

ALEC Holdings PJSC and its subsidiaries

**Reports and consolidated financial statements
for the year ended 31 December 2025**

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for the year ended 31 December 2025**

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ALEC Holdings PJSC and its subsidiaries

Report of the Directors for the year ended 31 December 2025

The Directors have the pleasure of submitting their report, together with the audited consolidated financial statements of the ALEC Holdings PJSC (the “Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2025.

Principal activities

The principal activities of the Group include engineering and construction contracting related to building construction and infrastructure developments, earth and civil works and industrial process plants. The Group undertakes general contracting works in civil, mechanical, electrical, and marine engineering as well as structural steelwork and process piping, shutdown and turnaround and services for all types of process plants and building maintenance. The Group engages in both onshore and offshore industrial and oil and gas projects, as well as commercial developments and in investment, establishment, and management of industrial projects.

Results and movement in retained earnings

Revenue for the year is AED 12,604 million as compared to AED 8,101 million for the year ended 31 December 2024. Total comprehensive income for the year attributable to owners of the Company is AED 640 million compared to AED 343 million for the year ended 31 December 2024.

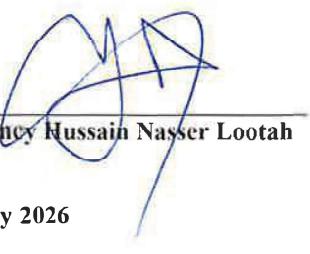
Movement in retained earnings:

	2025 AED'000	2024 AED'000
Retained earnings at the beginning of the year	913,066	817,885
Total profit attributable to the Owners of the Company	686,202	362,418
Transfer to statutory reserves	(122)	-
Acquisition of non-controlling interest in a subsidiary (Note 1)	(13,539)	-
Dividends paid to shareholders (Note 9)	(265,000)	(242,537)
Restatement of retained earnings and other equity as explained in Note 1 on page 17	-	(24,700)
Retained earnings at the end of the year	1,320,607	913,066

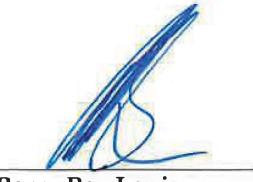
Auditors

Deloitte & Touche (M.E.) is eligible to be re-appointed as the auditor for the year ending 31 December 2026 and has expressed its willingness to be re-appointed. Deloitte & Touche (M.E.) were reappointed on 11 February 2026.

On behalf of the Board


His Excellency Hussain Nasser Lootah
Chairman

11 February 2026


Barry Roy Lewis
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

The Shareholders
ALEC Holdings PJSC
Dubai
United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **ALEC Holdings PJSC** (the “Company”) **and its subsidiaries** (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

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 period. These matters are 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.

Cont'd...

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ALEC Holdings PJSC (continued)

Key Audit Matters (continued)

Key Audit Matters	How our audit addressed the key audit matter
<i>Revenue recognition and measurement from construction contracts</i>	
<p>The Group recognized construction revenue (excluding lease income and sale of goods) of AED 12.5 billion during the year.</p> <p>This revenue is recognized over the period that the related services are rendered and is measured based on the proportion of total costs incurred for the work performed as at the reporting date, relative to the estimated total costs of the contract at completion multiplied by the contract price.</p> <p>The recognition and measurement of revenue requires management to make significant estimates and apply significant judgments. These include determining the stage of completion and costs to complete construction contracts. These are based on historical experience on work to be performed beyond the reporting date.</p> <p>Revenue from construction contracts may also include variations and claims, which are stipulated by either the variable consideration or contract modification requirements contained within IFRS Accounting Standards. These are recognised on a contract-by-contract basis when evidence supports that it is highly probable that a significant reversal in the amount of revenue recognised will not occur when the uncertainty associated with it is subsequently resolved.</p> <p>The Group is subject to construction contracts that include provisions for liquidated damages in the event of delays or failure to meet contractual milestones. The measurement of these damages, which results in a reduction of revenue, also requires management to apply significant judgement and make significant estimates to determine if the Group is liable for these damages as well as the extent of the damages.</p>	<p>We performed the following procedures, <i>inter alia</i>, to address the key audit matter:</p> <ul style="list-style-type: none"> • obtained an understanding of the processes adopted by management to recognise and measure revenue and contract costs, including the key controls in these processes; • assessed the abovementioned key controls to determine if they were appropriately designed and implemented; • assessed the Group's policy for recognising and measuring revenue against the requirements of IFRS Accounting Standards; • met with operational project management to understand contract performance; • challenged judgements applied and estimates made by management in their determination of the costs to complete contracts which were ongoing at the reporting date, by performing the following procedures: <ul style="list-style-type: none"> • reviewed contract terms and conditions on a sample basis; • tested the valuation of claims and variations, on a sample basis, both within contract revenue and contract costs by inspecting customers' instructions and contracts with customers and suppliers; • tested the financial forecast costs, for a sample of contracts, by agreeing a sample of costs to subcontractor agreements and through interviews and site visits with commercial and operational management to assess the impact of any commercial and operational risk on the cost estimates; and • assessed, on a sample basis, the ability to deliver contracts within budgeted timescales, including the potential late delivery of contract works and reviewed the actual achievement of the delivery dates or milestone dates against the contractual dates to assess the exposure to liquidated damages;

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ALEC Holdings PJSC (continued)

Key Audit Matters (continued)

Key Audit Matters	How the matter was addressed in our audit
<i>Revenue recognition and measurement from construction contracts (continued)</i>	
<p>We identified the recognition and measurement of revenue from construction contracts as a key audit matter due to:</p> <ul style="list-style-type: none"> • The quantitative significance of the amount to the consolidated financial statements; • The level of estimates and judgements applied and estimates made by management; • The stipulation contained within ISAs which requires us to presume that revenue is materially misstated due to fraud; and • The level of audit effort required. <p>The Group's material accounting policy information for revenue recognition on construction contracts is included in note 3 to the consolidated financial statements. Details about the revenue recognised during the year are disclosed in note 24 to the consolidated financial statements.</p>	<p>We performed the following procedures, inter alia, to address the key audit matter (continued):</p> <ul style="list-style-type: none"> • utilised our internal construction specialists to review, on a sample basis, management's position on the Group's entitlement to and quantification of variable consideration; • assessing, on a sample basis, the specific contractual and commercial risks to determine the reasonableness of the completeness and accuracy of the management forecasts and assessments of these risks in the project cost estimates; • reperformed, on a sample basis, the mathematical accuracy of the calculations, on a samples basis, used to determine revenue; and • assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards as issued by the IASB.
<i>Recoverability of project related financial and contract assets</i>	
<p>Certified receivables, retention receivables and gross amounts due from customers on construction contracts are reported in the consolidated statement of financial position at AED 1.4 billion, AED 1.0 billion and AED 3.8 billion respectively.</p> <p>Management applies significant judgement and estimates in assessing the recoverability of these assets, including assessing the recoverability of financial assets and contract assets based on the progress of contract completion and the likelihood of collecting outstanding amounts.</p>	<p>We performed the following procedures, inter alia, to address the key audit matter:</p> <ul style="list-style-type: none"> • obtained an understanding of the process adopted by management to determine the recoverability status and measure project related financial and contract assets, including the key controls in this process; • assessed the abovementioned key controls to determine if they were appropriately designed and implemented;

