



الشركة الكويتية لنفط الخليج (ش.م.ك.)  
KUWAIT GULF OIL COMPANY (K.S.C)



Partnering for a Common Future

**2024**  
Annual Report

الشركة الكويتية لنفط الخليج (ش.م.ك)  
KUWAIT GULF OIL COMPANY (K.S.C)

إحدى شركات مؤسسة البترول الكويتية  
A Subsidiary of Kuwait Petroleum Corporation

Annual Report 2024



Kuwait Petroleum Corporation | مؤسسة البترول الكويتية  
and subsidiaries | وشركاتها





His Highness the Amir of the State of Kuwait  
**Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah**  
May Allah protect and preserve him



His Highness the Crown Prince of the State of Kuwait  
**Sheikh Sabah Khaled Al-Hamad Al-Sabah**  
May Allah protect and preserve him

Annual Report 2024

## LEGAL DISCLAIMER:

- This report covers the financial and operational aspects of KGOC and is issued in Arabic and English.
- The Arabic version shall be used in the event of any discrepancy.
- The images in this document represent the services provided by KGOC.





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# BOARD MEMBERS



**Ahmad Jaber Al-Eidan**  
Chairman



**Mohammad Abdulhadi Al-Zoubi**  
Deputy Chairman



**Abdullatif Eid Al-Azmi**  
Board Member



**Tareq Mahmoud Ebrahim**  
Board Member



**Tariq Nouri Al-Thuwaini**  
Board Member

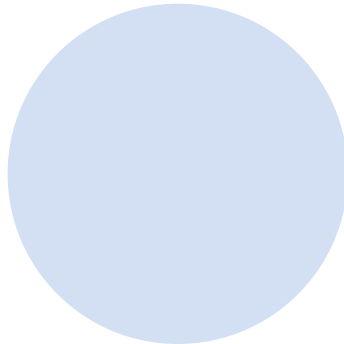


**Bandar Mahdi Al-Qahtani**  
Board Member

# EXECUTIVE MANAGEMENT



**Abdulwahab Al-Mithin**  
ACTING CEO  
DCEO Technical & Commercial Affairs



**Vacant**  
DEPUTY CEO, Finance &  
Administration Affairs



**Bader Al-Munaifi**  
DEPUTY CEO  
(JOINT OPERATIONS)



# MANAGERS



**Falah Odah Al-Anezi**  
Manager Management Support



**Abdullah Sayed Hashim**  
Manager Risk Management



**Hussain Abdulkarim Bin Ali**  
Manager Information Technology & Services



**Abdullah Abdulaziz Al-Hajri**  
Manager Human Resources



**Khalifa Abdullah Al Khafif**  
Manager Financial Services



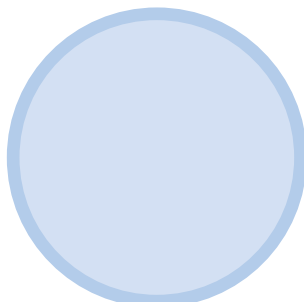
**Sheikh Salem Al Sabah**  
Manager Corporate Planning



**Anwar Mohammad Al-Na'ar**  
Manager Sole Account Projects



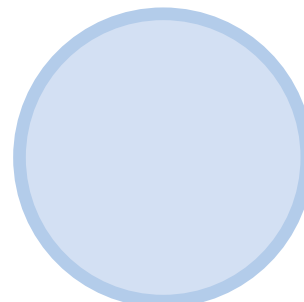
**Abdulaziz Adel Al-Saleh**  
Assets Management (Khafji)



**Vacant**  
Manager Commercial Affairs



**Basim Ibrahim Alrowaih**  
Assets Management (Wafra)



**Vacant**  
Manager Legal Affairs



**Faisal Bader Al-Jeri**  
Advisor



**Mohammad Dawas Alajmi**  
Advisor

# KGOC HISTORY



February  
2002

January  
2003

January  
2006

KGOC was  
established



KGOC  
officially took  
over the  
management  
of KJO.



Transfer the  
management  
of WJO from  
KOC.



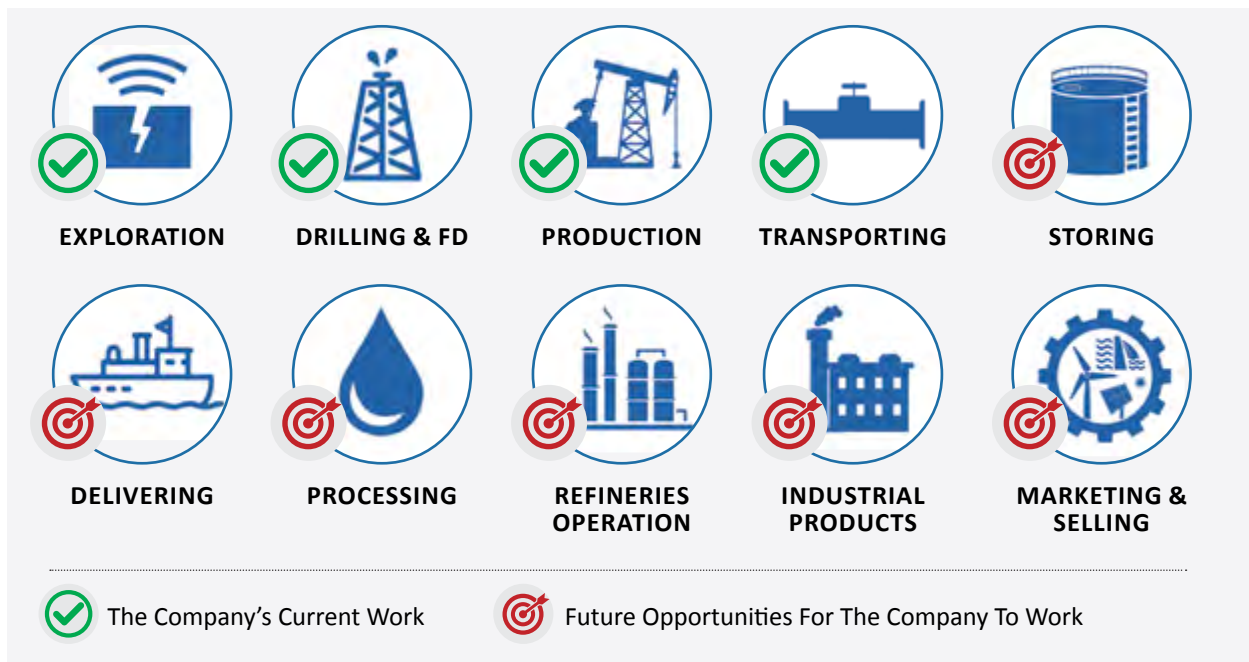
- KGOC was established on February 10, 2002.
- On January 5, 2003, KGOC officially assumed responsibilities for managing the State of Kuwait's share of the hydrocarbon resources in the offshore Divided Zone (KJO) equally with the Kingdom of Saudi Arabia (represented by AGOC) after the expiration of the concession agreement granted by the State of Kuwait to the Arabian Oil Company (AOC).
- On January 1, 2006, the responsibility for managing the State of Kuwait's share in the Onshore Divided Zone (WJO) was transferred from KOC to KGOC, while SAC manages the Kingdom of Saudi Arabia's share.
- Accordingly, KGOC is responsible for managing the State of Kuwait's share of hydrocarbon resources in the Divided Zone, both onshore and offshore.

## Purposes of establishment of KGOC

Article IV of the Articles of Association of February 2002 stipulates the purposes for which KGOC was established are:

- 1- Exploration and drilling operations in the search for oil and gas and developing fields, producing, transporting, storing, and delivering oil and gas, and the processing and export of oil and gas.
- 2- Conducting refinery and petroleum refining operations, manufacturing of liquidation and refining products in the form of industrial products, and transport, storing, export, and distribution of the products from such operations.
- 3- Implementing all supporting operations and works that help to carry out the operations mentioned in 1 and 2 above, as appropriate.
- 4- Marketing and sale of the State's oil and gas in the form of crude materials or after processing them in the form of derivatives or industrial products.
- 5- Owning the State of Kuwait's share in any existing assets, any assets under construction, and any future assets that will be established for exploitation of the joint hydrocarbon resources.
- 6- Collecting all the State of Kuwait's rights from the revenue of joint operations to exploit the hydrocarbon resources.

