31 March 2025 Carrying amounts At 31 March 2025
14,935 - 5,749,529	14,494 (90,244) 140,445	211 2,464	1,495 118,935	2,208 8,929	33,572 1,636,114	45,734 2,806,955	7,024 1,035,687	Additions Transferred from assets under construction Balance at 31 March 2025
5,734,594	(4,161,673) 216,195	955 2,253	114,185 117,440	6,111 6,721	1,425,255 1,602,542	2,333,721 2,761,221	281,446 1,028,222	Transferred from assets under construction Balance at 31 March 2024
5,682,570 52,024	4,326,026 51,842	1,298	3,236 19	530 80	177,284 3	427,427 73	746,769 7	Cost Balance at 31 March 2023 Additions
Total KD '000	Assets under construction KD '000	Computers KD '000	Furniture and tools KD '000	Vehicles KD '000	Tankage and pipelines KD '000	Plant and machinery KD '000	Buildings and facilities KD '000	

The depreciation charge of KD 227,309 thousand (2024: 459,888) has been included in pre-commissioning expenses (note 14).

the land in which the Head office building has been constructed to be used for that sole purpose. Both lands have been granted with no underlying payment commitments. The Al-Zour refinery land has been granted by the Government of Kuwait to be used for sole purpose of operating the refinery. Moreover, Kuwait Oil Company K.S.C granted

Notes to the financial statements

for the year ended 31 March 2025

Assets under construction includes the following projects:

	2025	2024
	KD '000	KD '000
Al-Zour refinery (ALZOR)	66,379	71,279
Liquefied natural gas import (LNGI)	1,551	69,496
Petrochemical complex (PC)	70,359	74,403
Other capital projects	2,156	1,017
	140,445	216,195

On 3 December 2023, the third phase of ALZOR was inaugurated, subject to receipt of final asset completion certificate. The certificate is expected to be received in year 2026. The petrochemical complex is expected to be developed between the years 2025 and 2030. All the eight tanks of LNGI are mechanically completed and are currently in the pre-commissioning phase. The final acceptance of the LNGI facility is planned to be achieved in April 2026. Other capital projects are related to various improvement projects that are in the process of being constructed or developed.

As at 31 March 2025, the management of the Company did not identify any event or indicators that would trigger impairment assessment for ALZOR project. Accordingly, the management of the Company believes that, as at the reporting date the recoverable amount of the ALZOR project is higher than its carrying value and there are no indicators of impairment as at the reporting date.

5. Leases

Set out below are the carrying amounts of right-of-use assets and lease liabilities and the movements during the year:

	Right-of- use assets	Lease liabilities
	KD '000	KD '000
As at 1 April 2023 Additions during the year	2,986 2,851	3,548 2,851
Termination during the year Depreciation of right-of-use assets	(322)	(334)
Finance costs on lease liabilities Payment of lease liabilities	(2,931)	132
As at 31 March 2024	2,584	(2,996)
As at 1 April 2024 Additions during the year Termination during the period Derecognition during the year Depreciation of right-of-use assets Finance costs on lease liabilities	2,584 3,758 (127) (5,231) (984)	3,201 3,758 (127) (5,639)
Payment of lease liabilities As at 31 March 2025	<u> </u>	(1,318)

Notes to the financial statements

for the year ended 31 March 2025

The current and non-current portion of lease liabilities is set of below:

	2025 KD '000	2024 KD '000
Non-current	-	1,481
Current	-	1,720
		3,201

The amounts recognised in the statement of profit or loss and other comprehensive income is set of below:

below.	2025 KD '000	2024 KD '000
Finance costs on lease liabilities Depreciation of right-of-use assets	(125) (984)	(132) (2,931)
The amounts recognised in statement of cash flows is set of below:	2025 KD '000	2024 KD '000
Payment of lease liabilities	(1,318)	(2,996)

The Company has entered into a motor vehicle fleet lease in the normal course of business. During the period, the Company has re-assessed the lease classification of motor vehicle fleet and de-recognised the right of use assets and related lease liabilities as this arrangement does not meet the definition of leases as per IFRS 16. The monthly payments pertaining to this lease have been recorded as an expense in the condensed interim statement of profit or loss and other comprehensive income.