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ALEC Holdings PJSC (continued)

Key Audit Matters (continued)

Key Audit Matters	How the matter was addressed in our audit
<i>Recoverability of project related financial assets and contract assets (continued)</i>	
<p>These amounts are based on contracts with customers or formal agreements relating to variations and claims. There is uncertainty over the ability of customers to settle these amounts.</p> <p>The Group also has long overdue balances from certain customers for ongoing and completed projects. The Group is currently in discussions with these customers to recover these balances.</p> <p>We identified the recoverability of project related financial assets and contract assets as a key audit matter due to:</p> <ul style="list-style-type: none"> • The quantitative significance of the amount to the consolidated financial statements; • The level of estimates and judgment made by management which contain reasonable outcomes; and • The level of audit effort required. <p>The Group's material accounting policy information for impairment of financial assets and contract assets is included in note 3 to the consolidated financial statements. Details about the financial assets and contract assets are disclosed in notes 10, 11 and 12 to the consolidated financial statements.</p>	<p>We performed the following procedures, <i>inter alia</i>, to address the key audit matter (continued):</p> <ul style="list-style-type: none"> • assessed the recoverability of project related financial assets and contract assets, on a sample basis, through discussion with management, inspection of confirmation of the Group's legal counsel, correspondence with the customer, our knowledge of the industry and cash receipts which occurred subsequent to the reporting date and recalculated the allowance for ECL based on this assessment; • performed a retrospective review of allowances for ECL recognised at the previous reporting date against the actual amounts recovered ; and • assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards as issued by the IASB.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ALEC Holdings PJSC (continued)

Other Information

Management is responsible for the other information. The other information comprises the Report of the Directors, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or 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 the IFRS Accounting Standards as issued by the IASB and their preparation in compliance with the applicable provisions of the Memorandum of Association of the Company and the UAE Federal Decree Law No. (32) of 2021, as amended, 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.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ALEC Holdings PJSC (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ALEC Holdings PJSC (continued)

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, as amended, we report that for the year ended 31 December 2025:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements of the Group have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, as amended;
- the Group has maintained proper books of account;
- the financial information included in the Report of the Directors is consistent with the books of account of the Group;
- as disclosed in notes 1 and 30 to the consolidated financial statements, the Group has purchased or invested in shares during the financial year ended 31 December 2025;
- note 9 to the consolidated financial statements discloses material related party transactions, balances, and the terms under which they were conducted; and
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, as amended or in respect of the Company, its Memorandum of Association which would materially affect its activities or its financial position as at 31 December 2025.

Deloitte & Touche (M.E.)



Cynthia Corby
Registration No. 995
11 February 2026
Dubai
United Arab Emirates

Consolidated statement of financial position
as at 31 December 2025

		2025	2024
	Notes	AED'000	AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,267,604	929,244
Intangible assets	7	94,447	104,075
Goodwill	22	23,055	23,055
Gross amounts due from customers on construction contracts	12	27,438	-
Retention receivables	11	187,349	233,522
Advances to suppliers and subcontractors		260,350	49,062
Total non-current assets		1,860,243	1,338,958
Current assets			
Inventories	13	53,761	44,879
Contract and other receivables	10	3,303,749	2,800,118
Gross amounts due from customers on construction contracts	12	3,786,095	2,254,086
Prepayments		43,308	52,028
Cash and bank balances	23	1,574,529	1,254,244
Total current assets		8,761,442	6,405,355
Total assets		10,621,685	7,744,313

**Consolidated statement of financial position
as at 31 December 2025 (continued)**

	Notes	2025 AED'000	2024 AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital	14	50,000	50,000
Statutory reserves	15	93,099	92,977
General reserve	16	409	409
Retained earnings		1,320,607	913,066
Foreign currency translation reserve		(208)	(420)
Remeasurement loss on employees' defined benefit obligations		(69,797)	(23,602)
Equity attributable to owners of the Company		1,394,110	1,032,430
Non-controlling interests		(284)	890
Total equity		1,393,826	1,033,320
Non-current liabilities			
Provision for employees' end-of-service benefits	17	402,315	309,839
Retention payables	18	167,119	98,527
Advances from customers	18	1,328,632	595,476
Borrowings	27	250,000	303,777
Lease liabilities	21	225,218	148,372
Long term incentive provision		14,614	-
Asset retirement obligation	21	3,000	2,656
Total non-current liabilities		2,390,898	1,458,647
Current liabilities			
Contract and other payables	18	6,012,571	4,366,487
Gross amounts due to customers on construction contracts	18	263,656	309,915
Current tax liabilities	25	98,747	23,465
Borrowings	27	384,420	524,978
Lease liabilities	21	77,567	27,501
Total current liabilities		6,836,961	5,252,346
Total liabilities		9,227,859	6,710,993
Total equity and liabilities		10,621,685	7,744,313

His Excellency Hussain Nasser Lootah
Chairman

Barry Roy Lewis
Chief Executive Officer

**Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2025**

	Notes	2025 AED'000	2024 AED'000
Contract revenue	24	12,603,996	8,101,085
Contract costs		(11,281,003)	(7,264,892)
Gross profit		1,322,993	836,193
Administrative expenses		(463,780)	(348,683)
Share of results of joint ventures	8	(1,816)	(26)
Profit from operations		857,397	487,484
Expected credit loss allowance on financial assets and contract assets		(20,759)	(20,871)
Finance costs - net	20	(71,468)	(100,378)
Finance income		21,905	16,140
Other income - net		3,157	4,041
Profit before tax		790,232	386,416
Income tax expense	25	(103,143)	(23,508)
Profit for the year	19	687,089	362,908
<hr/>			
Attributable to:			
Owners of the Company		686,202	362,418
Non-controlling interests		887	490
		687,089	362,908
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Earnings per share			
Basic and diluted (AED)	26	0.137	0.072
		=====	=====

**Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2025 (continued)**

	Notes	2025 AED'000	2024 AED'000
Profit for the year	19	687,089	362,908
Other comprehensive income / (loss)			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Net change in foreign currency translation reserve		212	311
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Remeasurement loss on employees' defined benefit obligations - net of tax	17 and 25	(46,195)	(19,501)
Total comprehensive income for the year		641,106	343,718
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Attributable to:			
Owners of the Company		640,219	343,228
Non-controlling interests		887	490
		641,106	343,718
		<hr/>	<hr/>