# KGOC HISTORY



## The Joint Operations

### Wafra Joint Operations (WJO)



American Oil Company (Aminoil)  
**1977-1984**

KOC  
**1977-2005**

KGOC  
**2006**



### Khafji Joint Operations (KJO)



Arabian Oil Company (AOC)  
**1958 - 2003**

In **2003**, KGOC replaced AOC



Pacific Western Oil Company (Getty)  
**1949-1984**

TEXACO acquired Getty in **1984** and became Saudi Arabian Texaco (SAT)

In **2007**, TEXACO was renamed Chevron Saudi Arabia (SAC)



Arabian Oil Company (AOC)  
**1958 - 2000**

In **2000**, Aramco Gulf Operation Company (AGOC) replaced AOC

# CEO's RESUME

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Name : **Abdulwahab Mohammed Al-Mithin**

Date of Birth : **22 September 1965**

Academic Qualification : **University Degree – Metallurgical Engineering**

Date of Joining the Oil Sector : **1 November 1993**

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## Professional Experience

**Acting Chief Executive Officer at KGOB**

18 July 2024 - Present

**DCEO of Commercial and Technical Affairs at KGOB**

1 December 2023 - Present

**DCEO of Commercial and Joint Services at KOC**

15 July 2018 - 30 November 2023

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## Board Memberships

**Petrochemical Industries Company (PIC)**

10 October 2023 - Present

**Kuwait Petroleum International (KPI)**

1 February 2023 - 9 October 2023

**Oula Fuel Marketing Co.**

14 February 2019 - 31 January 2021

**KBC Holdings (Aruba)**

1 February 2021 - 8 October 2023

# CEO MESSAGE



It gives me great pleasure, both personally and on behalf of my colleague in the Executive Management, to present the Annual Report of the Kuwait Gulf Oil Company, which outlines the key achievements and activities of the Company during the fiscal year ending December 31, 2024.

The year 2024 marked continued success for KGOC in executing its operations across the Wafra and Khafji Joint Operations. Throughout the year, the Company achieved a series of notable milestones in oil and gas production. In addition, we made tangible progress in several strategic projects, the most significant of which is the ongoing advancement of "The Dorra Offshore Field Development Program."

This report underscores our sustained efforts to maximize the strategic value of oil resources, optimize gas utilization, and expand hydrocarbon reserves, thereby ensuring the long-term sustainability of production. It also highlights notable achievements in the areas of health, safety, security, and environmental stewardship, while outlining key initiatives that promote operational excellence, enhance performance efficiency, and strengthen corporate social responsibility and employee development.

I would also like to take this opportunity to extend my sincere appreciation and gratitude to all KGOC employees, in every location and at every level, for their unwavering dedication, commitment, and enthusiasm throughout 2024.

The accomplishments of the past year would not have been possible without their true belief in the Company's vision and goals, and their genuine efforts to help realize them.

I also wish to extend my sincere gratitude to the Chairman and all Members of the Company's Board of Directors for their continuous guidance, support, and invaluable contributions. Their strategic insight and thoughtful recommendations have played a key role in driving progress and enhancing our business practices and processes.

I would also like to express my deep appreciation to His Excellency the Minister of Oil and the Members of the Board of Directors of KPC for their trust and confidence, which we hold in the highest regard. Their belief in our ability to enhance the Company's value and contribute to the national income remains a strong motivator as we continue to pursue our long-term objectives and mission with commitment and determination.

In conclusion, I extend my highest appreciation and gratitude to His Highness the Amir Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah, His Highness the Crown Prince, Sheikh Sabah Khaled Al-Hamad Al-Sabah; and His Highness the Prime Minister, Sheikh Ahmad Abdullah Al-Ahmad Al-Sabah, asking Allah Almighty to grant them continued success and guidance in leading our beloved nation toward further progress and prosperity.

**Abdulwahab M. Al-Mithin**

Ag. Chief Executive Officer

# OUR MISSION & VISION





## Our Mission

- To explore, develop and produce hydrocarbons in the Divided Zone, in a responsible and sustainable manner.
- To serve as a secure and reliable energy partner to our customers, while fostering the growth and development of our people.
- To fulfill our commitments to stakeholders by operating in a compliant, profitable, safe and environmentally responsible manner.

## Our Vision

To attain a leading global position in the Upstream Oil & Gas sector as an integrated, value-driven enterprise, by:

- Maximizing the strategic value of oil resources.
- Unlocking the full potential of natural gas.
- Expanding reserves to ensure a sustainable future.
- Being recognized as an employer of choice.
- Realizing the value from technology.
- Reinforcing our commitment to HSSE.
- Striving for excellence in performance.
- Contributing meaningfully to the Enterprise and State.

# COMPANY ACHIEVEMENTS



## Report on the Activities and Operations of KGO (KSC) for the Fiscal Year ending December 31, 2024

This report highlights our sustained efforts to maximize the strategic value of oil, optimize gas utilization, and expand hydrocarbon reserves to ensure the sustainability of production. It also underscores significant achievements in the areas of health, safety, security, and the environment while shedding light on key initiatives aimed at promoting operational excellence, improving performance efficiency, and advancing corporate social responsibility and employee development.

### First: Our Operations:

#### Khafji Joint Operations (KJO)

Production activities demonstrated outstanding performance, with daily oil production reaching 128,000 barrels, exceeding the set target of 125,000 barrels per day (BPD). This achievement reflects the Company's high operational efficiency and ongoing efforts to enhance production.

Regarding gas production, KGO achieved a daily production of 14.64 million standard cubic feet of export-grade gas, reinforcing its ability to meet both domestic and global market demands with high efficiency.

Sustainable production of natural gas liquids (NGLs) was also realized, with a daily production of 4,190 barrels. This contributes to maximizing the added value of hydrocarbon resources and optimizing processing and recovery operations.

As part of efforts to maintain production levels, the Company successfully completed the drilling of two wells dedicated to the disposal of production-associated water, supporting production activities while

ensuring environmental compliance in industrial waste management.

In support of transport infrastructure development, the Second Al-Hout Crude Oil Pipeline Installation Project was commissioned in December 2024. This enhances the efficiency of crude oil transportation operations, ensures production sustainability, and improves operational performance.

Significant progress was also made in strategic projects, with the completion of the first phase of the New Gas Pipeline Project linking Khafji Joint Operations (KJO) to the Mina Al-Ahmadi Refinery in November 2024. This represents a key step toward increasing production capacity and maximizing gas utilization.

KJO reached its peak production in April 2024, showcasing the exceptional performance of operations and the Company's commitment to maximizing the value of available resources through the application of advanced technologies and improved operational management.

In a major step to support the electrical infrastructure, the power supply for KJO's dedicated power station was successfully commissioned, alongside the activation of the power transformer as part of the SEC Energization Initiative. This ensures the stability of operations and provides a reliable energy source for production activities.

#### Wafra Joint Operations (WJO)

Oil production at Wafra Joint Operations reached an average of 77,520 BPD, reflecting the stable performance of operational activities and the Company's commitment to achieving the highest levels of efficiency in oil extraction and production.

# COMPANY ACHIEVEMENTS



As part of efforts to enhance integration among the KPC's subsidiaries, 22 million standard cubic feet per day of associated gas were delivered to Kuwait Oil Company. This initiative contributes to the optimal utilization of natural resources while reducing waste and emissions.

Moreover, the Company achieved a significant milestone in drilling operations by completing 51 new wells, including horizontal and lateral wells. This contributes to increasing production capacity and improving extraction efficiency from oil reservoirs.

In line with the strategy to enhance production from challenging reservoirs, five wells were drilled as part of the low-porosity carbonate program in the Wara and Ratawi limestone reservoirs. This initiative aims to improve oil recovery from low-permeability formations using advanced technologies.

An agreement was also reached with the partner to identify the drilling locations for the First Eocene Reservoir wells under the Cyclic Steam Stimulation (CSS) Project. This project aims to enhance oil recovery from heavy oil reservoirs, supporting long-term production and improving efficiency in enhanced oil recovery operations.

## Dorra Field Development Project

In continuation of the efforts by the KGOC's executive management to implement the offshore Dorra Field Development Program and enhance coordination with relevant official entities, the Company signed a cooperation protocol with the Ministry of Defense, represented by the Naval Force, in February 2024. This collaboration stems from the Ministry of Defense's responsibility to safeguard the State of Kuwait's territorial and economic waters, creating a secure and sustainable environment for the project's implementation.

Under the protocol, the Naval Force will provide essential services to support the implementation of the Dorra Field Development Program, including ensuring security for all project-related operations, clearing and

surveying offshore drilling sites to ensure they are free from mines and marine debris, and conducting a range of specialized tasks that enhance operational safety and the protection of personnel and offshore facilities.

As part of the engineering and planning phase for the Dorra Field Development Project, KGOC signed a contract with Technip Energies on April 3, 2024, to execute the initial technical and engineering studies. The aim is to establish the engineering foundations required to ensure efficient design and development of the field's facilities according to the highest global standards.

The Company has made tangible progress in the onshore processing facilities of the Dorra Project. As of December 2024, 30% of the Design Review Package had been completed, and 45% of the front-end engineering and design (FEED) studies had been achieved, demonstrating adherence to the approved project timeline. Additionally, the scope of the tender package for early site preparation work was finalized.

Within the offshore facilities of the Dorra Field Development Project, KGOC successfully conducted the HAZOP and SIL workshops in February 2024. All wells' design work for offshore processing facilities was completed 100%, and 99% of the technical and engineering design studies were completed as of December 2024. The FEED studies for the "Open Art" components were finalized in September 2024. Moreover, a comprehensive offshore and onshore site survey for the Dorra Project was completed successfully, and all required approvals were obtained.