The future lease obligations have been discounted using the incremental borrowing of the Company, which has been determined at 5.5% (31 March 2024: 5.5%) as at the reporting date

6. Other receivables

	2025 KD '000	2024 KD '000
Advance payments (a)	3,630	8,197
Other receivables	4,260	3,503
Accrued interest	724_	178
	8,614	11,878

a) Advance payments represent advances paid to the contractors for ALZOR and head office projects

Notes to the financial statements

for the year ended 31 March 2025

7. Inventories

	2025 KD '000	2024 KD '000
Fuel oil	119,941	138,079
Diesel	45,573	47,313
Kerosene	24,786	28,656
Crude oil	30,936	26,270
Naphtha	25,513	14,454
Sulfur	4,449	3,121
Intermediate products	48,162	49,641
Spare parts and other consumables	31,919	33,298
	331,279	340,832

As at the reporting date, there were no obsolete or slow-moving inventories that required provision to be recorded into the statement of profit or loss and other comprehensive income for the year ended 31 March 2025 (31 March 2024: nil).

8. Related party transactions

Related parties represent the Parent Corporation, entities related to Parent Corporation and under common control, subsidiaries of the Parent Corporation, directors and executive officers of the Company and the Parent Corporation, their families and companies of which they are the principal owners or over which they are able to exercise significant influence. Pricing policies and terms of these transactions are approved by the Company's management.

Related party balances reflected in the financial position are unsecured and neither bear any interest except for term deposits placed with the Parent Corporation and external finance advances from Parent Corporation. These balances have no agreed repayment schedule and considered to be receivable/payable on demand, except for the amounts relating to external finance advances from Parent Corporation.

During the year, the Parent Corporation agreed with the management that the financing is not repayable within 12 months from the reporting date as the Company has enforceable right to defer the payment for a period of 12 months and the Parent Corporation does not intend to call this amount in the near future. Consequently, the finance advance from Parent Corporation has been classified as non-current in the financial statements for the year ended 31 March 2025.

	2025	2024
	KD '000	KD '000
Transactions with related parties		
Financing received from the Parent Corporation	161,225	373,904
Pre-commissioning revenue from the Parent Corporation	4,816,332	3,304,096
Interest income	3,064	4,460
General and administrative expenses	24,442	15,347
Purchase of crude oil from the Parent Corporation	4,192,477	3,079,079
Purchase of lean gas from the Parent Corporation	30,064	36,456

Notes to the financial statements

for the year ended 31 March 2025

Key management Compensation		
Short-term benefits	291	544
Termination benefits	30	94
Board of directors' remuneration	40	37
	361	675

Board of directors' remuneration is subject to approval of the Parent Corporation at the Company's annual general assembly meeting. The board of directors' remuneration for the year ended 31 March 2024 was approved by the shareholders in the Company's Annual General Assembly Meeting held on 03 July 2024.

	2025 KD '000	2024 KD '000
Balances with related parties		
Term deposits held by the Parent Corporation maturing within three		
months from date of placement (Note 9)	-	2,677
Term deposits held by the Parent Corporation	63,780	60,114
Financing received from the Parent Corporation	3,830,072	3,793,870
Accrued interest income from Parent Corporation	724	178
Due from related parties		
Entity and an account of		
Entity under common control Kuwait Petroleum International		69
Kuwait Oil Tanker Company K.S.C.	28	-
Kuwait Oli Talikei Company K.S.C.	28	69
-	20	0)
Due to related parties		
Entity under common control		
Kuwait National Petroleum Company K.S.C.	411	438
Kuwait Oil Company K.S.C.	6,780	4,215
Petrochemical Industrial Company K.S.C.	15	
<u>_</u>	7,206	4,653
Parent Corporation		
Kuwait Petroleum Corporation	154,293	403,408
<u>_</u>	154,293	403,408
<u> </u>	161,499	408,061

Term deposits held by Parent Corporation at the time of placement have maturities of more than three months and less than one year, and include deposits denominated US dollars and in KD. The interest rate on term deposits placed in KD is ranging from 4.00% to 4.12% and interest rate on term deposits placed in US dollars is ranging from 4.90% to 5.50% (31 March 2024: deposits in KD is 4.13% to 4.80% and US dollars is 5.85%) per annum.