**Consolidated statement of changes in equity
for the year ended 31 December 2025**

	Share capital AED'000	Statutory reserves AED'000	General reserve AED'000	Retained earnings AED'000	Foreign currency translation reserve AED'000	Remeasurement gain / (loss) on employees' defined benefit obligations AED'000	Other equity AED'000	Equity attributable to owners of the Company AED'000	Non-controlling interest AED'000	Total AED'000
Balance at 1 January 2024	300	92,977	409	817,885	(731)	(4,101)	25,000	931,739	900	932,639
Profit for the year	-	-	-	362,418	-	-	-	362,418	490	362,908
Other comprehensive income / (loss) for the year	-	-	-	-	311	(19,501)	-	(19,190)	-	(19,190)
Total comprehensive income / (loss) for the year	-	-	-	362,418	311	(19,501)	-	343,228	490	343,718
Increase in share capital (Note 14)	49,700	-	-	-	-	-	(49,700)	-	-	-
Dividends paid to shareholders (Note 9)	-	-	-	(242,537)	-	-	-	(242,537)	-	(242,537)
Dividends paid to non-controlling interest shareholder of a subsidiary	-	-	-	-	-	-	-	-	(1,000)	(1,000)
Capital contribution of the non-controlling interest shareholder of a subsidiary	-	-	-	-	-	-	-	-	500	500
Restatement of retained earnings and other equity as explained in Note 1 on page 17	-	-	-	(24,700)	-	-	24,700	-	-	-
Balance at 31 December 2024	50,000	92,977	409	913,066	(420)	(23,602)	-	1,032,430	890	1,033,320
Balance at 1 January 2025	50,000	92,977	409	913,066	(420)	(23,602)	-	1,032,430	890	1,033,320
Profit for the year	-	-	-	686,202	-	-	-	686,202	887	687,089
Other comprehensive income / (loss) for the year	-	-	-	-	212	(46,195)	-	(45,983)	-	(45,983)
Total comprehensive income / (loss) for the year	-	-	-	686,202	212	(46,195)	-	640,219	887	641,106
Transfer to statutory reserves	-	122	-	(122)	-	-	-	-	-	-
Acquisition of non-controlling interest in a subsidiary (Note 1)	-	-	-	(13,539)	-	-	-	(13,539)	(2,061)	(15,600)
Dividends paid to shareholders (Note 9)	-	-	-	(265,000)	-	-	-	(265,000)	-	(265,000)
Balance at 31 December 2025	50,000	93,099	409	1,320,607	(208)	(69,797)	-	1,394,110	(284)	1,393,826

Consolidated statement of cash flows
for the year ended 31 December 2025

	Notes	2025 AED'000	2024 AED'000
Operating activities			
Profit before tax		790,232	386,416
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment and amortisation of right-of-use assets	6	250,582	145,482
Provision for employees' end-of-service benefits	17	56,719	52,139
Finance costs - net	20	71,468	100,378
Finance income		(21,905)	(16,140)
Impairment loss on financial assets and contract assets	19	20,759	20,871
Amortization of intangible assets	7	15,667	13,513
Gain on disposal of property, plant and equipment and gain arising from cancellation of lease	6	(2,464)	(2,714)
Share of results of joint ventures	8	1,816	26
Cash from operating activities before movements in working capital		1,182,874	699,971
(Increase) / decrease in inventories		(8,882)	3,056
Increase in contract and other receivables, including non-current retention receivables and advances to suppliers and subcontractors		(654,819)	(830,032)
(Increase) / decrease in gross amounts due from customers on construction contracts		(1,579,022)	198,266
Decrease / (increase) in prepayments		8,720	(8,323)
Decrease / (increase) in margin deposits under lien	23	52,371	(54,417)
Increase in contract and other payables, including non-current portion of retention payables and advances from customer and long-term provisions		2,459,063	972,003
(Decrease) / increase in gross amounts due to customers on construction contracts		(46,259)	133,755
Cash generated from operations		1,414,046	1,114,279
Employees' end-of-service benefits paid	17	(31,574)	(29,061)
Income tax paid		(23,901)	(5,327)
Net cash generated from operating activities		1,358,571	1,079,891
Investing activities			
Payments for purchases of property, plant and equipment	6	(386,688)	(349,553)
Finance income received		21,905	16,140
Acquisition of non-controlling interest in a subsidiary	1	(10,000)	-
Payments for purchases of intangible assets	7	(6,039)	(71)
Proceeds from disposal of property, plant and equipment	6	3,485	2,506
Net cash used in investing activities		(377,337)	(330,978)

Consolidated statement of cash flows (continued)
for the year ended 31 December 2025

	Notes	2025 AED'000	2024 AED'000
Financing activities			
Repayment of borrowings	27	(2,514,839)	(2,172,422)
Proceeds from borrowings	27	2,320,504	2,066,200
Dividends paid to shareholders	9	(265,000)	(242,537)
Repayment of principal portion of lease liabilities	21	(73,344)	(20,144)
Finance costs paid	20	(76,039)	(76,987)
Dividends paid to non-controlling interest		-	(1,000)
Capital contribution by non-controlling interest		-	500
Net cash used in financing activities		(608,718)	(446,390)
Net increase in cash and cash equivalents		372,516	302,523
Cash and cash equivalents at the beginning of the year	23	1,164,823	861,989
Less: Effect of foreign exchange rate changes		212	311
Cash and cash equivalents at the end of the year		1,537,551	1,164,823
Less: Expected credit losses on cash and bank balances		(205)	(133)
Cash and cash equivalents at the end of the year, net of expected credit loss	23	1,537,346	1,164,690
Non-cash transactions:			
Purchase of property, plant and equipment which is right-of-use asset with corresponding lease liability	6 and 21	(214,728)	(105,161)
Reallocation of share of loss in excess of investment in joint venture to due from related parties and accruals as included in the contract and other payables	8	(1,816)	(26)
Contingent consideration on acquisition of non-controlling interest in a subsidiary	1	(5,600)	-
Increase in share capital with corresponding debit to other equity	14	-	(49,700)
Cancellation of right-of-use asset and corresponding lease liability	6 and 21	11,453	-
Transfer of property, plant and equipment to intangible assets	6 and 7	-	16,718

**Notes to the consolidated financial statements
for the year ended 31 December 2025****1. General information**

ALEC Holdings PJSC (the “Company”) is a Public Joint Stock Company (PJSC) operating in the United Arab Emirates under a trade licence issued in Dubai, United Arab Emirates on 3 March 2010. The Company also has operations in State of Qatar, Sultanate of Oman, Kingdom of Saudi Arabia, Ethiopia, United Kingdom, Italy, and Egypt through its subsidiaries, joint operations, joint ventures and branches.

The principal activities of the Group include engineering and construction contracting related to building construction and infrastructure developments, earth and civil works and industrial process plants. The Group undertakes general contracting works in civil, mechanical, electrical, and marine engineering as well as structural steelwork and process piping, shutdown and turnaround and services for all types of process plants and building maintenance. The Group engages in both onshore and offshore industrial and oil and gas projects, as well as commercial developments and in investment, establishment, and management of industrial projects.

The Company is a subsidiary of Investment Corporation of Dubai (the “Immediate Parent Company”), which is ultimately owned by the Government of Dubai (the “Ultimate Parent Company”).