## Capital Projects and Technological Development:

As part of ongoing efforts to reduce emissions and ensure environmental compliance, the Central Gas Utilization Program contract of the WJO's Gas Compression Project has been awarded. This project aims to reduce gas flaring in accordance with the

# COMPANY ACHIEVEMENTS



requirements of the Environment Public Authority, thereby enhancing resource efficiency, decreasing gas flaring rates, and minimizing the environmental impact of operational activities.

Additionally, WJO successfully commissioned the Electric Power Frequency Conversion Project in October 2024. This project has helped meet the energy demands of critical facilities in the WJO area. It resulted in the elimination of emissions from the internal power generation plant and contributed to production stability and growth by supplying power to key facilities such as the Main Gathering Center, sub-centers, and the compression station. The project is distinguished by its use of state-of-the-art equipment and technology in power conversion and distribution and is expected to yield sustainable financial savings by reducing energy consumption and minimizing energy loss.

To further enhance associated gas utilization, the Gas Mitigation Project was commissioned in WJO with a capacity of 32 million standard cubic feet per day (MMSCFD), delivering gas to Kuwait Oil Company through an 18-inch pipeline. This contributes to improved gas transportation efficiency and maximizes the value derived from natural resources.

In another achievement under production enhancement initiatives, the Company successfully completed the full pilot operation of the steam generator at the Steam Flood Plant in WJO. This is a key milestone in the phases of the Steam Flood Project, as it is expected to enhance production from certain wells and improve the readiness of supporting facilities and equipment such as the Water Treatment Unit, Evaporation Unit, and Steam Generators. This project further supports operational excellence and improved production efficiency in the area.

To strengthen infrastructure, several strategic project contracts were signed, including the project to replace the 12-inch crude oil pipeline with a 16-inch pipeline and its associated facilities. This project aims to ensure a continuous and reliable transfer of Eocene crude oil

from WJO to the Kuwait National Petroleum Company–Mina Al-Ahmadi Refinery (KNPC-MAA), thereby improving transportation efficiency and operational sustainability.

Another contract was signed for the completion and maintenance of the KGOC's Main Office Building in the Ahmadi area. This project is designed to establish a new state-of-the-art administration building that reflects the Company's commitment to providing a modern and optimal work environment that meets its future needs.

## Second: Our Environment:

Under the patronage of the Acting CEO, the HSSE CEO Award Ceremony was held in December 2024. The event was attended by several managers and team leaders from KPC's subsidiaries, as well as representatives from KGOC and the Joint Operations in Khafji and Wafra. The ceremony also included the winners from employees, contractors, and employees' children, who were honored with commemorative gifts.

As part of efforts to enhance the Company's readiness for environmental emergencies, a unified field drill for crisis management was organized in collaboration with KPC. The objective was to test preparedness and effective response to a Tier 3 marine oil spill scenario, thereby strengthening emergency teams' capabilities and ensuring appropriate environmental protection measures are in place.

In its commitment to improving the work environment and promoting employee well-being, the Company implemented an integrated program aimed at reducing physical stress and enhancing employee comfort. This program incorporates innovative ergonomic technologies and scheduled rest periods, contributing to improved performance and productivity.

Aligned with its environmental sustainability goals, KGOC has enforced stringent environmental measures through

# COMPANY ACHIEVEMENTS



emission reduction and gas flaring minimization projects. Among them is a new gas pipeline linking the Khafji Joint Operations to the Mina Al-Ahmadi Refinery, aimed at reducing the environmental impact of operational activities and ensuring compliance with established environmental standards, reflecting the Company's commitment to its environmental responsibilities.

In a notable environmental achievement, WJO successfully treated and rehabilitated over 98% of evaporation pits previously used to collect and evaporate produced water from crude oil operations. This was accomplished using the HOTTPAD technology, a reliable and effective method for remediating oil-contaminated soil and eliminating residual sludge. These efforts align with the environmental practices endorsed by Kuwait's Environment Public Authority (KEPA), as the technology is eco-friendly, helps reduce carbon emissions, and improves soil quality.

## Third: Our Employees:

The total number of employees in the Company reached 805, distributed between the Head Office (267 employees) and the Wafra Joint Operations (538 employees). The Company achieved a Kuwaitization rate of 99.13%, reflecting its commitment to hiring local talent and supporting the national workforce localization policy in the oil sector. This commitment enhances the company's ability to achieve its strategic objectives sustainably. Additionally, the total number of employees in the Khafji Joint Operations stood at 687.

In a step aimed at improving data exchange efficiency, KGOC signed a dedicated protocol with the Kuwait Credit Bank to integrate employee data. This enhances the effectiveness of information-sharing procedures, speeds up operations, and improves service quality within the Company.

The Company launched the Oracle EPM dashboard

for both the HR and Recruitment teams, as well as the Budget and Cost Team. This aims to provide a comprehensive summary of the five-year manpower plan, with precise comparisons between budgeted and actual utilization. This step strengthens the Company's ability to plan human resources and make informed budget-related decisions.

The electronic system using Oracle (Fusion) was activated to receive applications for internal job adverts within the Company and the oil sector. This system contributes to accelerating the recruitment process and facilitating procedures, giving applicants better opportunities to apply for available jobs and reducing the time required to complete recruitment processes.

The Company successfully renewed its ISO 9001:2015 Quality Certification following an external audit of its Quality Management Standards. This achievement reaffirms the Company's commitment to high-quality standards in all its operations and procedures, further enhancing its reputation as an organization aligned with global best practices.

## Information Systems and Digital Transformation:

In April 2024, the Barwa system was integrated with the K-Tendering platform, significantly streamlining procurement and tendering operations, making them more efficient and transparent. This integration reflects the Company's commitment to improving internal workflows through modern technologies.

In August 2024, the performance monitoring dashboard was successfully integrated with the Ministry of Oil, enhancing coordination and improving the accuracy and effectiveness of data exchange between both entities.

A practical mechanism for budget transfers was developed, allowing for automated request submission

# COMPANY ACHIEVEMENTS



through the EPBCS-MOZON system. The system obtains all necessary approvals and completes transfers automatically once aligned with the KPC's directions, improving the process' accuracy and speed.

OPEX Budget Dashboards were also created within the EPBCS-MOZON system, displaying charts that show actual spending from the operational budget. This facilitates budget monitoring and enhances financial tracking transparency.

A supplier portal was established within the Oracle system, streamlining and accelerating the process of invoice submission and approval electronically. This improves relations with suppliers and simplifies financial procedures. Additionally, the financial settlement system between Khafji Joint Operations and the Head Office was enhanced, resulting in annual savings of USD 200,000 by avoiding currency exchange differences, demonstrating the Company's improved financial efficiency.

The Balanced Scorecard was launched within the Barwa system, allowing managers to digitally update and review objectives, thereby enhancing institutional performance and aligning efforts with strategic goals.

In October 2024, a pilot implementation of Microsoft Copilot Artificial Intelligence (AI) was launched for the Senior Management dashboard. This dashboard includes critical indicators such as daily production, HSE, manpower, and budget. A dedicated event was also held in December 2024 to introduce the system to IT assistants, strengthening Senior Management support.

A pilot AI project was completed at the SUG field in WJO using Oracle Cloud technology. The project aims to enhance the accuracy of maintenance scheduling through AI algorithms, contributing to improved operational efficiency.

The Company successfully integrated its systems with the Ministry of Justice and the Ministry of Health using its Mozon system. Furthermore, the Ministry of Oil's system was integrated with the Company's oil and gas production database, enhancing inter-agency integration.

A data backup project using Veritas technologies was implemented to secure data and enable recovery in case of accidental deletion or cyberattacks. This demonstrates the Company's commitment to data security and business continuity amid rapid digital transformation.

The Company also succeeded in reducing Schlumberger Eastern Fields Ltd.'s offer for technical services and software after four negotiation rounds, saving a total of USD 2,426,422.90 from the contract value.

## Fourth: Our Community:

National celebration events were held in Mubarakiya to foster a sense of belonging and loyalty among employees and the broader community. These events provided an opportunity to strengthen national bonds and raise awareness of national identity.

In collaboration with Ahmadi Governorate, events were organized at the Nuwaiseeb border crossing, where visitors were warmly welcomed. This initiative highlights the Company's role in promoting the State of Kuwait's positive image to visitors and residents.

The Company also celebrated Saudi National Day in collaboration with Saudi partners. The event aimed to reinforce the spirit of brotherhood and partnership between the State of Kuwait and the Kingdom of Saudi Arabia, strengthening bilateral relations across various fields.

The Company contributed to organizing the HSSE CEO Award, which recognizes outstanding initiatives in these areas and honors efforts to improve the work environment and ensure safety.

In line with its efforts to foster employee loyalty, the Company honored long-service employees, celebrating those who have dedicated many years of loyal service, demonstrating appreciation for their contributions and commitment.



