



Date: 17/02/2025
Ref no. JTC/Disclosure/2025/02

التاريخ: 2025/02/17
مرجع رقم JTC/Disclosure/2025/02

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

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

Subject: Results of the Board of Director meeting and approval of the consolidated financial statement of the financial year ended on 31 December 2024

الموضوع: نتائج إجتماع مجلس الإدارة واعتماد البيانات المالية السنوية عن الفترة المنتهية في 31 ديسمبر 2024

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

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

We are pleased to notify you that the Board of Directors met on Monday 17th of February 2025 at 1:00 PM and approved the consolidated financial statements for the fiscal year ended on 31/12/2024.

نفيدكم علماً بأن مجلس الإدارة قد اجتمع في يوم الأثنين الموافق 2025/02/17 في تمام الساعة الواحدة ظهراً واعتمد البيانات المالية السنوية المجمعة للشركة عن السنة المالية المنتهية في 2024/12/31.

Attachments:

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

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

Sheikh \ Sabah Mohamad Al Sabah
Vice Chairman

الشيخ / صباح محمد الصباح
نائب رئيس مجلس الإدارة



JTC Logistics Transportation & Stevedoring Co. K.S.C.P.

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

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شركة جي تي سي لوجستيك للنقلات والمناولة ش.م.ك.ع.

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نموذج الإفصاح عن المعلومات الجوهرية

Material Information Disclosure

Date	17/02/2025	التاريخ	2025/02/17
Name of Listed Company	JTC Logistics Transportation and Stevedoring Co.	اسم الشركة المدرجة	شركة جي تي سي لوجستيك للنقلات والمناولة
Material Information		المعلومة الجوهرية	
<p>JTC Logistics Transportation and Stevedoring Company hereby announces that the Board of Directors has held its meeting on 17/02/2025 at 1:00 PM and approved the consolidated financial statement of the financial year ended on 31/12/2024, approved the proposed dividends distribution and called the Annual General Assembly to meet, In addition, the Borad of Directors approved to call the Extraordinary General Assembly to approve some changes to the Company AoA and MoA. Such meetings shall be disclosed once scheduled at a later stage.</p> <p>Attached herewith are the annual financial statements, financial statement format and the external auditor's report.</p>		<p>تعلن شركة جي تي سي لوجستيك للنقلات والمناولة بأن مجلس الإدارة قد اجتمع في يوم الاثنين الموافق 2025/02/17 في تمام الساعة الواحدة ظهراً وقد اعتمد البيانات المالية السنوية المجمعة للسنة المالية المنتهية في 2024/12/31 وقرر اعتماد التوصية بتوزيع الأرباح المحققة خلال العام 2024 وقرر دعوة الجمعية العمومية العادية للاجتماع ، كما قرر دعوة الجمعية العمومية غير العادية للاجتماع للموافقة على تعديل بعض مواد عقد التأسيس والنظام الاساسي للشركة وسوف يتم الإعلان عن موعد انعقاد الجمعية العمومية العادية وغير العادية عندما يتحدد في وقت لاحق.</p> <p>مرفق طيه نسخة من البيانات المالية والنموذج الخاص بالبيانات المالية ونسخة من تقرير مراقب الحسابات الخارجي.</p>	
Impact of the material information on the company's financial position		أثر المعلومة الجوهرية (إن وجد) على المركز المالي للشركة	
There is no financial impact		لا يوجد أثر مالي	

Authorized Signatory
Sheikh \ Sabah Mohamad Al Sabah
Vice Chairman

المفوض بالتوقيع
الشيخ / صباح محمد الصباح
نائب رئيس مجلس الإدارة



Handwritten initials and signatures in blue ink, including 'MR' and other marks.

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

اختر من القائمة	2024-12-31
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تاريخ اجتماع مجلس الإدارة	2025-02-17
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المستندات الواجب إرفاقها بالنموذج	Required Documents
نسخة من البيانات المالية المعتمدة نسخة من تقرير مراقب الحسابات المعتمد لا يعتبر هذا النموذج مكتملاً ما لم يتم وإرفاق هذه المستندات	Approved financial statements. Approved auditor's report This form shall not be deemed to be complete unless the documents mentioned above are provided

التغيير (%)	السنة المقارنة	السنة الحالية	البيان
Change (%)	Comparative Year	Current Year	Statement
	2023-12-31	2024-12-31	
3.8%	6,398,019	6,639,255	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
3.8%	42.65	44.26	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
-30.3%	25,707,094	17,908,723	الموجودات المتداولة Current Assets
-1.1%	76,132,271	75,332,336	إجمالي الموجودات Total Assets
19.0%	7,640,171	9,093,106	المطلوبات المتداولة Current Liabilities
-18.4%	24,134,738	19,692,789	إجمالي المطلوبات Total Liabilities
7.0%	51,997,533	55,639,547	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
-1.0%	28,799,739	28,508,613	إجمالي الإيرادات التشغيلية Total Operating Revenue
4.4%	7,237,236	7,554,834	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)
لا ينطبق Not applicable	لا توجد خسائر متراكمة No accumulated losses	لا توجد خسائر متراكمة No accumulated losses	الخسائر المتراكمة / رأس المال المدفوع Accumulated Loss / Paid-Up Share Capital

التغيير (%)	الربع الرابع المقارن	الربع الرابع الحالي	البيان
Change (%)	Fourth quarter Comparative Year	Fourth quarter Current Year	Statement
	2023-12-31	2024-12-31	
-22.1%	1,872,103	1,458,845	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
-22.1%	12.48	9.73	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
5.1%	7,170,354	7,538,294	إجمالي الإيرادات التشغيلية Total Operating Revenue
-17.6%	2,186,511	1,802,653	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)

• Not Applicable for first Quarter

• لا ينطبق على الربع الأول

Increase/Decrease in Net Profit (Loss) is due to	سبب ارتفاع/انخفاض صافي الربح (الخسارة)
Higher operating profit margin.	زيادة هامش الأرباح التشغيلية.

Total Revenue realized from dealing with related parties (value, KWD)	65,710	بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)
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Total Expenditures incurred from dealing with related parties (value, KWD)	122,555	بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)
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Auditor Opinion		رأي مراقب الحسابات	
1.	Unqualified Opinion	<input checked="" type="checkbox"/>	1. رأي غير متحفظ
2.	Qualified Opinion	<input type="checkbox"/>	2. رأي متحفظ
3.	Disclaimer of Opinion	<input type="checkbox"/>	3. عدم إبداء الرأي
4.	Adverse Opinion	<input type="checkbox"/>	4. رأي معاكس

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

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

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

KR

Corporate Actions		استحقاقات الأسهم (الإجراءات المؤسسية)	
النسبة	القيمة		
26%	26 فلس للسهم الواحد 26 fils per share	توزيعات نقدية Cash Dividends	
لا ينطبق Not applicable	لا ينطبق Not applicable	توزيعات أسهم منحة Bonus Share	
لا ينطبق Not applicable	لا ينطبق Not applicable	توزيعات أخرى Other Dividend	
لا ينطبق Not applicable	لا ينطبق Not applicable	عدم توزيع أرباح No Dividends	
		زيادة رأس المال Capital Increase	
	علاوة الإصدار Issue Premium		
لا ينطبق Not applicable	لا ينطبق Not applicable	تخفيض رأس المال Capital Decrease	