By virtue of a Share Purchase Agreement dated 6 June 2024, the Immediate Parent Company acquired 100% shareholdings of ALEC Industries LLC from ALEC Engineering and Contracting LLC – S.P.C. and Binaa Dubai LLC for a total consideration of AED 299 thousand and AED 1 thousand, respectively. On the same date, the Memorandum of Association of ALEC Industries LLC was amended and the name of the Company was changed from ALEC Industries LLC to ALEC Holdings LLC.

On 23 August 2024, the Memorandum of Association of ALEC Holdings LLC was amended for the increase in share capital of the Company from AED 300 thousand to AED 50,000 thousand.

On 24 January 2025, the Immediate Parent Company approved the conversion of the Company from limited liability company – single owner to public joint stock company and to offer part of the Company’s capital to the public.

On 19 September 2025, the Articles of Association of the Company were approved and notarized and the Company was converted into a Public Joint Stock Company.

On 15 October 2025, the Company completed its initial public offering (“IPO”) on the Dubai Financial Market. As part of the IPO, the Immediate Parent Company sold 20% of its shareholding to the public while retaining 80% ownership and control. The Company is now listed on the Dubai Financial Market (TICKER: ALEC).

Group reorganisation and business combinations under common control

By virtue of a Share Purchase Agreement dated 20 August 2024, the Company acquired 100% shareholdings of ALEC Engineering and Contracting LLC – S.P.C. from Binaa Dubai LLC and Manzil Investments LLC (“the Transaction”) for a total consideration of AED 1,211,423 thousand and AED 242 thousand, respectively.

ALEC Engineering and Contracting LLC – S.P.C. and the subsidiaries, joint operations and branches listed below and in Note 29 are now effectively owned by the Company.

As the reorganisation did not result in any change of economic substance and it involved transfer of entities under common control both before and after the transfer, it is not considered as a business combination as defined in IFRS 3 *Business Combinations*.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

1. General information (continued)

Group reorganisation and business combinations under common control (continued)

At 31 December 2024, as part of its policy choice, management previously opted to apply the pooling of interest method with the net amount presented within 'Merger reserve' within other equity. As at 1 January 2025, the Group has changed this accounting policy and now recognizes the net amount resulting from applying the pooling of interest method directly in retained earnings.

This has been reflected in these consolidated financial statements retrospectively as follows:

Retained earnings at 1 January 2025 have been restated as a result of the change in accounting policy to net off the merger reserve, previously known as other reserves, against Retained earnings. As such retained earnings at 1 January 2025 is restated from AED 937,766 thousand to AED 913,066 thousand.

These consolidated financial statements include the results of operations and financial position of the Company and its subsidiaries and branches (together referred as "the Group"). The principal activity, country of incorporation and operation and ownership interest of the Company in the subsidiaries and branches are set out below:

Name of subsidiary	Principal activity	Country of incorporation and operation	Proportion of ownership interest (%)		Proportion of beneficial interest (%)	
			2025	2024	2025	2024
ALEC Engineering and Contracting LLC - S.P.C.	Construction activities	United Arab Emirates	100%	100%	100%	100%
ALEC L.E.G.T. Contracting WLL (1)	Construction activities	State of Qatar	-	-	100%	100%
ALEC Engineering and Contracting Oman LLC	Construction activities	Sultanate of Oman	70%	70%	100%	100%
ALEMCO Electromechanical Contracting LLC - S.P.C.	Construction activities	United Arab Emirates	100%	100%	100%	100%
AJI Heavy Equipment Rental LLC	Rental of heavy and light machines and equipment	United Arab Emirates	100%	100%	100%	100%
ALEC Saudi Arabia Engineering and Contracting One Person Company	Construction activities	Kingdom of Saudi Arabia	100%	100%	100%	100%
L I N Q Modular LLC	Modular fabrication and assembly	United Arab Emirates	100%	100%	100%	100%
Emisha Technologies FZ-LLC	Software consultancy, developer, service provider	United Arab Emirates	100%	100%	100%	100%
ALEC Engineering and Contracting (UK) Ltd. (6)	Construction activities	United Kingdom	-	100%	-	100%

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**
1. General information (continued)

Name of subsidiary	Principal activity	Country of incorporation and operation	Proportion of ownership interest (%)		Proportion of beneficial interest (%)	
			2025	2024	2025	2024
AES Building Materials Trading LLC (5)	Building and construction materials trading	United Arab Emirates	100%	80%	100%	80%
ALEC Engineering and Contracting Egypt LLC	Construction activities	Egypt	100%	100%	100%	100%
ALEC Doha Contracting W.L.L. (6)	Rental of heavy and light machines and equipment	State of Qatar	-	100%	-	100%
ALEC EPC Holding LLC – S.O.	Investment activities	United Arab Emirates	100%	100%	100%	100%
ALEMCO Contracting Company	Electromechanical works, projects contracting, sub-sewage networks connections and homes connections contracting and main water networks contracting works	Kingdom of Saudi Arabia	100%	100%	100%	100%
AJI Equipment Rental Company	Renting and operational leasing of machine tools, engines and turbines, cranes and lorries, scaffold and work platforms, without erection and dismantling and renting of cranes with operators	Kingdom of Saudi Arabia	100%	100%	100%	100%
Target Engineering Construction Company – Sole Proprietorship L.L.C.	General contracting works for civil, mechanical, electrical and marine, onshore and offshore industrial, oil and gas, commercial projects, scaffold installation works, building maintenance, investment and establishing and managing industrial projects in the UAE	United Arab Emirates	100%	100%	100%	100%
Target General Construction WLL (2)	Construction of buildings, civil and contracting works	State of Qatar	49%	49%	49%	49%
Idrotec S.r.l. (Italy) (6)	Engineering, design and consultancy	Italy	-	100%	-	100%
Target Saudi Construction Company LLC	Construction of buildings, civil and contracting works	Kingdom of Saudi Arabia	90%	90%	90%	90%

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

1. General information (continued)

Name of subsidiary	Principal activity	Country of incorporation and operation	Proportion of ownership interest (%)		Proportion of beneficial interest (%)	
			2025	2024	2025	2024
Target Steel Industries – Sole Proprietorship LLC	Steel fabrication works	United Arab Emirates	100%	100%	100%	100%
ALEC Interior Decoration One Person Company	Manufacture of carpentry products and crafts needed for construction workers, construction of building and other related construction activities	Kingdom of Saudi Arabia	100%	100%	100%	100%
AES Aluminium and Glass Works LLC	Aluminium installation works, machining and forming of metals and glass plates installation works.	United Arab Emirates	100%	82%	100%	82%
Infrastructure Protective Services Inproserv Middle East L.L.C (3)	Corrosion and oxidation resistant services, fire resistant painting works and removing corrosion of metals	United Arab Emirates	50%	50%	50%	50%
ALEC Engineering and Contracting RAK LLC – OPC	Metal prefabricated buildings manufacturing, alternative energy equipment installation and maintenance and construction.	United Arab Emirates	100%	100%	100%	100%
ALEC Industries LLC (4)	Central airconditioning requisites manufacturing, ventilation equipment manufacturing and central airconditioning equipment manufacturing.	United Arab Emirates	100%	-	100%	-
Altrons Integrated Security Equipment Installation LLC (4)	Measuring and control system installation, security equipment installation and maintenance, wired and wireless communication systems installation, security systems and equipment trading, radio, T.V. station, cinema theatre equipment installation and maintenance, and internal communication network installation and maintenance.	United Arab Emirates	100%	-	100%	-