الشركة الكويتية لنفط الخليج (س.م.ك.)  
KUWAIT GULF OIL COMPANY (K.S.C.)  
إحدى شركات مؤسسة البترول الكويتية  
A Subsidiary of Kuwait Petroleum Corporation

Consolidated financial statements and  
independent auditor's report  
Kuwait Gulf Oil Company KSC (Closed)  
and Subsidiary  
Kuwait - 31 December 2024



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## Independent auditor's report

To the Shareholders of  
Kuwait Gulf Oil Company KSC (Closed)  
Kuwait

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Kuwait Gulf Oil Company – KSC (Closed) ("Parent Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of expenses and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

#### Basis for Opinion

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due



to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business

activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

#### **Report on Other Legal and Regulatory Requirements**

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2024 that might have had a material effect on the business or financial position of the Parent Company.

#### **Abdullatif M. Al-Aiban (CPA)**

(Licence No. 94-A)

of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait

18 April 2024

## Consolidated Statement of expenses and other comprehensive income

	Notes	Year ended 31 Dec. 2024 KD 000's	Year ended 31 Dec. 2023 KD 000's
<b>Expenses and other charges</b>			
Operating expenses	7	252,654	262,884
General and administration expenses	8	29,820	23,771
Depreciation and amortization	9,10 &11	110,488	108,176
Interest on lease liabilities	22	3,906	3,129
Directors' remuneration	24	75	70
Interest income		(267)	(146)
Other income - net		(17,965)	(2,015)
Gross expenses		378,711	395,869
Movement in deferred cost		(840)	(1,181)
<b>Net expenses for the year</b>		<b>377,871</b>	<b>394,688</b>
Costs reimbursable by the Ultimate Parent Company	19	(377,871)	(394,688)
		-	-
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to expenses:</i>			
Remeasurement of defined benefit obligation	21	6,363	2,692
<i>Items that may be reclassified subsequently to expenses:</i>			
Foreign currency translation adjustments		3,009	990
<b>Total other comprehensive income for the year</b>		<b>9,372</b>	<b>3,682</b>
<b>Total comprehensive income for the year</b>		<b>9,372</b>	<b>3,682</b>

*The notes set out on pages 8 to 32 form an integral part of these consolidated financial statements.*

## Consolidated statement of financial position

	Notes	31 Dec. 2024 KD 000's	31 Dec. 2023 KD 000's
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	999,390	970,070
Intangible assets	10	12,899	17,656
Right-of-use assets	11	89,658	85,374
Receivables and prepayments	12	1,776	1,761
Loans to employees	13	7,598	8,392
		<b>1,111,321</b>	<b>1,083,253</b>
<b>Current assets</b>			
Inventories	14	25,949	19,138
Deferred cost	15	11,975	11,135
Receivables and prepayments	12	20,853	14,974
Loans to employees	13	3,725	4,272
Term deposits	16	2,413	5,530
Cash and cash equivalents	17	5,015	2,904
		<b>69,930</b>	<b>57,953</b>
<b>Total assets</b>		<b>1,181,251</b>	<b>1,141,206</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	18	120,000	120,000
Foreign currency translation reserve		58,252	55,243
Remeasurement of defined benefit obligation		(1,009)	(7,372)
<b>Total equity</b>		<b>177,243</b>	<b>167,871</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Due to Ultimate Parent Company	19	535,048	513,874
Employees' provident funds	20	14,356	15,060
Post-employment benefits	21	177,868	189,197
Lease liabilities	22	79,988	63,769
		<b>807,260</b>	<b>781,900</b>
<b>Current liabilities</b>			
Accounts payable and other liabilities	23	186,179	169,419
Lease liabilities	22	10,569	22,016
		<b>196,748</b>	<b>191,435</b>
<b>Total liabilities</b>		<b>1,004,008</b>	<b>973,335</b>
<b>Total equity and liabilities</b>		<b>1,181,251</b>	<b>1,141,206</b>

Ahmad Jaber Al Eidan  
Chairman of the Board

Abdulwahab Al Mithin  
Acting Chief Executive Officer

The notes set out on pages 8 to 32 form an integral part of these consolidated financial statements.

## Consolidated statement of changes in equity

	Share capital KD 000's	translation reserve KD 000's	of defined benefit obligation KD 000's	Total KD 000's
<b>Balance as at 1 January 2024</b>	<b>120,000</b>	<b>55,243</b>	<b>(7,372)</b>	<b>167,871</b>
Total comprehensive income for the year	-	3,009	6,363	9,372
<b>Balance as at 31 December 2024</b>	<b>120,000</b>	<b>58,252</b>	<b>(1,009)</b>	<b>177,243</b>
<b>Balance as at 1 January 2023</b>	<b>120,000</b>	<b>54,253</b>	<b>(10,064)</b>	<b>164,189</b>
Total comprehensive income for the year	-	990	2,692	3,682
<b>Balance as at 31 December 2023</b>	<b>120,000</b>	<b>55,243</b>	<b>(7,372)</b>	<b>167,871</b>

as set out on pages 8 to 32 form an integral part of these consolidated financial statements.

## Consolidated statement of cash flows

	Notes	Year ended 31 Dec. 2024 KD 000's	Year ended 31 Dec. 2023 KD 000's
<b>OPERATING ACTIVITIES</b>			
<b>Net expenses for the year</b>		<b>(377,871)</b>	<b>(394,688)</b>
Adjustments:			
Depreciation and amortization	9,10 & 11	110,488	108,176
Property, plant and equipment written off	9	1,732	109
Construction in progress written off	9	30	15,334
Provision for inventory obsolescence		2,711	1,480
Inventories written off		73	630
Provision for employees' end of service benefits		16,422	17,839
Provision for provident funds		1,094	1,233
Interest on lease liabilities	22	3,906	3,129
Gain on termination of leases		-	(767)
Operating expenditure before working capital changes		<b>(241,415)</b>	<b>(247,525)</b>
<b>Changes in operating assets and liabilities:</b>			
Receivables and prepayments		(5,894)	17
Loans to employees		1,341	352
Inventories		(9,595)	(1,179)
Deferred cost		(840)	(1,181)
Accounts payable and other liabilities		16,760	10,675
<b>Cash used in operations</b>		<b>(239,643)</b>	<b>(238,841)</b>
Employees' end of service benefits paid		(21,566)	(9,816)
Provident funds withdrawals		(1,798)	(814)
<b>Net cash used in operating activities</b>		<b>(263,007)</b>	<b>(249,471)</b>
<b>INVESTING ACTIVITIES</b>			
Payment for purchase of property, plant and equipment		(107,349)	(66,462)
Payment for purchase of Intangible assets		-	(12)
Term deposits		3,117	(464)
<b>Net cash used investing activities</b>		<b>(104,232)</b>	<b>(66,938)</b>
<b>FINANCING ACTIVITIES</b>			
Lease liabilities paid	22	(28,534)	(28,365)
Funds received from the Ultimate Parent Company	19	399,045	344,296
<b>Net cash from financing activities</b>		<b>370,511</b>	<b>315,931</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>3,272</b>	<b>(478)</b>
Foreign currency adjustments		(1,161)	(125)
Cash and cash equivalents at beginning of the year		2,904	3,507
<b>Cash and cash equivalents at end of the year</b>		<b>5,015</b>	<b>2,904</b>
<b>Material non-cash transactions:</b>			
Right-of-use assets recorded against lease liabilities	11	(29,102)	(50,707)
Right-of-use assets termination	11	-	10,817
Additions to property, plant and equipment through transfer from assets under construction	9	(69,874)	(47,055)
Additions to intangible assets through transfer from assets under construction	9 & 10	(700)	(46)
Capitalization of amortization of right-of-use assets to assets under construction	11	6,517	6,896

The notes set out on pages 8 to 32 form an integral part of these consolidated financial statements.

### 1 Incorporation and activities

Kuwait Gulf Oil Company – KSC (Closed) (“the Parent Company”) is a Kuwaiti Closed Shareholding Company incorporated in the State of Kuwait on 10 February 2002. The Parent Company is a wholly owned subsidiary of Kuwait Petroleum Corporation, (“the Ultimate Parent Company”). The Ultimate Parent Company is wholly owned by the Government of Kuwait.

The Parent Company’s objectives are exploration, drilling, development of oil fields, transportation and treatment of oil and gas, management of oil refineries, marketing and selling oil and gas in accordance with the Divided Zone agreement.

The Parent Company owns 100% shares of Kuwait Petroleum Corporation (Western Hemisphere) – KSC (Closed) (KPCWH). Accordingly, KPCWH is a subsidiary of the Parent Company. The main activity of the subsidiary was purchasing products from Kuwait National Petroleum Company and marketing them in the Western Hemisphere, West and East Coasts of United States of America. KPCWH is under liquidation and its assets, liabilities and operating results are not material to these consolidated financial statements.