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

**JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P
(FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH
INDEPENDENT AUDITOR'S REPORT**

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P
(FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
AND ITS SUBSIDIARIES
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH
INDEPENDENT AUDITOR'S REPORT

CONTENTS

	<u>Pages</u>
Independent auditor's report	1 - 4
Consolidated statement of financial position	5
Consolidated statement of profit or loss	6
Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9 - 10
Notes to consolidated financial statements	11 - 47



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INDEPENDENT AUDITOR'S REPORT

The Shareholders

JTC Logistics Transportation & Stevedoring Company. K.S.C.P. (Formerly Jassim Transport and Stevedoring Company K.S.C.P)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of JTC Logistics Transportation & Stevedoring Company. K.S.C.P. (Formerly Jassim Transport and Stevedoring Company K.S.C.P.) (the "Parent Company") and its subsidiaries (collectively, "the Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the financial year then ended, and notes to the consolidated financial statements, including a summary of material accounting information.

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

Basis for Opinion

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

Key Audit Matters

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

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

Valuation of investment properties

Investment properties as at December 31, 2024 amounting to KD 11,922,000 (2023: KD 7,877,537) represent a significant part of the Group's total assets. The valuation of investment properties is a key audit matter because it contains significant judgments and assumptions that are highly reliant on estimates. The Group's policy is to evaluate investment properties at least once a year through licensed external valuers. These assessments are based on assumptions such as market knowledge, developer risks and historical transactions. For the purpose of estimating the fair value of investment properties, valuers had used valuation techniques of sales comparison, taking into consideration the nature and use of investment properties. We have reviewed the valuation reports issued by the licensed external valuers, such as reviewing appropriateness of the valuation model used and reasonableness of the key assumptions applied and have focused on the adequacy of disclosures of investment properties as provided in Note 8 to the accompanying consolidated financial statements.

Other information included in the Annual Report of the Group for the year ended December 31, 2024

Management is responsible for the other information. Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

We further report that, during the course of our audit and to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law 7 of 2010, concerning the Capital Markets Authority and Organization of Security Activity, its amendments and Executive Regulations during the financial year ended December 31, 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

State of Kuwait
February 17, 2025



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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	2024	(Restated)* 2023	(Restated)* 2022
Current assets:				
Cash and cash equivalents	3	6,280,374	14,888,092	4,646,872
Accounts receivable and other debit balances	4	9,975,154	9,286,277	8,443,183
Inventories	5	1,466,940	1,348,159	1,087,973
Financial assets at fair value through other comprehensive income ("FVOCI")	27	186,255	184,566	200,289
		<u>17,908,723</u>	<u>25,707,094</u>	<u>14,378,317</u>
Assets held for sale		-	-	465,536
Total current assets		<u>17,908,723</u>	<u>25,707,094</u>	<u>14,843,853</u>
Non-current assets:				
Property and equipment	6	44,316,478	41,427,896	39,654,177
Right-of-use assets	7	1,185,135	1,119,744	1,188,708
Investment properties	8	11,922,000	7,877,537	5,461,156
Total non-current assets		<u>57,423,613</u>	<u>50,425,177</u>	<u>46,304,041</u>
Total assets		<u>75,332,336</u>	<u>76,132,271</u>	<u>61,147,894</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Loans and borrowings	9	1,370,000	1,784,393	514,393
Accounts payable and other credit balances	10	7,087,996	5,341,618	5,819,919
Lease liabilities	11	635,110	514,160	673,908
Total current liabilities		<u>9,093,106</u>	<u>7,640,171</u>	<u>7,008,220</u>
Non-current liabilities:				
Loans and borrowings	9	7,940,030	14,008,186	4,115,149
Lease liabilities	11	561,091	617,213	540,158
Provision for end of service indemnity	12	2,098,562	1,869,168	1,745,380
Total non-current liabilities		<u>10,599,683</u>	<u>16,494,567</u>	<u>6,400,687</u>
Total liabilities		<u>19,692,789</u>	<u>24,134,738</u>	<u>13,408,907</u>
Equity:				
Share capital	13	15,000,000	15,000,000	15,000,000
Statutory reserve	14	8,170,653	7,457,914	6,824,107
Revaluation surplus	6 (c)	9,187,409	8,885,191	8,308,964
Fair value reserve		79,575	77,886	93,609
Foreign currency translation reserve		(12,490)	(11,342)	(11,365)
Retained earnings		<u>23,214,400</u>	<u>20,587,884</u>	<u>17,523,672</u>
Total equity		<u>55,639,547</u>	<u>51,997,533</u>	<u>47,738,987</u>
Total liabilities and equity		<u>75,332,336</u>	<u>76,132,271</u>	<u>61,147,894</u>

* Certain comparative figures to the consolidated financial statements as of December 31, 2023, and December 31, 2022 have been restated to reflect adjustments made as detailed in Note 29.

The accompanying notes from (1) to (29) form an integral part of the consolidated financial statements.

Sheikh Sabāh Mohammad Abdulaziz Al Sabah
Vice Chairman



JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

	Note	2024	(Restated)* 2023
Operating revenue	16	28,508,613	28,799,739
Operating costs	17	(19,357,320)	(19,287,080)
Gross profit		9,151,293	9,512,659
Changes in fair value of investment properties	8	562,032	245,773
General and administrative expenses	18	(2,846,773)	(3,045,181)
Allowance for expected credit losses no longer required (charge)	4 (b)	272,940	(54,129)
Write down of assets held for sale		-	(56,721)
Provision for legal case	24	(514,991)	-
Finance charges		(427,446)	(521,842)
Other income	19	930,333	634,835
Profit for the year before contribution to Kuwait Foundation for Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration		7,127,388	6,715,394
Contribution to KFAS	20	(62,962)	(62,528)
NLST		(274,408)	(156,319)
Zakat		(109,763)	(62,528)
Board of Directors' remuneration	23	(41,000)	(36,000)
Profit for the year		6,639,255	6,398,019
		Fils	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	21	44.26	42.65

* Certain amounts shown here do not correspond to the consolidated financial statements for the year ended December 31, 2023 and reflect adjustments made as detailed in Note 29.

The accompanying notes from (1) to (29) form an integral part of the consolidated financial statements.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

	Note	2024	(Restated)* 2023
Profit for the year		<u>6,639,255</u>	<u>6,398,019</u>
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Exchange differences on translating foreign operations		(1,148)	23
<u>Item that will not be reclassified subsequently to profit or loss</u>			
Revaluation of leasehold land	6 (c)	302,218	576,227
Changes in fair value of financial assets at FVOCI		<u>1,689</u>	<u>(15,723)</u>
Other comprehensive income for the year		<u>302,759</u>	<u>560,527</u>
Total comprehensive income for the year		<u>6,942,014</u>	<u>6,958,546</u>

* Certain amounts shown here do not correspond to the consolidated financial statements for the year ended December 31, 2023 and reflect adjustments made as detailed in Note 29.