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

1. General information (continued)

Name of subsidiary	Principal activity	Country of incorporation and operation	Proportion of ownership interest (%)		Proportion of beneficial interest (%)	
			2025	2024	2025	2024
Idrotec Marine Consultancy LLC – SPC (4)	Civil engineering consultancy, onshore and offshore oil and gas fields and facilities services	United Arab Emirates	100%	-	100%	-
Name of branch						
ALEC Engineering and Contracting LLC - Dubai Branch		Principal activities		Country of incorporation and operation		
ALEC Engineering and Contracting LLC – O.P.C. - RAK Branch		Construction activities		United Arab Emirates		
ALEC Engineering and Contracting LLC (Branch) - RAKEZ Branch		Construction activities		United Arab Emirates		
ALEMCO Electromechanical Contracting LLC - Dubai Branch		Construction activities		United Arab Emirates		
ALEMCO Electromechanical Contracting LLC - RAK Branch		Construction activities		United Arab Emirates		
Infrastructure Protective Services Inproserv Middle East L.L.C – Dubai Branch		Corrosion and oxidation resistant services, fire resistant painting works and removing corrosion of metals		United Arab Emirates		
Infrastructure Protective Services Inproserv Middle East L.L.C – RAK Branch		Corrosion and oxidation resistant services, fire resistant painting works and removing corrosion of metals		United Arab Emirates		
ALEC Engineering and Contracting LLC		Construction activities		Ethiopia		
Target Engineering Construction Company LLC - Dubai Branch		Construction activities		United Arab Emirates		
Target Engineering Construction Company LLC - Qatar Branch		Construction activities		United Arab Emirates		
Idrotec S.r.l. - Abu Dhabi Branch (4)		Engineering, design and consultancy		United Arab Emirates		

(1) ALEC LEGT Contracting WLL is legally owned by International Company for Project Development, State of Qatar and LEGT Construction Company Limited, Jersey. By virtue of the shareholders' agreement between ALEC Engineering and Contracting LLC - SPC and the shareholders of ALEC LEGT Contracting WLL, all the shareholdings in ALEC LEGT Contracting WLL are effectively owned by ALEC Engineering and Contracting LLC - SPC.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

1. General information (continued)

- (2) Target Engineering Construction Company – Sole Proprietorship L.L.C. (Target), a subsidiary, owns 49% of the shareholding in Target General Construction WLL and Target is exercising control over this subsidiary.
- (3) The Company owns 50% of the shareholding of Infrastructure Protective Services Inproserv Middle East L.L.C. and the Group is exercising control over this subsidiary.
- (4) During the current year, the Group has invested in three newly incorporated entities in United Arab Emirates. The operations of these newly incorporated entities have not yet commenced.
- (5) On 17 June 2025, by the virtue of share transfer agreement, ALEC Engineering and Contracting LLC – S.P.C. acquired the remaining 20% equity interest in AES Building Materials Trading LLC, from Bashar Kayali for a total consideration of AED 15,600 thousand, of which AED 5,600 is payable subject to meeting a certain condition. The transaction was accounted for as an equity transaction in accordance with IFRS 10 *Consolidated Financial Statements*, as control had already been established. The difference between the acquisition consideration and the carrying value of the non-controlling interest acquired, amounting to AED 13,539 thousand, was recognised directly in equity and attributed to the Owners of the Parent Company. No goodwill or gain / loss was recognised in the condensed consolidated interim statement of profit or loss as a result of this transaction.
- (6) During the year, the Group liquidated three subsidiaries namely ALEC Doha Contracting W.L.L., ALEC Engineering and Contracting (UK) Ltd. and Idrotec S.r.l. (Italy) and its branch. These entities did not constitute a major line of business, and their liquidation did not have a material impact on the Group's consolidated financial statements.

2. Application of new and revised IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB)

2.1 New and amended IFRS Accounting Standards as issued by the IASB applied with no material effect on the consolidated financial statements

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

<u>New and revised IFRS Accounting Standards as issued by the IASB</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> relating to Lack of Exchangeability	1 January 2025

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

Other than the above, there are no other significant IFRS Accounting Standards and amendments that were effective for the first time for the financial year beginning on or after 1 January 2025.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

2. Application of new and revised IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (continued)

2.2 New and amended IFRS Accounting Standards as issued by the IASB in issue but not yet effective and not early adopted

<u>New and revised IFRS Accounting Standards as issued by the IASB</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> regarding the classification and measurement of financial instruments	1 January 2026
The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9.	
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> regarding purchase power arrangements	1 January 2026
The amendments aim at enabling entities to include information in their financial statements that in the IASB's view more faithfully represents contracts referencing nature-dependent electricity.	
Annual improvements to IFRS Accounting Standards - Volume 11	1 January 2026
The pronouncement comprises the following amendments:	
<ul style="list-style-type: none"> • IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>: Hedge accounting by a first-time adopter • IFRS 7 <i>Financial Instruments - Disclosures</i>: Gain or loss on derecognition • IFRS 7 <i>Financial Instruments - Disclosures</i>: Disclosure of deferred difference between fair value and transaction price • IFRS 7 <i>Financial Instruments - Disclosures</i>: Introduction and credit risk disclosures • IFRS 9 <i>Financial Instruments</i>: Lessee derecognition of lease liabilities • IFRS 9 <i>Financial Instruments</i>: Transaction price • IFRS 10 <i>Consolidated Financial Statements</i>: Determination of a "de facto agent" • IAS 7 <i>Statement of Cash Flows</i>: Cost method 	
IFRS 18 <i>Presentation and Disclosures in Financial Statements</i>	1 January 2027
IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

2. Application of new and revised IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (continued)

2.2 New and amended IFRS Accounting Standards as issued by the IASB in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRS Accounting Standards as issued by the IASB</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	
Amendments to IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
The amendments cover new or amended IFRS Accounting Standards issued between 28 February 2021 and 1 May 2024 that were not considered when IFRS 19 was first issued.	
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> relating to Translation to a Hyperinflationary Presentation Currency	1 January 2027
The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.	
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures (2011)</i>	Effective date deferred indefinitely. Adoption is still permitted.
The amendments relate to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

3. Material accounting policy information

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), except for combining of the entities under common control and ownership as detailed in the basis of consolidation.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis with the exception of the provision for employees' end-of-service benefits which is recognised at the present value of future obligations using the projected unit credit method. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies adopted are set out below.

These consolidated financial statements are presented in UAE Dirhams (AED) which is the functional and presentation currency of the Group and all values are rounded to the nearest thousand (AED'000) except when otherwise indicated.

Going concern

The Board of Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, the Group has applied the going concern basis of accounting in preparing the consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group. 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, and has the ability to affect those returns through its power over the investee.