The Company is a participant in two joint operations (collectively referred to as “the Joint Operations”) for exploration, drilling and production of oil and gas:

- Khafji Joint Operations (KJO)
- Wafra Joint Operations (WJO)

#### Khafji Joint Operations (KJO)


On 4 January 2003, the Parent Company and Aramco Gulf Oil Company (AGOC) (collectively referred to as Khafji Joint Participants) signed a Memorandum of Understanding to operate KJO in the offshore areas adjacent to the partitioned zone between the State of Kuwait and the Kingdom of Saudi Arabia under the Joint Petroleum Production Operations Agreement (JPPOA) for petroleum production operations on a 50% share basis. The JPPOA was initially signed between AGOC and Arabian Oil Company Limited (AOC) pursuant to the 2000 treaty signed by the State of Kuwait and the Kingdom of Saudi Arabia. AOC had a concession agreement with the Kuwait Government and after its expiry in January 2003, the Parent Company signed a Memorandum of Understanding with AGOC to extend the current concession agreement until 31 March 2010 whereby the concession continued to operate under the previous JPPOA. A new perpetual agreement “Khafji Joint Operations Agreement” was signed on 3 March 2010.

The new perpetual Khafji Joint Operations Agreement provides that the Parent Company and AGOC will equally share responsibility for the KJO and that the operating costs, including capital expenditure, which relate directly to conduct the operations will be shared equally by the Khafji Joint Participants.

#### Wafra Joint Operations (WJO)

In accordance with Ministry of Energy, Kuwait resolution No. 2/2005, Kuwait Government’s interest in the onshore petroleum production operations at the Divided Zone between State of Kuwait and the Kingdom of Saudi Arabia was transferred from Kuwait Oil Company to the Parent Company with effect from 1 January 2006. Accordingly, the Parent Company is a 50% partner in the onshore petroleum production operations at the Divided Zone along with Saudi Arabian Chevron Company (SAC) representing the Kingdom of Saudi Arabia (collectively referred to as Wafra Joint Participants)

These consolidated financial statements comprise the Parent Company, its subsidiary and 50% interests in the KJO and WJO. The Parent Company and the subsidiary are together referred to as “the Group”.



## Notes to the consolidated financial statements

### 1 Incorporation and activities (continued)

The address of the Parent Company's registered office is P.O. Box 9919 – Ahmadi, 61010, State of Kuwait.

These consolidated financial statements were authorized for issue by the Board of Directors on ..... and are subject to approval of the Shareholder at the Ordinary General Assembly.

### 2 Basis of preparation

The consolidated financial statements of the Group have been prepared under historical cost convention.

These consolidated financial statements have been prepared using the management accounts of KJO as of 31 December 2024, pending issue of their audited financial statements as of that date. The Group's management believes that no material changes are likely to arise on issue of the audited financial statements of KJO for the year then ended.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is the functional and presentation currency of the Parent Company. All amounts are rounded to the nearest thousand, unless otherwise indicated.

### 3 Statement of compliance

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

Both KJO and WJO are expected to continue their business, as their managements have been instructed to continue with all drilling, maintenance operations and capital investment activities. Furthermore, both the KJO and WJO Participants have been funding the activities based on cash calls. KJO and WJO have approved their budgets for 2025. As of 31 December 2024, the Group's current liabilities exceeded its current assets by KD126,818 thousand (2023: KD133,482 thousand). The Group's operations are entirely funded by the Ultimate Parent Company. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

### 4 Changes in accounting policies

#### 4.1 New and amended IFRS Accounting Standards adopted by the Group

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

*Standard or Interpretation*

*Effective for annual periods beginning*

IAS 1 Amendments - Classification of liabilities as current or non-current

1 January 2024

#### **IAS 1 Amendments - Classification of liabilities as current or non-current**

The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

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

## 4 Changes in accounting policies (continued)

### 4.2 IASB Standards issued but not yet effective

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

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

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027

#### **IFRS 18 Presentation and Disclosure in Financial Statements**

The new standard will replace the IAS 1 Presentation of Financial Statements though it contains a number of the current requirements in the IAS 1. IFRS 18 sets out to ensure the financial statements provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The major new requirements in IFRS 18 include

- Presentation of specific categories and sub totals in the statement of profit or loss
- Disclosures of management-defined performance measures (MPM)
- Improvement of aggregation and disaggregation

Management anticipates that the adoption of the new standard in the future may have an impact on the Group's consolidated financial statements.

## 5 Material accounting policies

The material accounting policies adopted in the preparation of the consolidated financial statements are summarised below:

### 5.1 Basis of consolidation

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

All transactions and balances between Group's companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group's companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

### 5 Material accounting policies (continued)

#### 5.1 Basis of consolidation (continued)

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

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

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

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

#### 5.2 Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Group undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities and expenses.

When the Parent Company transacts with a joint operation in which a Parent Company is a joint operator (such as sale or contribution of assets), the Parent Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transaction are recognised in the Parent Company's consolidated financial statements only to the extent of other parties' interest in the joint operation.

When the Parent Company transacts with a joint operation in which a Parent Company is a joint operator (such as purchase of assets), the Parent Company does not recognise its share of the gains and losses until it resells those assets to a third party.

## 5 Material accounting policies (continued)

### 5.3 Interest income

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

### 5.4 Operating expenses

Operating expenses are recognised in the consolidated statement of expenses and other comprehensive income upon utilisation of the service or at the date of their origin.

### 5.5 Finance costs

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

### 5.6 Property, plant and equipment and depreciation

#### *Drilling and exploration (Wells)*

Drilling and exploration comprising costs of drilling wells are accounted for under the “successful efforts” method of accounting. Under this method such costs are capitalized unless determined to be abortive, in which case the costs are expensed in the period when such determination is made. Costs are considered abortive when they relate to wells, which are permanently abandoned due to the absence of commercially exploitable reserves of petroleum or temporarily abandoned with no plans for re-entry in the foreseeable future. These are stated at historical cost less accumulated depreciation and accumulated impairment losses.

#### *Other property, plant and equipment*

Other plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost comprises all expenditure incurred to bring the asset to working condition for its intended use. Expenditure incurred in the course of construction of property and equipment is stated at cost.

#### *Depreciation*

Depreciation is provided on a straight-line basis over their estimated useful lives as follows:

	Years
Buildings	25
Structures	20 – 25
Wells	10 – 20
Pipelines, equipment and machinery	5 – 25
Furniture and tools	10
Ships and vehicles	5 – 12
Computer and communication equipment	5 – 10

### 5.7 Intangible assets

Seismic survey costs and other similar and related costs are considered to be identifiable non-monetary assets from which future economic benefits will flow and are accordingly recognized as an intangible asset. These are stated at cost less accumulated amortization and are amortized over 10 years on a straight-line basis.

### 5 Material accounting policies (continued)

#### 5.8 Leased assets

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

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

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

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

Measurement and recognition of leases as a lessee:

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

##### *Right-of-use asset*

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

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

##### *Lease liability*

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

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

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

### 5 Material accounting policies (continued)

#### 5.9 Impairment testing of non-financial assets

At each reporting date, management assesses, whether there is any indication that the carrying value of non-financial assets such as property, plant and equipment, intangible assets and right-of-use assets may be impaired. Considering the purpose of these assets and the fact that it is not a cash generating unit, the Group assesses impairment only from the perspective of obsolescence or physical damage of an asset.

#### 5.10 Inventories

Inventories are valued at weighted average cost less an estimated provision for obsolete or slow-moving items. Cost includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

#### 5.11 Deferred cost

The costs of production related to crude oil in storage held on behalf of State of Kuwait at the end of year is deferred and valued based on average total cost of production for the year. Associated gas produced along with production of crude oil is accounted for as a by-product based on incremental cost from the point of separation and is added as part of deferred cost.

#### 5.12 Financial instruments

##### *Recognition and derecognition*

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

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

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

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified as at fair value through profit or loss. Transaction costs on financial assets classified as at fair value through profit or loss are recognised in the consolidated statement of expenses and other comprehensive income.

##### *Classification of financial assets and financial liabilities*

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

### 5 Material accounting policies (continued)

#### 5.12 Financial instruments (continued)

##### Financial assets

###### *Classification*

Financial assets are to be assessed based on a combination of the entity's business model for managing the assets and the instrument's contractual cash flow characteristics. Based on such assessment the Group classifies its financial assets carried at amortised cost.

###### *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of the Group's financial assets are at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of comprehensive income. Impairment losses are charged to the consolidated statement of expenses.

###### *Impairment*

The Group assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group applies a simplified approach where expected lifetime losses are recognised from initial recognition of the receivables.

##### Financial liabilities

###### *Classification*

Financial liabilities are classified at initial recognition as financial liabilities "other than at fair value through profit or loss".

###### *Measurement*

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

###### *Fair values*

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, i.e. an exit price. The fair value measurement assumes 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 by the Group.

### 5 Material accounting policies (continued)

#### 5.12 Financial instruments (continued)

##### Financial liabilities (continued)

###### *Fair values (continued)*

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.