The accompanying notes from (1) to (29) form an integral part of the consolidated financial statements.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

(All amounts are in Kuwaiti Dinars)

	Share capital	Statutory reserve	Revaluation surplus	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity
Balance as at December 31, 2022 (as previously reported)	15,000,000	6,824,107	11,512,850	93,609	(11,365)	14,015,274	47,434,475
Adjustment on correction of errors (Note 29)	-	-	(3,203,886)	-	-	3,508,398	304,512
Balance as at December 31, 2022 (Restated)*	15,000,000	6,824,107	8,308,964	93,609	(11,365)	17,523,672	47,738,987
Total comprehensive income (loss) for the year (Restated)*	-	-	576,227	(15,723)	23	6,398,019	6,958,546
Transfer to reserve	-	633,807	-	-	-	(633,807)	-
Cash dividends (Note 23)	-	-	-	-	-	(2,700,000)	(2,700,000)
Balance as at December 31, 2023 (Restated)*	15,000,000	7,457,914	8,885,191	77,886	(11,342)	20,587,884	51,997,533
Total comprehensive income (loss) for the year	-	-	302,218	1,689	(1,148)	6,639,255	6,942,014
Transfer to reserve	-	712,739	-	-	-	(712,739)	-
Cash dividends (Note 23)	-	-	-	-	-	(3,300,000)	(3,300,000)
Balance as at December 31, 2024	15,000,000	8,170,653	9,187,409	79,575	(12,490)	23,214,400	55,639,547

* Certain amounts shown here do not correspond to the consolidated financial statements as at December 31, 2023 and December 31, 2022 and reflect adjustments made as detailed in Note 29.

The accompanying notes from (1) to (29) form an integral part of the consolidated financial statements.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

	Note	2024	(Restated)* 2023
Cash flows from operating activities:			
Profit for the year before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration		7,127,388	6,715,394
Adjustments for:			
Depreciation	6	5,313,560	4,912,022
Property and equipment written off	6	-	8,982
Gain on early termination of right-of-use assets	19	-	(7,743)
Amortization on right-of-use assets	7	650,447	673,857
Changes in fair value of investment properties	8	(562,032)	(245,773)
Allowance for expected credit losses (no longer required) charge	4 (b)	(272,940)	54,129
Provision for slow-moving and obsolete inventories	5 (a)	-	19,180
Inventories written off	5	20,770	-
Dividend income	19	(14,569)	(14,043)
Interest income	19	(232,798)	(325,448)
Write down of assets held for sale		-	56,721
Loss on disposal of assets held for sale		-	20,780
Provision for legal case	24	514,991	-
Accrued expenses written back	19	(115,033)	-
Gain on disposal of property and equipment	19	(254,616)	(153,603)
Foreign exchange gain	19	(47,932)	(16,187)
Finance charges		427,446	521,842
Provision for end of service indemnity	12	326,459	336,543
		12,881,141	12,556,653
Changes in operating assets and liabilities:			
Inventories		(139,603)	(279,383)
Accounts receivable and other debit balances		(420,315)	(791,606)
Accounts payable and other credit balances		1,210,932	(490,615)
Cash flows generated from operations		13,532,155	10,995,049
Payment of provision for end of service indemnity	12	(96,416)	(212,674)
KFAS paid	20	(58,867)	(48,176)
NLST paid		(147,167)	(120,440)
Zakat paid		(58,867)	(48,176)
Board of Directors' remuneration paid		(36,000)	(26,000)
Net cash flows from generated from operating activities		13,134,838	10,539,583
Cash flows from investing activities:			
Fixed deposits		6,750,000	(9,250,000)
Proceeds from disposal of assets held for sale		-	308,710
Paid for purchase of property and equipment		(8,380,470)	(6,360,999)
Proceeds from disposal of property and equipment		797,001	479,780
Paid for purchase of investment properties		(3,399,506)	(2,144,443)
Finance charges capitalized for investment properties	8	(82,925)	(26,165)
Interest income received		232,798	109,028
Dividend income received		14,569	14,043
Net cash flows used in investing activities		(4,068,533)	(16,870,046)

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

	Note	2024	(Restated)* 2023
Cash flows from financing activities:			
Loans and borrowings		(6,482,549)	11,163,037
Finance charges paid		(391,114)	(402,105)
Lease payments	11	(687,747)	(718,336)
Cash dividends paid		(3,303,812)	(2,710,625)
Net cash flows (used in) generated from financing activities		(10,865,222)	7,331,971
Net (decrease) increase in cash and cash equivalents		(1,798,917)	1,001,508
Foreign currency translation adjustments		(58,801)	(10,288)
Cash and cash equivalents at the beginning of the year		5,388,092	4,396,872
Cash and cash equivalents at the end of the year	3	3,530,374	5,388,092

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

	Note	2024	2023
Additions to right-of-use assets	7	(715,653)	(901,302)
Additions to lease liabilities	11	715,653	901,302

* Certain amounts shown here do not correspond to the consolidated financial statement for the year ended December 31, 2023 and reflect adjustments made as detailed in Note 29.

The accompanying notes from (1) to (29) form an integral part of the consolidated financial statements.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities of the Parent Company

The registered head office of the Parent Company is at Mirqab, Area No 1, Building No 8, Saleh Sulaiman Al Jarah Real Estate Complex, Office 2, 5th floor, P.O. Box 22801, Safat 13089, Kuwait. The Parent Company is registered and incorporated in Kuwait on May 25, 1979. The commercial register of the Parent Company was amended to reflect latest changes on October 15, 2024.

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

The activities of the Parent Company as per the Articles of Association comprise of the following:

1. Carry out all road transport operations outside the State of Kuwait and in particular operations related to carrying passengers by any mean of land transportation.
2. Buy, sell, rent, hire and import all kinds of trucks, vehicles, equipment and machinery, light and heavy, and any necessary mean for stevedoring, land , sea materials transportation inside and outside Kuwait.
3. Develop any private road transport industry or related to it (after getting the approval of the Public Authority for Industry).
4. Clearance, shipping and stevedoring operations for imported and issued goods and packaging goods of all kinds.
5. Participate in the management, operation and maintenance and the establishment of maritime and land ports and container terminals related to this activity.
6. Practicing all e-commerce activities, according to the Parent Company's activity.
7. Build and rent the necessary buildings for services and crafts related to stevedoring and land and maritime transport.
8. Shipping and services of all kinds of vessels and supply ships and ships agents for companies.
9. Provide all transportation and airport management services, which include ground support services for passengers, aircraft and aviation-related goods.
10. Owning moveable property and real estate to conduct its operations in the permissible limits according to the law.
11. Using the available funds of the Parent Company by investing them in financial portfolios managed by specialized authorities and companies.
12. Stevedoring services, loading and unloading ships and maritime transport.
13. Perform all road transport operations, transporting goods and various materials inside and outside the State of Kuwait. Especially, operations related to the transport of general cargo and bulk fuel, water and precious chemical materials by any mean of transportation.
14. Owns stocks and bonds for the Parent Company account only (Parent Company may have an interest or participate in any way with bodies engaged in similar activities or which may assist in achieving its objectives in Kuwait or abroad and it may arise or participates or buy these bodies or join them in their equity). The Parent Company may perform the aforementioned activities within or outside the State of Kuwait as a legal entity or as an agent.
15. Renting, leasing, setting up and managing warehouses in all its forms and supplying them with the necessary fixtures.
16. Storing goods in accordance with the presentation system under customs supervision inside or outside the customs areas.
17. Metal-turning points, blacksmithing workshops, assembling engines, generators, electrical transformers, and electrical distribution and control devices after the approval of the Public Authority for Industry.
18. Selling and buying shares and bonds for the Parent Company's account.