Financing received from the Parent Corporation represent non-interest bearing advances to finance the Company, except for the amounts relating to the Central Financing Policy ("CFP") that bear interest and are included within the Financing received from the Parent Corporation, (as explained below). The Parent Corporation has issued a Central Financing Policy ("CFP") that is effective from April 2021 with the purpose of providing finance to the affiliates of the Parent Corporation under a central treasury model.

Notes to the financial statements

for the year ended 31 March 2025

Based on the finance provided under CFP, the Parent Corporation will allocate the related finance costs relevant to the Company. The financing received from the Parent Corporation under CFP carries allocated finance costs whereas other financing received from the Parent Corporation is non-interest bearing.

9. Cash and cash equivalents

	2025 KD '000	2024 KD '000
Cash at banks Term deposits held by the Parent Corporation maturing within three	18,220	15,604
months from date of placement (note 8)		2,677
	18,220	18,281

Term deposits held by the Parent Corporation are term deposits that at time of placement have maturities of less than three months, consisting of deposits denominated in US dollars and KD. The effective rate of interest on term deposits held by the Parent Corporation in KD and USD is nil. (31 March 2024: deposits US dollars is 5.85%) per annum.

10. Equity

Share capital

The Company's authorised and issued share capital comprises of 1,800 million shares of KD 1 each, equivalent to KD 1,800 million (2024: 1,800 million shares of KD 1 each, equivalent to KD 1,800 million), fully contributed in cash.

Statutory reserve

In accordance with the Companies Law no.1 of 2016, as amended, its executive regulations and the Company's Articles of Association, 10% of the profit for the year is required to be transferred to the statutory reserve until the reserve totals 50% of the paid up share capital. Distribution of this reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

Due to the accumulated losses incurred by the Company, no transfer has been made to the statutory reserve during the year and the previous year.

11. Loans and borrowings

	2025 KD '000	2024 KD '000
	KD 000	KD 000
Non-current		
Export credit agencies loans	161,910	201,347
Long term loans	204,286	241,429
	366,196	442,776
Current	,	_
Export credit agencies loans	40,092	39,962
Long term loans	37,143	37,143
	77,235	77,105
Total loan and borrowings	443,431	519,881

Notes to the financial statements

for the year ended 31 March 2025

Movement in loans and borrowings during the year is as follows:

	2025 KD '000	2024 KD '000
Balance at the beginning of the year	519,881	654,286
Payment of loans and borrowings	(77,055)	(135,402)
Foreign currency exchange differences	605	997
Balance at the end of the year	443,431	519,881

Export Credit Agencies loans

On 31 August 2018, the Company signed a USD 1.3 billion long term loan agreement with Export Credit Agencies (the "ECA Financing"). As per terms of the ECA Financing, the principal is repayable in 20 semi-annual instalments of USD 65 million each starting either 6 months after 1 August 2021 or 6 months after the commencement of LNGI operations (date stated in the Provisional Acceptance Certificate as defined in the EPCC Contract), whichever falls earlier, and maturity is expected by 2031. The interest on this loan is payable on biannual basis and as at the reporting date carries variable interest rate of 6 months Secured Overnight Financing Rate ("SOFR") as published by Chicago Mercantile Exchange ("CME") plus a margin ranging from 0.80% to 0.94% per annum.

The ECA Financing was initially based on London Interbank Offer Rate ("LIBOR"), which was subsequently replaced by SOFR as part of the global reform of benchmark interest rates. At the reporting date, the Company fully utilised the ECA Financing.

Long term Conventional and Islamic finances

On 11 June 2018, the Company entered into long term loan agreement ("Long term loans") of KD 390 million with a consortium of local banks. The Long-term loans consist of both conventional and Islamic financing. The principal amount is repayable in 21 semi-annual instalments of KD 18.571 million each from the date falling 36 months after the agreement signing date, and maturity is expected by 2031.