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

When the Group has less than a majority of the voting rights of an investee, it considers that 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 Group'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 Group, other vote holders or other parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances that indicate that the Group 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 shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Basis of consolidation (continued)**

All intra-group transactions, balances, income, expenses and cash flows relating to the transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified.

Common control transactions

Transactions involving entities under common control where the transaction has substance are accounted for using the acquisition method. For transactions involving entities under common control where the transaction does not have substance, the Group adopts the pooling of interests method. Under the pooling of interests method, the carrying value of assets and liabilities in the books of the transferor, are used to account for these transactions. No goodwill is recognised as a result of the transfer. Any difference between the consideration paid and the net assets acquired is recognized within the retained earnings.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Basis of consolidation (continued)**

A number of factors are considered in assessing whether the transaction has substance including the following:

- the purpose of the transaction;
- the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
- whether or not the transaction is conducted at fair value;
- the existing activities of the entities involved in the transaction; and
- whether or not the transaction brings entities together into a 'reporting entity' that did not exist before.

Business combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS Accounting Standards.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

3. Material accounting policy information (continued)

Business combinations (continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

Intangible asset other than Goodwill

Intangible assets with finite useful lives

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The principal annual rate used for this purpose is:

	%
Computer software	10

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

3. Material accounting policy information (continued)

Intangible asset other than Goodwill (continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their costs). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization (straight-line method) and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The principal annual rates used for this purpose are:

	%
Trade name	10
License	10
Customer contracts	10

These intangible assets have been recognized as a result of a business combination.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight-line basis over the expected useful economic lives of the assets concerned. Leasehold improvements are depreciated over the shorter of the lease period and their expected useful economic life. The principal annual rates used for this purpose are:

	%
Buildings and improvements	2.5 – 33
Plant, machinery and equipment	7 – 100
Office furniture, fixtures and equipment	20 – 100
Motor vehicles	25

The estimated useful lives, residual values and depreciation methods are reviewed at each year end with the effect of any changes in estimate accounted for on a prospective basis.

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

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Impairment of tangible and intangible assets excluding goodwill**

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 recognised immediately in 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 and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

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 recognised for the asset (or cash-generating unit) in a prior year. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in a prior year. Any increase in excess of this amount is treated as a revaluation increase.

Investments in joint ventures

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

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Investments in joint ventures (continued)**

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

If there is objective evidence that the group's net investment in an associate or joint venture is impaired, the requirements of IAS 36 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the investment in a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Interests in joint operations

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

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Interests in joint operations (continued)**

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

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operations; and
- its expenses, including its share of any expenses incurred jointly.

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

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

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period.

A provision is also made for the full amount of end-of-service benefit due to employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with the respective labour laws of United Arab Emirates, Kingdom of Saudi Arabia and State of Qatar as applicable, for their period of service up to the end of the reporting period. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end-of-service benefit is disclosed as a non-current liability.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Employee benefits (continued)**

Actuarial gains and losses arising from experience adjustments and changes in assumptions are charged or credited to equity in the other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

The defined benefit liability comprises the present value of the defined benefit obligations using a discount rate based on market yield rates. The Group has not allocated any assets to such plans.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000, for Pension and Social Security. Such contributions are charged to profit or loss during the employees' period of service.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, customer returns and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Contract revenue and revenue from sale of goods

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contract(s) with a 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.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: 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.
5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Revenue recognition (continued)***(i) Contract revenue and revenue from sale of goods (continued)*

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

For performance obligations where one of the above conditions are not met, revenue is recognised at a point in time at which the performance obligation is satisfied. The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has concluded that for the majority of its arrangements, it is either creating or enhancing an asset controlled by the customer or it is creating an asset with no alternative use and has an enforceable right to payment for work completed. Therefore, it meets the criteria to recognise revenue overtime and measure progress of its projects through the cost to complete method (input method) as it best depicts the transfer of control of products and services under each performance obligation.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent, the Group has concluded that it is acting as a principal in all of its revenue arrangements.

Variations which are, by nature, of extension of the existing scope of work, are accounted for using cumulative catch up adjustments to the cost to complete method of revenue recognition. Variation orders which require additional or distinct goods and services to the scope at discounted prices are accounted for prospectively and variation orders which require addition of distinct goods and services to the scope at standalone selling prices are accounted for as new contracts with the customers.

Claims are accounted for as variable consideration and represent a critical accounting judgement for the group as explained in (note 4) to these consolidated financial statements. They are included in contract revenue using the expected value or most likely amount approach (whichever is more predictive of the amount the entity expects to be entitled to receive) and it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with the claim is subsequently resolved.

A loss is recognized in the Consolidated statement of profit or loss and other comprehensive income when the expected contract costs exceed the total anticipated revenue.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Revenue recognition (continued)***(i) Contract revenue and revenue from sale of goods (continued)*

The Group combines two or more contracts entered into at or near the same time with the same customer and accounts for the contracts as a single contract if one or more of the following criteria are met:

- The two or more contracts entered into at or near the same time with the same customer are negotiated as a package, with a single commercial objective;
- The amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
- The goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

If the above criteria are met, the arrangements are consolidated and accounted for as a single arrangement for revenue recognition.

Pre-contract costs of obtaining a contract with a customer are recognised as an asset if those costs are expected to be recovered.

Revenue is recognised in the statement of comprehensive income to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the revenue and costs, if applicable, can be measured reliably.

(ii) Interest income

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

(iii) Dividend income

Dividend income from investments is recognised when the rights to receive payment have been established.

(iv) Lease income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and is included in revenue due to its operating nature.

(v) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, alignment and filling services, etc.). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Contract costs**

Contract costs comprise direct contract costs and other costs relating to the contracting activity in general and which can be allocated to contracts, or are specifically chargeable to the customer under the terms of the contracts. Costs that cannot be related to contract activity or cannot be allocated to a contract are excluded from the costs of the construction contract and are included in the administrative expenses.

Incremental costs of obtaining a contract

The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer. The costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred. If those costs are explicitly chargeable to the customer regardless of whether the contract is obtained, the Group recognises the incremental costs of obtaining a contract as an asset.

Fulfilment costs

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard, an entity recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- a. The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- b. The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- c. The costs are expected to be recovered under the terms of the contract with the customer.

Provision for maintenance expenses

The Group generally offers a one year warranty for defects on work carried out during the contractual defects liability period and does not provide extended warranties or maintenance services in its contracts with customers. Management estimates the related provision for the costs associated with rectifying defects based on historical information, as well as recent trends that might suggest that past cost information may differ from future defects costs. These costs are included in estimated contract costs. As such, the Group expects that such defects costs will be assurance-type warranties which will continue to be accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with its current practice.

Leases*The Group as lessee*

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Leases (continued)***The Group as lessee (continued)*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the group and the lease does not benefit from a guarantee from the group.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Leases (continued)***The Group as lessee (continued)*

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate section within the property, plant and equipment in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Administrative expenses' in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of machinery and equipment.

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

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Leases (continued)***The Group as lessor (continued)*

Amounts due from lessees under finance leases are recognised 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.