The Parent Company may perform other similar, complementary or connected activities to its main activities.

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

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

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

The consolidated financial statements was authorized for issue in accordance with a resolution of the Parent Company's Board of Directors on February 17, 2025. The Shareholders' Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Material accounting policies information

a) Basis of preparation

The accompanying consolidated financial statements of the Group have been prepared in accordance with the IFRS Accounting Standard ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

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

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Material accounting judgments, estimates and assumptions are disclosed in Note 2(w). The key sources of estimation uncertainty are consistent with the annual audited financial statements of the Group for the year ended December 31, 2023.

New and revised Standards that are effective for the current year

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following amended International Financial Reporting Standards as of January 1, 2024:

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments must be applied retrospectively.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

These amendments to paragraphs 69 to 76 of IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

The amendments must be applied retrospectively.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

These amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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

New and revised Standards issued but not yet effective

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

IFRS 18 Presentation and Disclosures in Financial Statements

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

IFRS 18 introduces new requirements to:

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

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

The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of the standard.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

The new standard, IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. An entity is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027.

The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of the standard.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

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

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

- A clarification that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments

The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of the standard.

Lack of Exchangeability (Amendments to IAS 21)

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted.

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

The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of the standard.

b) Current vs non-current classification

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

An asset is current when it is:

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

A liability is current when:

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

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

c) Basis of consolidation

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

Name of the subsidiary	Country of incorporation	Principal activities	Percentage of holding	
			2024	2023
<u>Directly held by Parent Company:</u>				
Kuwait International Company for the Wholesale of Light and Heavy Equipment W.L.L (Formerly JTC Fuel Transport Company W.L.L. ("JTCE"))	State of Kuwait	Carriage of goods	99%	99%
JTC Heavy and Light Equipment and Machinery Leasing Company W.L.L. ("JTCE")	State of Kuwait	Leasing vehicles and equipment rental	99%	99%
<u>Indirectly held by the Parent Company through Group's subsidiaries:</u>				
Kuwait International Company for the Wholesale of Light and Heavy Equipment W.L.L (Formerly JTC Fuel Transport Company W.L.L. ("JTCE"))	State of Kuwait	Carriage of goods	1%	1%
JTC Heavy and Light Equipment and Machinery Leasing Company W.L.L. ("JTCE")	State of Kuwait	Leasing vehicles and equipment rental	1%	1%
<u>Held through JTCE:</u>				
Al Mushtari Public Transport, Equipment Leasing, Marine Services Warehousing Company W.L.L. (i)	Republic of Iraq	Public transport, equipment leasing, marine services and warehousing.	-	100%
JTC Logistics Company L.L.C.	Kingdom of Saudi Arabia	Carriage of cargo and passengers, storage services and leasing of heavy and light equipments.	100%	100%
<u>Held through JTCE:</u>				
Road Junction Transport and Equipment Company W.L.L. (ii)	State of Qatar	Leasing of heavy and light equipment including cranes and forklifts and power generators.	100%	100%

(i) Based on the Board of Director's meeting held on September 5, 2022, the Parent Company decided to liquidate the Company. During the year, the process of obtaining the regulatory approvals and obtaining the final liquidator report is completed.

(ii) The Parent Company has 51% beneficial ownership in Road Junction Transport and Equipment Company W.L.L. as of December 31, 2024 (December 31, 2023: 51%). The Group based on advice from its legal counsel has assessed that it effectively owns 100% of the subsidiary.

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

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

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

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

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

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

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

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to consolidated statement of profit or loss or retained earnings as appropriate.

d) Financial instruments

Initial recognition

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

Classification

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

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

A) Financial assets

I. Categories and measurement of financial assets

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

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

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

Business model assessment

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

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

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instrument’s cash flows represent Solely Payments of Principal and Interest (the ‘SPPI test’). ‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

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

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

Derecognition

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

Debt instruments at amortized cost

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

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

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

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating and recognizing interest revenue or interest expense in profit or loss over the relevant period.

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

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

i. **Cash and cash equivalents**

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

ii. **Trade receivables**

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

Equity instruments at FVOCI

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

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

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

II. Impairment of financial assets

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

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

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

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

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

B) Financial liabilities

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

Financial liabilities at amortized cost

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

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

i. Accounts payable

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

ii. Loans and borrowings

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

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

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

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

C) Offsetting of financial assets and liabilities

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

e) Inventories

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

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

(All amounts are in Kuwaiti Dinars)

f) Property and equipment

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

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

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

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

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

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

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

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

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

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

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

g) Revaluation surplus

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

h) Leases

Group as a lessor

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

(i) Finance lease

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

(ii) Operating lease

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

Group as a lessee

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

(i) Right-of-use assets

The Group recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

(ii) Lease liabilities

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

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

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

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

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

i) Investment properties

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

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

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

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

j) Impairment of non-financial assets

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

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

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

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

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

k) Provisions

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

l) Provision for end of service indemnity

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

m) Dividend distribution to shareholders of the Parent Company

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

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

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

n) Share capital

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

o) Treasury shares

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

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

p) Revenue from contracts with customers

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

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

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

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

(All amounts are in Kuwaiti Dinars)

The Group recognizes revenue either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:

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

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

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

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

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

Revenue for the Group arises from the following activities:

(i) Service revenue

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

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

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

(ii) Other income

Other income is recognized on an accrual basis.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

q) Borrowing costs

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

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

r) Foreign currencies

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

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

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

s) National Labor Support Tax (NLST)

NLST is calculated at 2.5% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat, and Board of Director's remuneration, and after deducting the cash dividends received from companies listed in Bursa Kuwait in accordance with Law No. 19 of 2000 and Ministerial Resolution No. 24 of 2006 and their Executive Regulations.

t) Zakat

Zakat is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat, and Board of Director's remuneration, and after deducting cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 of 2006 and Ministerial Resolution No. 58 of 2007 and their Executive Regulations.

u) Contingencies

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

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

v) Segment reporting

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

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

w) Material accounting estimates and judgments

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

a) **Judgments:**

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

(i) Revenue recognition

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

(ii) Determination of contract cost

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

(iii) Provision for expected credit losses and inventories

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

(iv) Classification of land

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

a) Properties under development

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

b) Work in progress

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

c) Properties held for trading

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

d) Investment properties

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

(v) Classification of financial assets

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

(vi) Taxes

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

(vii) Control assessment

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

(viii) Leases

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

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

b) Estimates and assumptions:

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

(i) Useful lives of depreciable assets

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

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

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

(All amounts are in Kuwaiti Dinars)

(iii) Revaluation of leasehold land

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

(iv) Valuation of investment properties

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

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

(v) Impairment of non-financial assets

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

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

(vi) Taxes

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

(vii) Leases

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

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

3. Cash and cash equivalents

	<u>2024</u>	<u>2023</u>
Cash on hand and at banks	1,780,374	5,388,092
Fixed deposits	4,500,000	9,500,000
Cash and cash equivalents as presented in the consolidated statement of financial position	6,280,374	14,888,092
Fixed deposits with original maturities more than three months	(2,750,000)	(9,500,000)
Cash and cash equivalents as presented in the consolidated statement of cash flow	<u>3,530,374</u>	<u>5,388,092</u>

Fixed deposits carry an effective interest rate ranging between 2.87% to 5.20% (2023: 3.85% to 5.35%) per annum.