During the year, the Company paid long term loan installment amount of KD 37.142 million. The interest on these loans is payable on biannual basis and carries variable interest rate of the Central Bank of Kuwait discount rate plus margin of 0.750% per annum.

At the reporting date, the Company fully utilised the long term loans. Details of the long term loans is as follows:

	2025 KD '000	2024 KD '000
Islamic financing	96,572	111,429
Conventional financing	144,857	167,143
	241,429	278,572

ECA Financing, which is denominated in US Dollars and are guaranteed by the Parent Corporation, and long term loans, denominated in Kuwaiti Dinar, are specifically borrowed only to finance Liquefied Natural Gas Import project ("LNGI Project"). ECA Financing and long term loans carry covenants which are tested on annual basis. These covenants include leverage covenant and tangible net worth.

At the reporting date, the Company is in compliance with above said customary covenants.

Notes to the financial statements

for the year ended 31 March 2025

12. Other payables and accruals

	2025 KD '000	2024 KD '000
Payables to suppliers	36,368	44,563
Retentions payable	49,165	62,331
Accrued utilities	18,674	11,039
Other payables	30,198	22,451
Interest payable	5,213	7,300
	139,618	147,684

13. Pre-commissioning revenue

	2025	2024
	KD '000	KD '000
Fuel oil	2,185,575	1,400,111
Diesel	1,153,911	783,278
Kerosene	736,238	631,056
Naphtha	524,116	299,952
Liquified petroleum gas	22,365	10,919
Sulphur	28,681	8,470
Other operating revenue	-	23
LNGI service revenue	165,446	170,287
	4,816,332	3,304,096

The revenue recorded during the period represents revenues earned by the Company during the precommissioning phase of its assets. Under the pre-commissioning revenue arrangements, the original duration of underlying performance obligations is not more than 12 months. Accordingly, there is no significant uncertainty associated with fulfilment of future performance obligations.

14. Pre-commissioning expenses

	2025	2024
	KD '000	KD '000
Cost of crude oil and gas	4,230,518	3,029,691
Staff costs	63,604	62,145
Other costs	119,962	81,037
Depreciation (note 4)	227,309	459,888
	4,641,393	3,632,761

Notes to the financial statements

for the year ended 31 March 2025

15. General and administrative expenses

	2025 KD '000	2024 KD '000
Rental expenses	1,702	850
Professional fees	371	561
Marketing and public relation expenses	689	529
Other expenses	2,223	1,879
•	4,985	3,819
16. Employees' end of service benefits		
	2025 KD '000	2024 KD '000

17. Financial risk management

Balance at end of the year

Charge for the year

Balance at beginning of the year

Payments made during the year

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's risk oversight committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from due from related parties, term deposits held by the Parent Corporation, other receivables and bank balances.

39,594

10.652

(1,975)

48,271

48,271

(3,090)

52,846

7,665

Notes to the financial statements

for the year ended 31 March 2025

The Company manages credit risk by placing funds with financial institutions of high credit rating through the Parent Corporation and transacting principal business with counter parties of repute.

Exposure to credit risk

The table below represents the maximum credit exposure across financial assets before taking into consideration the effect of credit risk mitigation.

	2025	2024
	KD '000	KD '000
Other receivables (*)	4,984	3,681
Due from related parties	28	69
Term deposits held by the Parent Corporation	63,780	60,114
Cash and cash equivalents	18,220	18,281
	87,012	82,145

^{*}excludes advance payments

Due from related parties

Transactions with related parties are carried out on a negotiated contract basis. The related parties are with high credit rating and repute in the market. Impairment on the due from a related party have been measured on the basis of lifetime expected credit losses. The Company considers that these have low credit risk based on historical experiences, available press information and experienced credit judgment. As on 31 March 2025, these are neither impaired nor due. The lifetime ECL computed on due from related party are not significant.

Cash and cash equivalents, term deposits and funds held by the Parent Corporation

Impairment on cash and cash equivalents, term deposits and funds held by the Parent Corporation has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents, term deposits and funds held by the Parent Corporation have low credit risk based on the external credit ratings of the counterparties. The 12 month ECL computed on the above said finacial instruments is not significant.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate funding reserves from the Parent Corporation, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Notes to the financial statements

for the year ended 31 March 2025

The table below analyses the Company's financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows.