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

#### 5.13 Loans to employees

Loans to employees are interest free and its provided to eligible employees. The loan is repaid in monthly installment by deduction of employee's pay. Employees' loans are recognised as a non-current financial asset at fair value and measured at amortised cost using the Effective Interest Rate ("EIR") method. The difference between the fair value and the actual amount of cash given to the employee is recognised as a "non-current prepaid employee benefit" and is amortised as an expense equally over the period of service. The same amount is also amortised as finance income against the receivable from employees.

#### 5.14 Offsetting of financial instruments

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

#### 5.15 Amortised cost of financial instruments

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

#### 5.16 Employees' provident fund

KJO has three schemes for employees' savings and investment purposes. Two of the schemes, Savings and Investment, are funded by employees' contributions, which are deducted from salaries on a monthly basis. The third scheme, Reward, is funded by KJO and is based on the employees' period of service and the amount saved or invested in the other schemes. The Reward scheme is non-contributory for the employees and is recognized as an expense for the year.

#### 5.17 Post-employment benefits

The Parent Company and each of the Joint Operations operate a number of defined benefit termination schemes. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period in accordance with the laws of Kuwait or Saudi Arabia as applicable to each employee. The expected costs of these benefits are accrued over the period of employment.

Kuwaiti employees of the Parent Company are entitled to pension and other social benefits, which 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 Parent Company's share of contributions to this scheme, which is a defined contribution scheme under International Accounting Standard (IAS) 19 – Employee Benefits is recognized as an expense for the year.

## 5 Material accounting policies (continued)

### 5.18 Cash and cash equivalents

Cash on hand, call and current account bank balances and short-term time deposits whose maturities do not exceed a period of three months from acquisition date are classified as cash and cash equivalents in the consolidated statement of cash flows.

### 5.19 Provisions, contingent assets and contingent liabilities

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

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

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

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

### 5.20 Foreign currency translation

#### 5.20.1 Functional and presentation currency

The consolidated financial statements are presented in Kuwaiti Dinars, which is the Parent Company's functional and presentation currency and also the functional currency of one of the joint operations. The functional currency of the other joint operation is the US Dollar.

#### 5.20.2 Foreign currency transactions and balances

Foreign currency transactions are translated into Kuwaiti Dinars at the rates prevailing on the transaction date. Monetary assets and liabilities are translated into Kuwaiti Dinars at the rate of exchange ruling at the consolidated statement of financial position date. Resultant gains/ losses are taken to the consolidated statement of expenses and other comprehensive income.

#### 5.20.3 Foreign operations

In the Group's consolidated financial statements, all assets, liabilities and transactions of KJO, whose functional currency is the US Dollars are translated into KD. The functional currency of the entities in the Group has remained unchanged during the reporting period.

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

### **6 Significant management judgments and estimation uncertainty**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of income, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### **6.1 Significant management judgments**

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

##### **6.1.2 Control assessment**

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

#### **6.2 Estimates uncertainty**

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

##### **6.2.1 Useful lives of depreciable assets**

The Group's management determines the estimated useful lives and related depreciation charge and amortisation for its property, plant and equipment and intangible assets. The estimate is based on product life cycle of its equipment and intangible assets. It could change significantly as a result of change in technology. Management will increase the depreciation charge and amortisation where useful lives are less than previously estimated lives.

##### **6.2.3 Provision for impairment of inventories**

The management annually reviews the inventories to determine whether a provision for impairment should be recorded in the statement of expenses and other comprehensive income. In particular, judgment by management is required in the estimation of the level of provisions required. The level of the provision is determined by taking into account, ageing of inventories, condition of inventories (damaged, obsolete or slow moving) and other factors that affect inventory obsolescence. Such estimates are based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

##### **6.2.4 Defined benefit plan obligation**

The Group and joint operations provides for several non-contributory defined benefit termination plans on behalf of its employees. The present value of these obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions like the discount rate, expected average remaining working life of employees and current market conditions. Any change in these assumptions will impact the carrying amount of the defined benefit plan obligations.

##### **6.2.5 Lease term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

## 6 Significant management judgments and estimation uncertainty (continued)

### 6.2 Estimates uncertainty (continued)

#### 6.2.5 Lease term (continued)

For leases of vehicles and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

## 7 Operating expenses

	31 Dec. 2024 KD 000's	31 Dec. 2023 KD 000's
Staff costs	116,778	124,677
Repairs & maintenance	33,438	25,259
Technical, drilling & other services	33,095	35,213
Medical cost	17,854	17,150
Fuel & utilities	9,934	12,056
Material consumed	12,327	13,066
Manpower supply cost	7,948	7,404
Information technology cost	4,397	3,807
Others	16,883	24,252
	<b>252,654</b>	<b>262,884</b>

## 8 General and administration expenses

	31 Dec. 2024 KD 000's	31 Dec. 2023 KD 000's
Staff cost	18,206	11,598
Medical cost	3,239	3,816
Manpower supply cost	2,977	3,034
Information technology cost	2,096	2,575
Others	3,302	2,748
	<b>29,820</b>	<b>23,771</b>

## 9 Property, plant and equipment

	Plant KD 000's	Buildings KD 000's	Structures KD 000's	Wells (Non- exploratory) KD 000's	Wells (exploratory) KD 000's	Pipelines, equipment & machinery KD 000's	Furniture & tools KD 000's	Ships & vehicles KD 000's	Computer & Commercial Equipment KD 000's	Construction in progress KD 000's	Total KD 000's
<b>Cost</b>											
At 1 January 2024	193,893	94,462	158,296	815,916	64,193	977,748	10,916	13,330	28,770	159,355	2,516,879
Additions	-	-	9	-	-	430	271	-	177	112,979	113,866
Transfers	3,134	-	29,425	11,589	-	25,232	-	-	494	(69,874)	-
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	(700)	(700)
Write off	(79)	(57)	-	(1,587)	-	(2,320)	(191)	(52)	(140)	(30)	(4,456)
Exchange adjustment	-	305	906	2,135	323	4,551	47	23	163	400	8,853
At 31 December 2024	196,948	94,710	188,636	828,053	64,516	1,005,641	11,043	13,301	29,464	202,130	2,634,442
<b>Accumulated depreciation</b>											
At 1 January 2024	134,153	54,204	67,380	709,537	52,371	486,975	10,652	8,194	23,343	-	1,546,809
Charge for the year	4,848	3,398	12,897	24,830	2,615	35,363	133	1,084	1,255	-	86,423
Write off	(79)	(57)	-	(52)	-	(2,123)	(191)	(52)	(140)	-	(2,694)
Exchange adjustment	-	191	372	1,618	272	1,932	21	21	87	-	4,514
At 31 December 2024	138,922	57,736	80,649	735,933	55,258	522,147	10,615	9,247	24,545	-	1,635,052
<b>Net book value</b>											
At 31 December 2024	58,026	36,974	107,987	92,120	9,258	483,494	428	4,054	4,919	202,130	999,390

## Notes to the consolidated financial statements

### 9 Property, plant and equipment (continued)

	Plant KD 000's	Buildings KD 000's	Structures KD 000's	Wells (Non- exploratory) KD 000's	Wells (exploratory) KD 000's	Pipelines, equipment & machinery KD 000's	Furniture & tools KD 000's	Ships & vehicles KD 000's	Computer & Commercial Equipment KD 000's	Construction in progress KD 000's	Total KD 000's
<b>Cost</b>											
At 1 January 2023	193,845	93,607	148,144	808,796	64,099	949,496	10,899	13,323	28,725	152,964	2,463,898
Additions	-	-	-	-	-	215	75	-	62	68,648	69,000
Transfers	48	765	9,945	6,635	-	29,079	-	-	583	(47,055)	-
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	(46)	(46)
Transfer to expenditure	-	-	-	-	-	-	(74)	(1)	(634)	(15,334)	(15,334)
Write off	-	(9)	-	(142)	-	(2,242)	(74)	(1)	-	-	(3,102)
Exchange adjustment	-	99	207	627	94	1,200	16	8	34	178	2,463
At 31 December 2023	193,893	94,462	158,296	815,916	64,193	977,748	10,916	13,330	28,770	159,355	2,516,879
<b>Accumulated depreciation</b>											
At 1 January 2023	129,563	50,719	59,234	680,769	48,602	456,625	10,604	7,099	22,745	-	1,465,960
Charge for the year	4,590	3,439	8,073	28,429	3,702	32,213	113	1,089	1,216	-	82,864
Write off	-	(9)	-	(142)	-	(2,133)	(74)	(1)	(634)	-	(2,993)
Exchange adjustment	-	55	73	481	67	270	9	7	16	-	978
At 31 December 2023	134,153	54,204	67,380	709,537	52,371	486,975	10,652	8,194	23,343	-	1,546,809
<b>Net book value</b>											
At 31 December 2023	59,740	40,258	90,916	106,379	11,822	490,773	264	5,136	5,427	159,355	970,070

During the year additions include amortization on right-of-use assets of KD6,517 thousand (2023: KD6,896 thousand) (note 11).