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

Foreign currencies

The consolidated financial statements of the Group are presented in the currency of the primary economic environment in which the Group operates. For the purpose of the consolidated financial statements, the results and financial position of the Group are expressed in United Arab Emirates Dirhams (AED), which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the consolidated financial statements, transactions in currencies other than the Group's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated profit or loss for the year.

On consolidation, the assets and liabilities of foreign operations are translated into AED at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions or average exchange rate of the period. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Taxation

The income tax expense represents the sum of current and deferred income tax expense.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in another year and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Taxation (continued)***Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Taxation (continued)***Current tax and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Corporate tax in United Arab Emirates

Income tax expense for the period relates to current tax on profit relating to the Group's operations mainly in the United Arab Emirates and Kingdom of Saudi Arabia.

The Group is also within the scope of the OECD Pillar Two model rules, and it operates within Jurisdictions in which the OECD's Pillar Two rules are in effect at the end of the reporting period.

As per the Group's assessment, there is no material deferred tax impact on account of the CT Law in the Group consolidated financial statements for the year ended 31 December 2025.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Financial instruments (continued)****Financial assets (continued)***Classification of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order 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 on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

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

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised 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 amortisation 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 amortised cost of a financial asset before adjusting for any loss allowance.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Financial instruments (continued)****Financial assets (continued)***Amortised cost and effective interest method (continued)*

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "finance income" line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses - (ECL) on contract and other receivables, lease receivables, amounts due from customers under construction contracts, retention receivables, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises Lifetime ECL for contract receivables, amounts due from customers under construction contracts (contract assets), lease receivables and related party balances. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience of the debtor, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises Lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether Lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of Lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Financial instruments (continued)****Financial assets (continued)*****Impairment of financial assets (continued)******(i) Significant increase in credit risk***

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Financial instruments (continued)****Financial assets (continued)*****Impairment of financial assets (continued)******(i) Significant increase in credit risk (continued)***

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Financial instruments (continued)****Financial assets (continued)*****Impairment of financial assets (continued)******(iv) Write-off policy***

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of contract receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above and as set out in the critical accounting judgements in note 4. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to Lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for Lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3. Material accounting policy information (continued)****Financial instruments (continued)****Financial liabilities and equity instruments***Classification as debt or equity*

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

Equity instruments

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

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****4. Critical accounting judgments and key sources of estimation uncertainty****Critical accounting judgments**

In the process of applying the Group's accounting policies described in Note 3 to the consolidated financial statements, the management of the Group are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Contract variations

Contract variations are recognised as revenue only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management constrains revenue from variations based on prior experience, application of contract terms and the relationship with the customers when making their judgement.

At the reporting date, management has recorded unapproved variations to the extent they will not result in significant reversal of revenue in a subsequent period. This assessment is done based on the past history of agreeing variations and the probability of expected outcome from current on-going discussions with the employers, as well as the fact that unapproved variations are supported by the client appointed engineer's instructions, drawing changes issued by the customer representatives or formal instruction as set out in the contractual terms and conditions.

Contract claims

A claim is an amount that the contractor seeks to collect from the customer or another party as reimbursements for costs not included in the contract price. A claim may arise from, for example, customer caused delays, prolongation costs, costs of acceleration of projects, program errors in specifications or design, and disputed time impact of variations on contract work. The measurement of the amounts of revenue arising from claims is subject to a high level of uncertainty and often depends on the outcome of negotiations. Therefore, claims are only included in contract revenue when:

- the amount has been accepted by the customer or the customer's representative;
- there is a clear contractual entitlement, and/or
- negotiations have reached such a stage that it is highly probable that a significant reversal of revenue will not occur and management can accurately determine the compensatory value of the claim based on industry recognized principles.

Based on the above, management have recorded extension of time claims in certain projects and which are included in the gross amounts due from customers on construction contracts balance in Note 12.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****4. Critical accounting judgments and key sources of estimation uncertainty (continued)****Critical accounting judgments (continued)***Cost-to-cost (input) method to measure progress of construction contract*

The Group uses the cost-to-cost (input) method in accounting for its construction contract revenue. At each reporting date, the Group is required to estimate the stage of completion and costs to complete on its construction contracts. This requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates also include the cost of potential claims by subcontractors and the cost of meeting other contractual obligations to the customers. Effects of any revision to these estimates are reflected in the period in which the estimates are revised. When the expected contract costs exceed the total anticipated contract revenue, the total expected loss is recognised immediately, as soon as foreseen, whether or not work has commenced on these contracts. The Group uses its commercial team to estimate the costs to complete of construction contracts. Factors such as delays in expected completion date, changes in the scope of work, changes in material prices, labour costs and other costs are included in the construction cost estimates based on best estimates which are updated on a regular basis.

The measurement of revenue is affected by a variety of uncertainties that depend on the outcome of future events. The estimated contract value may need to be revised as events occur and uncertainties are resolved. In making this judgment, management has considered the criteria prescribed in IFRS 15 *Revenue from Contracts with Customers* in determining whether the amount can be recognised as part of the estimated contract revenue of the Group. In particular, consideration was given as to whether the outcome of a construction contract can be estimated reliably and it is probable that the economic benefits associated with the transaction will flow to the Group.

Recording of contra charges

A contra charge is where the amount of cost incurred on behalf of a subcontractor is deducted from their liability. Being a main contractor, the Group incurs costs on behalf of its subcontractors such as direct payments to suppliers of subcontractors and/or provision of Group's resources to assist with work completion. These contra charges are deducted by the Group on the payment certificates of its subcontractors. The right to set off the claim against the liability arises only by agreement of both parties involved. Furthermore, the measurement of the amounts arising from the contra-charge is subject to a high level of uncertainty and often depends on the outcome of negotiations between the two parties. Therefore, the contra-charges are recorded and offset against liabilities only when the amount has been accepted by the subcontractor and/or negotiations have reached an advanced stage such that the contra charge that would be agreed by the subcontractor can be measured reliably.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of Note 3). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measures, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****4. Critical accounting judgments and key sources of estimation uncertainty (continued)****Critical accounting judgments (continued)***Significant increase in credit risk*

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or Lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Classification of joint arrangements and joint ventures

Management has assessed the classification of Service and Trade and Al Jaber LEGT Company LLC in consideration of the provisions of IFRS 10 *Consolidated Financial Statements* and IFRS 11 *Joint Arrangements*. Although ALEC Engineering and Contracting Oman LLC, one of the Group's subsidiaries, holds half of the voting rights of the entity, by virtue of the Shareholders Agreement between ALEC Engineering and Contracting Oman LLC and the other shareholder, decisions about the relevant activities of the entity require the unanimous consent of both parties. Accordingly, Service and Trade and Al Jaber LEGT Company LLC has been classified as a joint venture of the Group.