	Carrying amounts KD '000	Within 3 months KD '000	3 to 12 months KD '000	1 to 5 years KD '000	More than 5 years KD '000	Total KD '000
2025 Loans and borrowings	443,431	19,517	61,651	365,324	19,517	466,009
Financing received from the Parent Corporation Other payables and	3,830,072	-	-	3,830,072	-	3,830,072
accruals	139,618	-	139,618	-	-	139,618
Due to related parties	161,499	161,499				161,499
	4,574,620	181,016	201,269	4,195,396	19,517	4,597,198
2024						
Loans and borrowings Financing received from the Parent	519,880	25,814	77,392	462,671	60,634	626,511
Corporation	3,793,870	-	3,793,870	-	-	3,793,870
Other payables and accruals	147,686	-	147,686	-	-	147,686
Lease liabilities	3,201	578	847	1,802	-	3,227
Due to a related party	408,061	408,061				408,061
	4,872,698	434,453	4,019,795	464,473	60,634	4,979,355

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company's exposure to market risk arises from:

- Currency risk;
- Interest rate risk; and
- Equity price risk.

Currency risk

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rates exposures are managed within approved policy parameters.

Notes to the financial statements

for the year ended 31 March 2025

Currency risk is mainly related to the Company's exposure to the loans and borrowings, cash at bank, term deposits held by the Parent Corporation, financing received from the Parent Corporation and due to a related party balance denominated in US Dollars.

	2025 KD '000	2024 KD '000
Assets	443,784	15,745
Liabilities	(906,074)	(885,005)
Net short exposure	(462,290)	(869,260)

The following exchange rates has been applied:

	Average rate		Year-end spot rate	
	2025	2024	2025	2024
US Dollars	0.308	0.307	0.308	0.307

Sensitivity analysis

A 5 percent strengthening of the KD against US Dollars at the reporting date would have increased / (decreased) the loss for the year and equity by KD 71 thousand (2024: KD 134 thousand). This analysis assumes that all other variables, in particular interest rates, remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of Company's financial instrument will fluctuate because of changes in market interest/profit rates. Interest rate risk is the risk of fluctuations in interest/profit rates on the Company's interest bearing liabilities.

Interest rate risk is assessed by measuring the impact of reasonable possible change in interest/profit rate movements. At reporting date, the Company is exposed to interest/profit rate exposure on floating rate loans and borrowings, and term deposits placed with the Parent Corporation.

A reasonably possible change of 100 basis points in interest rates would have increased / (decreased) equity and profit or loss for the year by KD 4,434 thousand (2024: KD 5,198 thousand). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in equity market prices, whether caused by factors specific to an individual investment, issuer or all factors affecting all instruments traded in the market.

The Company is not exposed to equity price risk as there are no investments in equity securities.

18. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Notes to the financial statements

for the year ended 31 March 2025

In the opinion of the management, the estimated fair value of financial assets and liabilities, for that are not carried at fair value at the reporting date is not materially different from their carrying value due to short to medium term nature of these instruments.

19. Capital management

The management's policy is to maintain a strong capital base to sustain future development of the business and maximise shareholder value. In order to determine or adjust the capital structure, the Company monitors its capital structure and makes adjustment to it in light of changes in economic conditions. The Company monitors its capital on the basis of gearing ratio.

The ratio is calculated as net debt divided by total capital. Net debt is defined as financing received from the Parent Corporation and term loans less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position.

The gearing ratios at the reporting date are as follows:

	2025	2024
	KD '000	KD '000
Total liabilities	4,627,466	4,920,968
Less: cash and cash equivalents	(18,220)	(18,281)
Net debt	4,609,246	4,902,687
Total equity	806,464	754,215
Total capital	5,415,710	5,656,902
Gearing ratio	85.11%	86.67%

There were no changes in the Company's approach to capital management during the year. Further, the Company is not subject to externally imposed capital requirements, except the minimum capital requirements of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations.