Joint Executive Committee at KJO approved development of Dorra Field Development Program in their meeting held on 18 January 2023 with an estimated budget of KD2 billion (USD6.9 billion). As at 31 December 2024, construction in progress includes KD25 million (USD81.16 million) related to Dorra Field (2023: KD17.14 million, equivalent to USD55.86 million).

## Notes to the consolidated financial statements

### 10 Intangible assets

	Seismic surveys KD 000's	Others KD 000's	Total KD 000's
<b>2024</b>			
<b>Cost</b>			
At 1 January 2024	62,115	21,936	84,051
Transfer from construction in progress (note 9)	-	700	700
Exchange adjustment	81	32	113
<b>At 31 December 2024</b>	<b>62,196</b>	<b>22,668</b>	<b>84,864</b>
<b>Accumulated amortization</b>			
At 1 January	46,770	19,625	66,395
Amortized during the year	4,560	898	5,458
Exchange adjustment	81	31	112
<b>At 31 December 2024</b>	<b>51,411</b>	<b>20,554</b>	<b>71,965</b>
<b>Net book value at 31 December 2024</b>	<b>10,785</b>	<b>2,114</b>	<b>12,899</b>
<b>2023</b>			
<b>Cost</b>			
At 1 January 2023	62,047	21,916	83,963
Additions	12	-	12
Transfer from construction in progress (note 9)	31	15	46
Disposals	-	(5)	(5)
Exchange adjustment	25	10	35
<b>At 31 December 2023</b>	<b>62,115</b>	<b>21,936</b>	<b>84,051</b>
<b>Accumulated amortization</b>			
At 1 January	41,956	18,760	60,716
Amortized during the year	4,791	861	5,652
Disposals	-	(5)	(5)
Exchange adjustment	23	9	32
<b>At 31 December 2023</b>	<b>46,770</b>	<b>19,625</b>	<b>66,395</b>
<b>Net book value at 31 December 2023</b>	<b>15,345</b>	<b>2,311</b>	<b>17,656</b>

### 11 Right-of-use assets

These are assets that represent the Group's right to use an underlying asset for the lease term.

#### *The Group's leasing activities*

The Group has leases in respect of machinery and equipment, marine vessels, vehicles, furniture and tools, computer and communication and aircraft. Rental contracts are typically made for fixed periods of 1 to 10 years but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Low-value assets comprise information technology equipment and small items of office furniture.

Extension and termination options are included in a most of the leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by mutual agreement of the Group and the respective lessor.

**11 Right-of use-assets (continued)**

*The Group's leasing activities (continued)*

The movement of balance related to the recognized right-of-use assets is as follows:

	Machinery and equipment KD 000's	Marine vessels KD 000's	Vehicles KD 000's	Furniture and tools KD 000's	Computer & Communication KD 000's	Aircraft KD 000's	Total KD 000's
Balance as at 1 January 2024	34,280	38,676	2,423	194	168	9,633	85,374
Additions	834	26,741	1,276	89	162	-	29,102
Amortization for the year	(10,903)	(9,628)	(3,104)	(88)	(72)	(1,329)	(25,124)
Exchange adjustment	57	210	1	1	-	37	306
<b>Closing balance as at 31 December 2024</b>	<b>24,268</b>	<b>55,999</b>	<b>596</b>	<b>196</b>	<b>258</b>	<b>8,341</b>	<b>89,658</b>
Balance as of 1 January 2023	35,066	26,138	5,612	412	2	4,815	72,045
Additions	10,602	29,196	12	32	224	10,641	50,707
Amortization for the year	(10,951)	(11,009)	(3,179)	(147)	(58)	(1,212)	(26,556)
Termination	(431)	(5,644)	(27)	(103)	-	(4,612)	(10,817)
Exchange adjustment	(6)	(5)	5	-	-	1	(5)
<b>Closing balance as at 31 December 2023</b>	<b>34,280</b>	<b>38,676</b>	<b>2,423</b>	<b>194</b>	<b>168</b>	<b>9,633</b>	<b>85,374</b>

During the year, amortization on right-of-use assets of KD6,517 thousand (2023: KD6,896 thousand) has been capitalised to property, plant and equipment (note 9).

## Notes to the consolidated financial statements

### 11 Right-of-use assets (continued)

*The Group's leasing activities (continued)*

	Year ended 31 Dec. 2024 KD 000's	Year ended 31 Dec. 2023 KD 000's
Expense relating to short-term leases (included in operating expenses)	4,163	2,502
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in operating expenses)	302	145

### 12 Receivables and prepayments

	31 Dec. 2024 KD 000's	31 Dec. 2023 KD 000's
<b>Non-current</b>		
Prepayments	1,776	1,761
<b>Current</b>		
Accounts receivable	16,689	8,653
Advances to suppliers and contractors	1,004	3,485
Prepayments	3,160	2,836
	<b>20,853</b>	<b>14,974</b>
	<b>22,629</b>	<b>16,735</b>

Accounts receivable includes KD10,655 thousand due from the Saudi Arabian Chevron Company (2023: KD5,243 thousand).

Receivables and prepayments include KD13,543 thousand denominated in US Dollars (2023: KD8,624 thousand).

### 13 Loans to employees

	31 Dec. 2024 KD 000's	31 Dec. 2023 KD 000's
Non-current	7,598	8,392
Current	3,725	4,272
	<b>11,323</b>	<b>12,664</b>

Loans to employee consist of interest free home loans and other loans extended to employees of the joint operations and the Group.

Loans to employees of KJO includes home loans amounting to KD7,521 thousand (2023: KD7,738 thousand) which are secured either by the property for Saudi employees or by an acknowledgment of indebtedness for the Kuwaiti employees for which the loan is granted. Upon disbursement of a loan to an employee, 20% of the total approved loan is charged to the statement of comprehensive expenses and other comprehensive income and the balance is repayable by the employee, commencing upon final drawdown of the loan. Employee's home loan is repaid over the remaining period till retirement date, starting from the last drawdown date, and monthly repayments are 20% of the employee's gross salary.

As of 31 December 2024, loans to employees includes KD7,578 thousand is due in US Dollars (2023: KD8,030 thousand).

## Notes to the consolidated financial statements

### 14 Inventories

	31 Dec. 2024 KD 000's	31 Dec. 2023 KD 000's
Materials and supplies	41,477	31,956
Provision for obsolete and slow-moving items	(15,528)	(12,818)
	<b>25,949</b>	<b>19,138</b>

### 15 Deferred cost

This represents value of crude oil, lean gas and natural gas liquid extracted but not transferred to the Ultimate Parent Company as on the closing date.

### 16 Term deposits

These are held with various commercial banks in the Kingdom of Saudi Arabia (2023: with an Islamic bank in the State of Kuwait) in respect of investment scheme and saving scheme balances of KJO employees (Note 20). The effective interest rate on investment scheme deposit and saving scheme deposit is 5.85% (2023: 5.7%).

### 17 Cash and cash equivalents

Cash and cash equivalents include KD2,811 thousand (2023: KD 64 thousand) earmarked for employees' share of funding related to employee saving scheme at KJO as disclosed in Note 20.

### 18 Share capital

The share capital of the Parent Company comprises of 120,000,000 authorized, issued and fully paid up shares of KD 1 each (2023: 120,000,000 shares of KD 1 each).

### 19 Due to Ultimate Parent Company

	31 Dec. 2024 KD 000's	31 Dec. 2023 KD 000's
Balance at 1 January	513,874	564,266
Funds received during the year	399,045	344,296
Costs reimbursable by the Ultimate Parent Company	(377,871)	(394,688)
<b>Balance at 31 December</b>	<b>535,048</b>	<b>513,874</b>

The balance as at 31 December 2024 and 31 December 2023 represents funds received from the Ultimate Parent Company for capital expenditure which is not repayable within one year.

### 20 Employees' provident funds

	31 Dec. 2024 KD 000's	31 Dec. 2023 KD 000's
Savings scheme	4,364	4,805
Investment scheme	2,497	2,369
Reward scheme	7,495	7,886
	<b>14,356</b>	<b>15,060</b>

## Notes to the consolidated financial statements

### 20 Employees' provident funds (continued)

The investment scheme is funded by term deposits and cash equivalents and saving scheme is funded by term deposits (Notes 16 and 17). The reward scheme is funded by KJO and expense for this scheme is charged to consolidated statement of expenses and other comprehensive income.