4. Accounts receivable and other debit balances

	<u>2024</u>	<u>2023</u>
Trade receivables (a)	7,581,731	7,827,362
Allowance for expected credit losses ("ECL") (b)	(1,777,046)	(2,060,425)
	5,804,685	5,766,937
Accrued income (a)	1,702,926	1,585,580
Allowance for expected credit losses ("ECL") (b)	(37,568)	(22,751)
	1,665,358	1,562,829
Prepayments and deposits	1,082,863	1,103,375
Advance to suppliers	745,938	832,920
Amounts due from related parties (Note 22)	8,930	10,195
Other receivables (c)	667,380	10,021
	<u>9,975,154</u>	<u>9,286,277</u>

a) Trade receivables and accrued income

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

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

Allowance for expected credit losses is provided for when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst others is considered indicators of no reasonable expectation of recovery and therefore is considered as credit impaired.

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

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

2024

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

2023

	1-365 days	More than 365 days	Total
ECL rate %	2.85%	100%	-
Estimated total gross carrying amount at default	7,544,516	1,868,426	9,412,942
Allowance for expected credit losses	<u>(214,750)</u>	<u>(1,868,426)</u>	<u>(2,083,176)</u>
	<u>7,329,766</u>	<u>-</u>	<u>7,329,766</u>

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

	2024	2023
Balance as at the beginning of the year	<u>2,083,176</u>	2,045,116
Provision (no longer required) charge for the year	<u>(272,940)</u>	54,129
Provision utilised	-	(17,412)
Foreign currency translation adjustments	<u>4,378</u>	1,343
Balance as at the end of the year	<u>1,814,614</u>	<u>2,083,176</u>

- c) Other receivables include balance paid by the Parent Company amounting to KD 623,322 on behalf of the customers.

5. Inventories

	2024	2023
Spare-parts	<u>1,529,577</u>	1,410,744
Provision for slow-moving and obsolete inventories (a)	<u>(62,637)</u>	(62,585)
	<u>1,466,940</u>	<u>1,348,159</u>

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

	2024	2023
Balance as at the beginning of the year	<u>62,585</u>	43,388
Charge for the year (i)	-	19,180
Foreign currency translation adjustments	<u>52</u>	17
Balance as at the end of the year	<u>62,637</u>	<u>62,585</u>

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

During the year, the Group has written off inventory directly to the consolidated statement of profit or loss amounting to KD 20,770 (2023: Nil) included in “Operating costs”.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

(All amounts are in Kuwaiti Dinars)

6. Property and equipment

	Motor vehicles and equipment (f)	Leasehold lands (c)	Leasehold land improvement	Prefabricated buildings	Furniture and fixtures	Tools and machinery	Capital work in progress (d)	Total
Cost:								
As at December 31, 2022 (As previously reported)	70,354,453	12,244,000	1,296,526	2,979,675	1,218,214	195,807	221,450	88,510,125
Adjustment on correction of errors (Note 29)	-	(3,444,445)	(375,541)	(1,626,170)	-	-	(15,000)	(5,461,156)
As of December 31, 2022 (Restated)	70,354,453	8,799,555	920,985	1,353,505	1,218,214	195,807	206,450	83,048,969
Additions	6,026,947	-	4,700	64,574	68,918	19,335	251,582	6,436,056
Revaluation (Restated) (c)	-	576,227	-	-	-	-	-	576,227
Disposals	(4,027,227)	-	-	-	(40,369)	(1,025)	-	(4,068,621)
Write-off (b)	(20,645)	-	-	(17,964)	(1,177)	-	-	(39,786)
Transfers	67,927	-	-	44,360	1,128	-	(113,415)	-
Foreign currency translation adjustments	32,804	-	-	911	71	2	-	33,788
As at December 31, 2023 (Restated)	72,434,259	9,375,782	925,685	1,445,386	1,246,785	214,119	344,617	85,986,633
Additions	5,430,384	-	45,226	241,602	94,431	18,035	2,550,792	8,380,470
Revaluation (c)	-	302,218	-	-	-	-	-	302,218
Disposals	(5,244,115)	-	-	-	-	-	-	(5,244,115)
Write-off (b)	(40,902)	-	(45,590)	(572,438)	(147,157)	(50,142)	-	(856,229)
Transfers	2,144,718	-	-	-	4,466	-	(2,149,184)	-
Foreign currency translation adjustments	96,609	-	-	277	328	34	-	97,248
As at December 31, 2024	74,820,953	9,678,000	925,321	1,114,827	1,198,853	182,046	746,225	88,666,225

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

6. Property and equipment (continued)

	Motor vehicles and equipment (f)	Leasehold lands (c)	Leasehold land improvement	Prefabricated buildings	Furniture and fixtures	Tools and machinery	Capital work in progress (d)	Total
Accumulated depreciation:								
As at December 31, 2022 (As previously reported)	40,391,064	-	958,985	1,136,570	1,056,995	155,690	-	43,699,304
Adjustment on correction of errors (Note 29)	-	-	(291,044)	(13,468)	-	-	-	(304,512)
As of December 31, 2022 (Restated)	40,391,064	-	667,941	1,123,102	1,056,995	155,690	-	43,394,792
Charge for the year (a) (Restated)	4,693,934	-	84,833	51,255	66,680	15,320	-	4,912,022
Related to disposals	(3,703,071)	-	-	-	(38,348)	(1,025)	-	(3,742,444)
Related to write-off (b)	(20,575)	-	-	(9,052)	(1,177)	-	-	(30,804)
Foreign currency translation adjustments	25,019	-	-	67	76	9	-	25,171
As at December 31, 2023	41,386,371	-	752,774	1,165,372	1,084,226	169,994	-	44,558,737
Charge for the year (a)	5,087,451	-	83,091	56,511	69,609	16,898	-	5,313,560
Related to disposals	(4,701,730)	-	-	-	-	-	-	(4,701,730)
Related to write-off (b)	(40,902)	-	(45,590)	(572,438)	(147,157)	(50,142)	-	(856,229)
Foreign currency translation adjustments	35,008	-	-	170	211	20	-	35,409
As at December 31, 2024	41,766,198	-	790,275	649,615	1,006,889	136,770	-	44,349,747
Net carrying value:								
As at December 31, 2024	33,054,755	9,678,000	135,046	465,212	191,964	45,276	746,225	44,316,478
As at December 31, 2023 (Restated) (e)	31,047,888	9,375,782	172,911	280,014	162,559	44,125	344,617	41,427,896
As at December 31, 2022 (Restated) (e)	29,963,389	8,799,555	253,044	230,403	161,219	40,117	206,450	39,654,177

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

	2024	(Restated) 2023
Operating costs (Note 17)	5,087,451	4,655,432
General and administration expenses (Note 18)	226,109	256,590
	5,313,560	4,912,022

(b) During the year, the Group has written off property and equipment with a net book value amounting to KD Nil (2023: KD 8,982).