20. Commitments

	2025 KD '000	2024 KD '000
Contractual commitments Property, plant and equipment under construction	17,175	50,574
Contingent liabilities		
Bank guarantees	736	3,945

21. Base erosion and profit shifting "BEPS" Pillar Two

In 2021, OECD's Inclusive Framework ("IF") on Base Erosion and Profit Shifting ("BEPS") had agreed to a two-pillar solution in order to address tax challenges arising from digitalization of the economy. Under Pillar Two, multinational entities whose revenue exceeds EUR 750 million are liable to pay corporate income tax at a minimum effective tax rate of 15%.

The jurisdictions in which the Parent Corporation operates including the State of Kuwait have joined the IF. The Parent Corporation is in scope of the Pillar Two rules and expects to be liable for the Global Minimum Tax under Pillar Two of the BEPS regulations for certain jurisdictions outside Kuwait.

Notes to the financial statements

for the year ended 31 March 2025

The Parent Corporation continues to monitor developments and assess the potential impact and evaluate its overall exposure to Pillar Two requirements over the Company.

22. Annual General Assembly

The Shareholders' Annual General Assembly was held on 03 July 2024 and approved the annual audited financial statements of the Company for the year ended 31 March 2024.



KIPIC was established in 2016 as a wholly-owned subsidiary of KPC with a capital of 1.8 billion Kuwaiti Dinars. This strategic initiative emerged from KPC's vision for the refining, marketing, and petrochemicals sector.

KIPIC's formation resulted from collaborative efforts between KPC and its subsidiary companies, which provided crucial support in establishing the Company's organisational structure, systems, regulations, and comprehensive financial and administrative policies. This foundation enables KIPIC to fulfil its mandate of integrating the construction, operation, and management of the refining and petrochemical complex and LNG import facilities in Al-Zour area.

These projects represent one of Kuwait's most significant development and strategic initiatives. Through them, KIPIC aims to advance Kuwait's petroleum industry and maintain competitiveness in global markets by enhancing integration between Al-Zour Refinery operations, petrochemical complex projects, and the LNG import facility.

This integrated approach serves multiple national objectives: maximising returns for Kuwait's economy, diversifying national income sources, meeting domestic energy demands, creating professional opportunities for Kuwaiti nationals, and supporting community services throughout the country.



Ms. Wadha Ahmed Al-Khateeb has 31 years of experience in the oil sector.

She holds a Bachelor's degree in Chemical Engineering from the College of Engineering and Petroleum at Kuwait University, earned in 1994.

She began her career at Kuwait National Petroleum Company (KNPC) in 1994 as a Chemical Engineer. She later held several key positions, including Team Leader of the Environment Unit, Manager of the Technical Services Group at Mina Al-Ahmadi Refinery, and Deputy CEO of Mina Abdullah Refinery.

In 2022, she was appointed as the CEO of Kuwait National Petroleum Company (KNPC), becoming the first woman to lead the Company.

In 2024, she was appointed as Acting CEO of KIPIC.

Currently, Al-Khateeb serves as the Vice Chairperson of the Gulf Downstream Association.

Her most notable achievements during 2024-2025 include:

- Ranked fourth on Forbes Middle East's list of the 100 Most Powerful Businesswomen in the Middle East – 2025.
- Named "Person of the Year" in 2024 by The Energy Year magazine, a leading publication in the energy sector.
- Honoured by the National Human Rights Bureau of Kuwait in 2023.
- Received the "Woman of the Year in Energy" Award in 2023 from Oil & Gas Middle East magazine.
- Played a key role in registering Kuwait's first project the Flare Gas Recovery Unit under the United Nations Framework Convention on Climate Change (UNFCCC).
- Launched a pilot training programme for female Process Engineers in operations, preparing them for field operator and control panel operator roles.
- Introduced the "Odor Management System" in the Company Refineries, aiming for zero gas emissions one of the largest leak detection and repair programmes globally.
- Won the "Special Achievement Award" in Geographic Information Systems.
- Restructured the Technical Services Group at Mina Al-Ahmadi Refinery to enhance refinery and gas plant services.
- Secured second place in the "Woman of Achievement" category at the Women's Leadership Excellence Awards.
- Became the first woman and the first Kuwaiti to chair the Gulf Cooperation Council Chapter of the Gas Processors Association.