### 21 Post-employment benefits

	Regular KD 000's	Special KD 000's	Early/others KD 000's	31 Dec. 2024 Total KD 000's	31 Dec. 2023 Total KD 000's
At 1 January	175,969	12,430	798	189,197	183,713
Exchange adjustment	121	54	3	178	153
Net movements during the year	(4,913)	(153)	(78)	(5,144)	8,023
Actuarial valuation gain	(4,967)	(1,396)	-	(6,363)	(2,692)
At 31 December	166,210	10,935	723	177,868	189,197

The Group provides several non-contributory defined benefit termination plans covering substantially all employees of the Parent Company and joint operations. These post-employment liabilities are wholly unfunded. The principal schemes are:

- Regular termination benefit scheme is based on years of service and last salary before termination of employment.
- Special termination benefit scheme, which is only applicable to Saudi and Kuwaiti national employees who have contributed for the required minimum period in either the General Organization for Social Insurance ("GOSI") or Public Institution for Social Security ("PISS"). Employees must have fulfilled the minimum requirement of the eligibility for a monthly annuity in accordance with current regulations, or have reached 50 years of age (Hijra calendar) and have served more than 15 years with the Joint Operations and is based on the last basic salary before termination and factors of service as determined in the provisions of the scheme.
- Early termination benefit schemes, which are paid to employees who contributed for a required minimum period in either GOSI or PISS, who took voluntary retirement based on the Joint Operations and government rules for such early retirements. In addition, the Joint Operations makes payments to employees taking early retirement.

The above employees' post-employment benefits have been assessed using the following principal actuarial assumptions:

	31 Dec. 2024	31 Dec. 2023
Discount rate	5.5%	5.5%
Expected rate of salary increase	4.5%	5.5%

There were no significant changes in the average longevity at retirement age for the plan participants as compared to the previous year.

## Notes to the consolidated financial statements

### 22 Lease liabilities

	31 Dec. 2024 KD 000's	31 Dec. 2023 KD 000's
Balance as of 1 January	85,785	71,683
Additions	29,102	50,707
Disposals (see below)	-	(11,584)
Accretion of interest	3,906	3,129
Payments	(28,534)	(28,365)
Exchange adjustment	298	215
<b>Balance as at 31 December</b>	<b>90,557</b>	<b>85,785</b>
Of which are:		
Current lease liabilities	10,569	22,016
Non-current lease liabilities	79,988	63,769
	<b>90,557</b>	<b>85,785</b>

In 2023, right-of-use assets amounting to KD10,817 thousand and lease liabilities amounting to KD11,584 thousand were terminated.

### 23 Accounts payable and other liabilities

	31 Dec. 2024 KD 000's	31 Dec. 2023 KD 000's
Accounts payable	68,336	64,926
Accrued expenses	57,586	54,227
Accrued capital expenditure	28,453	18,143
Provision for litigations and claims	18,027	18,090
Other payables	13,777	14,033
	<b>186,179</b>	<b>169,419</b>

Accrued expenses include KD7,963 thousand (2023: KD5,680 thousand) payable to related parties. Accounts payable and accruals include KD70,883 thousand denominated in US Dollars (31 December 2023: KD49,307 thousand).

### 24 Ordinary General Assembly and Directors' remuneration

Provision made in the consolidated financial statements for Board of Directors' remuneration amount of KD75 thousand is subject to the approval Ordinary General Assembly of the shareholder.

Ordinary General Assembly of the shareholder of the Parent Company held on 3 July 2024 approved the consolidated financial statements for the year ended 31 December 2023 and the directors' remuneration amount of KD70 thousand for the year ended.

## Notes to the consolidated financial statements

### 25 Exploration for and evaluation of oil and natural gas resources

The details of assets engaged in exploration are as follows:

	31 Dec. 2024 KD 000's	31 Dec. 2023 KD 000's
<b>Exploration assets</b>		
Tangible assets (note 9)	9,258	11,822
Construction in progress	21	21
<b>Total exploration assets</b>	<b>9,279</b>	<b>11,843</b>

### 26 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Group has entered into transactions with related parties on terms approved by management. Balances and transactions with related parties not disclosed elsewhere in these consolidated financial statements are as follows:

Expenses for the year include KD22,216 thousand (2023: KD21,227 thousand) incurred through related parties for providing administration and other support services.

Nature of transactions	Relationships	Year ended 31 Dec. 2024 KD 000's	Year ended 31 Dec. 2023 KD 000's
Manpower supply services	AGOC	364	772
Purchase of fuel & diesel	Companies affiliated to the Parent and AGOC	8,559	6,729
Medical and other services	Companies affiliated to the Parent	9,600	11,803
Accommodation & other services	Companies affiliated to the Parent	2,851	1,449
Provision of IT services	Companies affiliated to the Parent & SAC	842	476
Recovery of cost for medical services provided	AGOC	-	(2)
<b>Key management compensation:</b>			
Salaries and other benefits		620	723
Post-employment benefits		59	78
Directors' remuneration		75	70
		<b>754</b>	<b>871</b>

## Notes to the consolidated financial statements

### 27 Interest in the joint operations

The consolidated financial statements include the following items that represent the Group's interest in the Joint Operations.

Consolidated Statement of financial position	KJO		WJO	
	31 Dec.	31 Dec.	31 Dec.	31 Dec.
	2024	2023	2024	2023
	KD 000's	KD 000's	KD 000's	KD 000's
<b>Assets</b>				
Property, plant and equipment-Tangible	765,383	756,006	210,805	190,986
Property, plant and equipment-Intangible	221	844	12,677	16,812
Right-of-use assets	75,647	60,398	14,011	24,519
Loans to employees	7,816	8,018	243	243
Inventories	13,274	9,230	12,675	9,908
Deferred cost	10,272	8,260	1,703	2,875
Receivables and prepayments	10,759	8,466	11,021	7,445
Term deposits	2,413	5,530	-	-
Cash and cash equivalents	3,826	996	-	-
	889,611	857,748	263,135	252,788
<b>Liabilities</b>				
Employees' provident funds	14,356	15,060	-	-
Post-employment benefits	99,359	105,496	49,980	55,429
Accounts payable and other liabilities	90,346	86,831	54,646	45,413
Lease liabilities	76,306	60,916	14,251	24,396
	280,367	268,303	118,877	125,238
<b>Net assets</b>	<b>609,244</b>	<b>589,445</b>	<b>144,258</b>	<b>127,550</b>
<b>Net expenses for the year</b>	<b>(215,623)</b>	<b>(216,469)</b>	<b>(142,133)</b>	<b>(154,346)</b>
<b>Group's share of Joint Operations' commitments:</b>				
Proportionate share in joint capital commitments	74,129	37,833	95,430	2,581
Proportionate share in other operating commitments	246,942	143,968	192,539	247,901
	321,071	181,801	287,969	250,482

## 28 Summary of financial assets and liabilities by category and fair value measurement

### 28.1 Categories of financial assets and liabilities

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

	31 Dec. 2024 KD 000's	31 Dec. 2023 KD 000's
<b>Financial assets</b>		
<i>At amortised cost:</i>		
Loans to employees	11,323	12,664
Accounts receivable	16,689	8,653
Cash and cash equivalents	5,015	2,904
Term deposits	2,413	5,530
	<b>35,440</b>	<b>29,751</b>
<b>Financial liabilities</b>		
<i>At amortised cost:</i>		
Accounts payable and other liabilities	186,179	169,419
Lease liabilities	90,557	85,785
	<b>276,736</b>	<b>255,204</b>

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

### Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for assets or liabilities that are not based on observable market data (i.e., unobservable inputs).

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

## 29 Risk management objectives and policies

The Group's use of financial instruments exposes it to a variety of financial risks such as credit risk, market risk, liquidity risk and political risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. Risk management is carried out by the finance department under policies approved by the Board of Directors. Financial department identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as credit risk, market risk and liquidity risk.

## 29 Risk management objectives and policies (continued)

The significant risks that the Group is exposed to are discussed below:

### 29.1 Market risk

#### a) Foreign currency risk

The Group is primarily exposed to foreign currency risk as a result of gains/losses on translation of foreign currency denominated assets and liabilities such as accounts receivable and accounts payable. The Group manages this risk by setting limits on exposures to currency and transacting business in major currencies. The management assess that the Group's exposure to foreign currency risk is not material as of the reporting date.

#### b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is not exposed to interest rate risk with respect to its financial assets.

#### c) Equity price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is not exposed to price risk with respect to its financial assets.

### 29.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarized below:

	31 Dec. 2024 KD 000's	31 Dec. 2023 KD 000's
Cash and cash equivalents	5,015	2,904
Term deposits	2,413	5,530
Accounts receivable	16,689	8,653
Loans to employees	11,323	12,664
	<b>35,440</b>	<b>29,751</b>

Accounts receivable mainly represents current account balances due from SAC, a related party, where the credit risk is considered as low by management as the counterparty is a reputable with no history of default.

The credit risk in respect of cash and cash equivalents and term deposits are managed via diversification of bank deposits, and are only with major reputable financial institutions.

Loans to employees are secured in accordance with the Group's policy for which the loan is granted.

Based on management's assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly.

### **29 Risk management objectives and policies (continued)**

#### **29.3 Liquidity risk**

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, the management has to arranged funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis. The Group's funding requirements are fully provided by the Ultimate Parent Company.

All financial liabilities of the Group as of the date of the consolidated financial position are mature within twelve months, except for due to the Ultimate Parent Company, employees' provident fund, post-employment benefits and non-current portion of lease liabilities. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

### **30 Capital management risk**

The Group is not exposed to capital risk, since the Ultimate Parent is committed to provide all funding requirements of the Group.