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

(All amounts are in Kuwaiti Dinars)

- (c) During the year, the fair valuation was conducted by two accredited appraisers with a recognised and relevant professional qualification and recent experience of the location and category of leasehold land being valued. The change in fair value was calculated based on the lower of the two values. Fair value of the leasehold land is arrived at by reference to industry acknowledged methods of valuation that depends on market data including recent sales value of comparable properties. The fair value was determined based on the sale comparison methods and is measured under Level 2 fair value hierarchy. The revaluation gain amounting to KD 302,218 (2023: KD 576,227) was included in the consolidated statement of other comprehensive income and credited directly to equity as revaluation surplus. The significant assumption used in the determination of fair value was the market price (per sqm). A decrease of 5% (2023: 5%) in the estimated market price (per sqm) will reduce the value by KD 483,900 (2023: KD 468,789).

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

Leasehold land amounting to KD 7,828,000 (2023: KD 7,525,782) is pledged against the term loan obtained by the Group (Note 9).

- (d) Capital work in progress majorly includes certain warehouses and buildings that are under construction which is built on the leasehold lands.
- (e) Property and equipment as at December 31, 2023 and December 31, 2022 has been restated to reflect adjustments made as detailed in (Note 29).
- (f) Certain equipments with a net book value amounting to KD 5,664,564 (2023: KD 6,260,220) are pledged against the term loan obtained by the Group (Note 9).

7. Right-of-use assets

The Group leases several assets including lands and buildings used in operations. The average lease term is ranging from 1 to 3 years, with expiry ranging from April 30, 2025, to November 30, 2027, and renewable. The leases in which the Group is the lessee do not contain any variable lease payment terms.

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

	<u>Lands</u>	<u>Buildings</u>	<u>Total</u>
Gross carrying amount:			
As at December 31, 2023	174,441	3,449,555	3,623,996
Additions (Note 11)	117,984	597,669	715,653
Modifications to right-of-use assets (Note 11)	-	(787)	(787)
Foreign currency translation adjustments	56	994	1,050
As at December 31, 2024	292,481	4,047,431	4,339,912
Accumulated amortization:			
As at December 31, 2023	161,213	2,343,039	2,504,252
Charge for the year (Note 17)	32,858	617,589	650,447
Foreign currency translation adjustments	(282)	360	78
As at December 31, 2024	193,789	2,960,988	3,154,777
Net carrying amount:			
As at December 31, 2024	98,692	1,086,443	1,185,135
As at December 31, 2023	13,228	1,106,516	1,119,744

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

8. Investment properties

The movement during the year is as follows:

	Leasehold land (a)	Warehouse	2024	(Restated) (c) 2023	(Restated) (c) 2022
Adjustment on correction of errors (Note 29)			-	-	5,461,156
Balance as at begininig of the year	3,690,218	4,187,319	7,877,537	5,461,156	5,461,156
Additions (b)	-	3,482,431	3,482,431	2,170,608	-
Changes in fair value	146,782	415,250	562,032	245,773	-
Balance as at end of the year	<u>3,837,000</u>	<u>8,085,000</u>	<u>11,922,000</u>	<u>7,877,537</u>	<u>5,461,156</u>

- (a) Investment properties represent warehouse constructed on leasehold land from the Public Authority for Industry which expires on September 8, 2029 and is renewable.
- (b) The amount of finance charges capitalized during the year amounted to KD 82,925 (2023: KD 26,165).
- (c) Investment properties as at December 31, 2023 and December 31, 2022 has been restated to reflect adjustments made as detailed in (Note 29).

The fair value of the investment properties as of December 31, 2024 has been arrived at by reference to industry acknowledged methods of valuation that depends on market data including recent sales value of comparable properties. The fair value was determined based on the sale comparison methods and is measured under Level 2 fair value hierarchy.

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

Leasehold land with a carrying value of KD 3,837,000 (2023: KD 3,690,218) are pledged against term loan (Note 9).

9. Loans and borrowings

	<u>2024</u>	<u>2023</u>
Term loans (a)	4,330,000	6,677,431
Murabaha payables (b)	4,980,030	9,115,148
	<u>9,310,030</u>	<u>15,792,579</u>

- (a) Term loans are obtained from a local bank and carry an effective interest at a fixed rate of 3.5% per annum (2023: ranges from 0.95% over the CBK discount rate (effective 5.2%) to a fixed rate of 3.5%).

During the year, the Group has fully settled a term loan amounting to KD 1,672,359 on January 4, 2024.

Another term loan amounting to KD 5,200,000 is to be repaid over equal half-yearly installments of KD 435,000 each with the next installment due on June 15, 2025, and final settlement on December 15, 2029.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

(All amounts are in Kuwaiti Dinars)

Term loans are secured by the following collaterals:

	<u>2024</u>	<u>2023</u>
Certain equipment included in "Property and equipment" (Note 6)	5,664,564	6,260,220
Leasehold land included in "Property and equipment" (Note 6)	7,828,000	7,525,782
Leasehold land included in "Investment properties" (Note 8)	3,837,000	3,690,218

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

- (b) The amounts payable under Murabaha agreements are repayable within 1 to 5 years. The amount due is settled on a deferred payment basis and carries a profit rate of 1% over the CBK discount rate (effective 5.25%) (2023: ranging from 1% to 1.125% over the CBK discount rate (effective 5.31%)). Murabaha payables is obtained from a local Islamic bank and denominated in Kuwaiti Dinar. During the year, the Group settled net Murabaha payables amounting to KD 3,940,190.

Represented as:

	<u>2024</u>	<u>2023</u>
Current portion:		
Term loans	870,000	1,270,000
Murabaha payables	500,000	514,393
	1,370,000	1,784,393
Non-current portion:		
Term loans	3,460,000	5,407,431
Murabaha payables	4,480,030	8,600,755
	7,940,030	14,008,186
	9,310,030	15,792,579

10. Accounts payable and other credit balances

	<u>2024</u>	<u>2023</u>
Trade payables	2,403,704	2,228,236
Accruals and provisions	3,184,042	2,644,180
Provision for legal case (Note 24)	514,991	-
Advance from customers	477,494	137,825
Dividend payables	8,927	12,739
KFAS payable (Note 20)	78,479	74,384
NLST	287,650	160,409
Zakat	132,709	81,813
Other payables	-	2,032
	7,087,996	5,341,618

11. Lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Amounts payable relating to leases:				
Within one year	659,493	595,015	635,110	514,160
Beyond one year	570,559	717,671	561,091	617,213
	1,230,052	1,312,686	1,196,201	1,131,373
Less: unamortized future finance charge	(33,851)	(181,313)	-	-
Present value of minimum lease payments	1,196,201	1,131,373	1,196,201	1,131,373

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

(All amounts are in Kuwaiti Dinars)

The movement in the lease liabilities is as follows:

	<u>2024</u>	<u>2023</u>
Balance as at the beginning of the year	1,131,373	1,214,066
Additions (Note 7)	715,653	901,302
Related to early termination of right-of-use assets (Note 19)	-	(298,697)
Lease modifications (Note 7)	(787)	(5,492)
Add: finance charges on lease liabilities	36,332	45,734
Less: lease payments	(687,747)	(718,336)
Foreign currency translation adjustments	1,377	(7,204)
Balance as at the end of the year	<u>1,196,201</u>	<u>1,131,373</u>

The average lease term is ranging from 1 to 3 (2023: 1 to 3) years and the average effective borrowing rate is ranging from 2.63% to 5% for the financial year ended December 31, 2024 (2023: 2.63% to 5%).

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

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

	<u>2024</u>	<u>2023</u>
Current	635,110	514,160
Non-current	561,091	617,213
	<u>1,196,201</u>	<u>1,131,373</u>

12. Provision for end of service indemnity

	<u>2024</u>	<u>2023</u>
Balance as at the beginning of the year	1,869,168	1,745,380
Charge for the year	326,459	336,543
Paid during the year	(96,416)	(212,674)
Foreign currency translation adjustments	(649)	(81)
Balance as at the end of the year	<u>2,098,562</u>	<u>1,869,168</u>

13. Share capital

The Parent Company's authorized, issued and paid-up capital comprises of 150,000,000 (2023: 150,000,000) shares of 100 fils each and all shares are paid in cash.

14. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Director's remuneration is to be transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except for in certain cases stipulated by Law and the Parent Company's Articles of Association.

15. Voluntary reserve

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

(All amounts are in Kuwaiti Dinars)

16. Operating revenue

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

	<u>2024</u>	<u>2023</u>
Equipment leasing	12,919,900	12,032,967
Ports management	9,990,730	11,356,995
Contract logistics	4,161,833	4,453,568
Warehousing leasing	1,436,150	956,209
	<u>28,508,613</u>	<u>28,799,739</u>
Timing of revenue recognition:	2024	2023
Services transferred over time	<u>28,508,613</u>	<u>28,799,739</u>
Total revenue from contracts with customers	<u>28,508,613</u>	<u>28,799,739</u>
Geographical markets:		
Kuwait	24,171,968	25,826,950
Qatar	1,929,648	1,420,065
Saudi	2,406,997	1,552,724
Total revenue from contracts with customers	<u>28,508,613</u>	<u>28,799,739</u>

17. Operating costs

	<u>2024</u>	(Restated) <u>2023</u>
Staff costs	6,298,859	6,349,887
Depreciation (Note 6)	5,087,451	4,655,432
Motor vehicle consumables and maintenance (i)	4,009,479	4,139,254
Sub-contract costs	475,210	779,647
Stevedoring incentive and commission	1,346,165	1,440,744
Amortization of right-of-use assets (Note 7)	650,447	673,857
Others	1,489,709	1,248,259
	<u>19,357,320</u>	<u>19,287,080</u>

(i) Motor vehicle consumables and maintenance includes an amount of KD 2,493,498 (2023: KD 2,596,693) that represents spare parts and other consumables utilized from inventories.

18. General and administrative expenses

	<u>2024</u>	<u>2023</u>
Staff costs	1,614,260	1,587,777
Communication, consultancy and repair and maintenance expenses	443,746	470,952
Depreciation (Note 6)	226,109	256,590
Others	562,658	729,862
	<u>2,846,773</u>	<u>3,045,181</u>

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

(All amounts are in Kuwaiti Dinars)

19. Other income

	<u>2024</u>	<u>2023</u>
Interest income	232,798	325,448
Gain on disposal of property and equipment	254,616	153,603
Gain on early termination of right-of-use assets (a)	-	7,743
Accrued expenses written back	115,033	-
Foreign exchange gain	47,932	16,187
Dividend income	14,569	14,043
Others	265,385	117,811
	<u>930,333</u>	<u>634,835</u>

(a) During the year ended December 31, 2023, the Group had terminated certain rent agreements resulting in a reduction of right-of-use assets and lease liabilities amounting to KD 290,954 and KD 298,697 (Note 11) respectively resulting in a gain on lease termination amounting to KD 7,743.

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

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

The movement in KFAS is as follows: below notes changed

	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	74,384	60,032
Charge for the year	62,962	62,528
Paid during the year	(58,867)	(48,176)
Balance as at the end of the year (Note 10)	<u>78,479</u>	<u>74,384</u>

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

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

	<u>2024</u>	<u>(Restated) 2023</u>
Profit for the year attributable to shareholders of the Parent Company	<u>6,639,255</u>	<u>6,398,019</u>
	<u>Shares</u>	<u>Shares</u>
Weighted average number of shares outstanding at the end of the year	<u>150,000,000</u>	<u>150,000,000</u>
	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to shareholders of the Parent Company	<u>44.26</u>	<u>42.65</u>

For the year ended December 31, 2023, basic and diluted earnings per share were 40.14 Fils prior to the effect of the restatement.

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

(All amounts are in Kuwaiti Dinars)

22. Related party disclosures

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

<u>Balances included in the consolidated statement of financial position:</u>	Entities under common control	2024	2023
Cash and cash equivalents	4,144,662	4,144,662	9,759,689
Accrued income included in "Account receivables and other debit balances"	57,444	57,444	216,273
Account receivables and other debit balances (Note 4)	8,930	8,930	10,195

Transactions included in the consolidated statement of profit or loss:

Operating revenue	65,710	65,710	36,857
General and administrative expenses	(122,555)	(122,555)	(125,102)
Other income	205,697	205,697	276,833

Compensation to key management personnel

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

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

	2024	2023
Salaries and other short term benefits	436,085	417,179
Board of Directors' remuneration (Note 23)	41,000	36,000
Termination benefits	23,684	35,733
	500,769	488,912

23. Board of Directors' meeting and Annual General Assembly

The Board of Directors' meeting held on February 17, 2025, proposed the following:

- a) To distribute cash dividends of 26 fils per share amounting to KD 3,900,000.
- b) To distribute Board of Director's remuneration amounting to KD 41,000 for the financial year ended December 31, 2024.

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

The Shareholders' Annual General Assembly held on April 16, 2024, approved the following:

- a) The consolidated financial statements for the financial year ended December 31, 2023.
- b) Board of Directors' proposal to distribute cash dividends of 22 fils per share amounting to KD 3,300,000.
- c) Board of Directors' proposal to distribute Board of Director's remuneration amounting to KD 36,000 for the financial year ended December 31, 2023.

The Shareholders' Annual General Assembly held on April 6, 2023, approved the following:

- a) The consolidated financial statements for the financial year ended December 31, 2022.
- b) Board of Directors' proposal to distribute cash dividends of 18 fils per share amounting to KD 2,700,000.
- c) Board of Directors' proposal to distribute Board of Director's remuneration amounting to KD 26,000 for the financial year ended December 31, 2022.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

24. Contingent liabilities, capital commitments and legal cases

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

(i) Contingent liabilities	2024	2023
Letters of guarantee	<u>2,168,336</u>	2,197,619
Letters of credit	<u>1,122,733</u>	1,434,415
	<u>3,291,069</u>	<u>3,632,034</u>
(ii) Capital commitments		
Pre-fabricated buildings	<u>1,364,995</u>	<u>3,577,275</u>

(iii) Legal cases

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

Plaintiff: Kuwait Port Authority

Defendant: Parent Company

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

Court verdicts issued:

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

Current status:

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

Financial impact:

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

(ii) There are legal cases being raised by and against the Group as at December 31, 2024. According to the available information, it was not possible to assess probable outflows which could result from those cases until a final verdict is rendered by the court. Accordingly, no provision for any liability has been made in these consolidated financial statements in relation to these legal cases.

25. Segmental reporting

Management has determined the operating segments based on the information reviewed by the Board of Directors represented by the Chief Operating Decision Maker for the purpose of allocating resources and assessing performance. The Chief Operating Decision Maker organizes the entity based on different geographical areas, inside and outside Kuwait. The following table presents the geographical analysis of the Group's assets, liabilities as at December 31, 2024 and December 31, 2023 and profit for the year ended December 31, 2024 and December 31, 2023. The geographical analysis of the Group's operating revenue for the year ended December 31, 2024, and December 31, 2023 is presented in Note 16.

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

(All amounts are in Kuwaiti Dinars)

Geographical information

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

	<u>2024</u>	<u>(Restated) 2023</u>
Segment assets:		
Kuwait	62,067,000	65,422,266
Rest of GCC	13,265,336	10,710,005
	<u>75,332,336</u>	<u>76,132,271</u>
Segment liabilities:		
Kuwait	18,850,178	23,366,885
Rest of GCC	842,611	767,853
	<u>19,692,789</u>	<u>24,134,738</u>
Results:		
Profit for the year		
Kuwait	5,248,919	6,344,371
Rest of GCC	1,390,336	53,648
	<u>6,639,255</u>	<u>6,398,019</u>

26. Financial risk management

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

a) Interest rate (finance cost) risk

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

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

One of the term loan of the Group amounting to KD 4,330,000 (2023: KD 5,005,072) is carrying a fixed interest rate; accordingly, it is not exposed to interest rate risk.

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

<u>Year</u>	<u>Increase / (decrease) in interest rate</u>	<u>Balance as at December 31,</u>	<u>Effect on consolidated statement of profit or loss</u>
<u>2024</u>			
Murabaha payable	± 0.5%	4,980,030	± 24,900
<u>2023</u>			
Term loan	± 0.5%	1,672,359	± 8,362
Murabaha payable	± 0.5%	9,115,148	± 45,576

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

(All amounts are in Kuwaiti Dinars)

b) Credit risk

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

Cash and cash equivalents

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

Trade receivables

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

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

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

c) Foreign currency risk

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

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

<u>Currency</u>	<u>Increase / (decrease) against KD</u>	<u>Effect on consolidated statement financial position</u>	<u>Effect on consolidated statement profit or loss</u>
2024			
US Dollar	± 5%	±384,422	±19,221
Euro	± 5%	±99,911	±4,996
UAE Dirham	± 5%	±153,153	±7,658
GBP	± 5%	±196	± 10
2023			
US Dollar	± 5%	±365,032	±18,252
Euro	± 5%	±2,252	±113
UAE Dirham	± 5%	±825,264	±41,263

d) Liquidity risk

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

Liquidity risk management process

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

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

The maturity profile of financial liabilities is as follows:

	2024			Total
	1-3 months	3-12 months	More than one year	
Loans and borrowings	-	1,370,000	7,940,030	9,310,030
Accounts payable and other credit balances (except advances from customers)	2,403,704	4,206,798	-	6,610,502
Lease liabilities (undiscounted)	172,772	486,721	570,559	1,230,052
Total	2,576,476	6,063,519	8,510,589	17,150,584
	2023			
	1-3 months	3-12 months	More than one year	Total
Loans and borrowings	100,000	1,684,393	14,008,186	15,792,579
Accounts payable and other credit balances (except advances from customers)	2,230,268	2,973,525	-	5,203,793
Lease liabilities (undiscounted)	159,594	435,421	717,671	1,312,686
Total	2,489,862	5,093,339	14,725,857	22,309,058

e) Equity price risk

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

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

	Change in equity instrument price %	Effect on consolidated other comprehensive income (KD)
2024		
Bahrain stock exchange	± 5%	± 9,313
2023		
Bahrain stock exchange	± 5%	± 9,228

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

27. Fair value measurement

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

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

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

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

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

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of foreign quoted investment carried at FVOCI as at December 31, 2024 amounting to KD 186,255 (2023: KD 184,566) is categorized as Level 1 fair value based on inputs to the valuation techniques used.

During the year there were no transfers between Level 1, Level 2 and Level 3.

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

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

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

28. Capital risk management

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

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

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

JTC LOGISTICS TRANSPORTATION & STEVEDORING COMPANY K.S.C.P (FORMERLY JASSIM TRANSPORT AND STEVEDORING COMPANY K.S.C.P.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

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

	2024	(Restated) 2023	(Restated) 2022
Loans and borrowings	9,310,030	15,792,579	4,629,542
Lease liabilities	1,196,201	1,131,373	1,214,066
Less: cash and cash equivalents	(6,280,374)	(14,888,092)	(4,646,872)
Net debt	4,225,857	2,035,860	1,196,736
Total equity	55,639,547	51,997,533	47,738,987
Total capital resources	59,865,404	54,033,393	48,935,723
Gearing ratio	7.06%	3.77%	2.45%

29. Correction of errors

The consolidated statement of financial position as of December 31, 2023 and December 31, 2022, and the consolidated statements of profit or loss, other comprehensive income, changes in equity, and cash flows for the year ending December 31, 2023, have been restated in accordance with IAS 8: "Accounting Policies, Changes in Accounting Estimates, and Errors". This adjustment corrects a prior misclassification in which certain investment properties were recorded as property and equipment in previous years.

The Group has elected to apply the impracticability exemption under IAS 8 regarding retrospective application and restatement, as it is not feasible to obtain fair values for certain buildings in prior years.

The details of the restatement are as follows:

	As previously reported	Amount restated	As restated
Consolidated statement of financial position			
December 31, 2023:			
Property and equipment	48,869,374	(7,441,478)	41,427,896
Investment properties	-	7,877,537	7,877,537
Revaluation surplus	12,334,850	(3,449,659)	8,885,191
Retained earnings	16,702,166	3,885,718	20,587,884
December 31, 2022:			
Property and equipment	44,810,821	(5,156,644)	39,654,177
Investment properties	-	5,461,156	5,461,156
Revaluation surplus	11,512,850	(3,203,886)	8,308,964
Retained earnings	14,015,274	3,508,398	17,523,672
Consolidated statement of profit or loss			
December 31, 2023			
Depreciation "operating costs"	(19,418,627)	131,547	(19,287,080)
Changes in fair value of investment properties	-	245,773	245,773
Profit for the year	6,020,699	377,320	6,398,019