Management has assessed the classification of Qatar International Trading/IMAR Trading & Contracting Joint Venture and Al Jaber L.E.G.T. Engineering W.L.L., IMAR & Al Jaber Trading & Contracting Company, and Gulf Contracting Company W.L.L. & ALEC L.E.G.T. Contracting W.L.L. in consideration of the provisions of IFRS 11 *Joint Arrangements*. Although such arrangements except Gulf Contracting Company W.L.L. & ALEC L.E.G.T. Contracting W.L.L., have been structured through separate legal entities, it is the intention of the parties to the joint arrangements to have the rights to the assets and obligations for the liabilities of the joint arrangements. Accordingly, Qatar International Trading/IMAR Trading & Contracting Joint Venture and Al Jaber L.E.G.T. Engineering W.L.L., IMAR & Al Jaber Trading & Contracting Company, and Gulf Contracting Company W.L.L. & ALEC L.E.G.T. Contracting W.L.L. have been classified as joint operations of the Group.

Management has assessed the classification of ALEMCO Zawawi LLC in consideration of the provisions of IFRS 10 *Consolidated Financial Statements* and IFRS 11 *Joint Arrangements*. Although ALEMCO Electromechanical Contracting LLC, one of the Group's subsidiaries, holds more than half of the voting rights of the entity, by virtue of the Shareholders Agreement between ALEMCO Electromechanical Contracting LLC and the other shareholder, decisions about the relevant activities of the entity require the unanimous consent of both parties. Accordingly, ALEMCO Zawawi LLC has been classified as a joint venture of the Group.

Management has assessed the classification of the investment in Expo Contracting DWC LLC in consideration of the provisions of IFRS 11 *Joint Arrangements*. The Group holds 50% of the voting rights of Expo Contracting DWC LLC. Moreover, by virtue of the shareholders' agreement between the parties, decisions about the relevant activities requires the unanimous approval of the board of directors, with a minimum of one representative to be present for each shareholder for the meeting to qualify as a valid board meeting. Also, profit sharing is on a 50%:50% basis. Consequently, Expo Contracting DWC LLC does not fall under the provisions of IFRS 10 due to the lack of the Group's control over Expo Contracting DWC LLC. IFRS 10 identifies control (requiring both power and exposure to risks and rewards) as the single basis for consolidation. Accordingly, Expo Contracting DWC LLC has been classified as a joint venture of the Group.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****4. Critical accounting judgments and key sources of estimation uncertainty (continued)****Critical accounting judgments (continued)***Classification of joint arrangements and joint ventures (continued)*

Management has assessed the classification of Saudi Constructioneers Ltd. and ALEC Saudi Arabia Engineering and Contracting LLC (SAUDICO-ALEC JV) in consideration of the provisions of IFRS 11 *Joint Arrangements*. SAUDICO-ALEC JV is an unincorporated joint venture and it is the intention of the parties to the joint arrangements to have the rights to the assets and obligations for the liabilities of the joint arrangements. Accordingly, SAUDICO-ALEC JV has been classified as a joint operation of the Group.

Management has assessed the classification of APIO Solutions Limited in consideration of the provisions of IFRS 11 *Joint Arrangements*. APIO Solutions Limited is structured through a separate legal entity which is a limited liability company. By virtue of the shareholders' agreement between the parties, decisions about the relevant activities requires the unanimous approval of the board of directors, with a minimum of two representatives to be present for each shareholder for the meeting to qualify as a valid board meeting. Also, profit sharing is on a 50%:50% basis. Accordingly, APIO Solutions Limited has been classified as a joint venture of the Group.

Management has assessed the classification of El Seif Engineering Contracting Company Ltd and ALEC Saudi Arabia Engineering and Contracting LLC (El Seif ALEC Joint Venture) in consideration of the provisions of IFRS 11 *Joint Arrangements*. El Seif ALEC Joint Venture is an unincorporated joint venture and it is the intention of the parties to the joint arrangements to have the rights to the assets and obligations for the liabilities of the joint arrangements. Accordingly, El Seif ALEC Joint Venture has been classified as a joint operation of the Group.

Management has assessed the classification of ALEC Engineering and Contracting LLC and BUTEC s.a.l. (ALEC-BUTEC JV) in consideration of the provisions of IFRS 11 *Joint Arrangements*. ALEC-BUTEC JV is an unincorporated joint venture and it is the intention of the parties to the joint arrangements to have the rights to the assets and obligations for the liabilities of the joint arrangements. Accordingly, ALEC-BUTEC JV has been classified as a joint operation of the Group.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed as below:

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Management have applied judgment that the lease term will be extended for a period of five (5) year on its two leases of land where its labour camp was constructed.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****4. Critical accounting judgments and key sources of estimation uncertainty (continued)****Key sources of estimation uncertainty (continued)***Discounting of lease payments*

The lease payments are discounted using the Group's incremental borrowing rate ("IBR") at the commencement of the leases, which is ranging from 5% to 8 % for all leases where implicit rates are not mentioned.

Management has applied judgments and estimates to determine the IBR at the commencement of lease, using borrowing rates that certain financial institutions would charge the Group against financing the different types of assets it leased over different terms and different ranges of values. The Majority of the leases are present in the UAE and accordingly no adjustment for the economic environment is deemed to be required.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Project cost to complete estimates

At the end of each reporting period, the Group is required to estimate costs to complete contracts. Estimating costs to complete on such contracts requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the end of the reporting period. The Group uses internal quantity surveyors together with project managers and the group's commercial team to estimate the costs to complete for construction contracts. Factors such as changes in material prices, labour costs, defects liability costs and other costs are included in the contract cost estimates based on best estimates of the contract progress and remaining works at the year-end. These estimates also include the cost of potential claims by contractors and the cost of meeting other contractual obligations to the customer.

Defects liability period and provision for maintenance

The Group provides a one-year defects liability commitment to customers from the date of handover of the project. These are assurance-type warranties and are not sold separately. Management's estimates of the related provision to record for the future cost of rectifying any defects is based on historical experience of costs incurred in providing maintenance services as well as recent trends that might suggest that past cost may not be an accurate measure of potential future costs.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****4. Critical accounting judgments and key sources of estimation uncertainty (continued)****Key sources of estimation uncertainty (continued)***Liquidated damages*

The Group provides for liquidated damages where there have been significant delays against defined contractual delivery dates or contractual milestones and it is considered probable that the customer will successfully pursue these penalties. This requires management to estimate the amount of liquidated damages payable under the contract based on a combination of an assessment of the contractual terms, the reasons for any delays and evidence of cause of the delays to assess who is liable under the contract for the delays and consequently whether the Group is liable for the liquidated damages or not.

Furthermore, there is an assessment by management of any liquidated damages, which can be recovered against subcontractors or the supply chain due to late delivery against contractual delivery dates, or milestones which are the direct cause of the delays under the contract with the customer and which the supply chain is liable for.

In making this judgement, management considered the following:

- a) The outcome of ongoing constructive discussions with the customer regarding certain key delivery dates and how the delays to the progress of works can be mitigated without impacting any related contractors or any other project activity which minimises the risk of these related contractors pursuing liquidated damages against the customer, which the customer would in turn seek to recover; and
- b) The outcome of the discussions to date with the customers due to which management believes the risk of liquidated damages being levied has been mitigated.

Provision for taxation

The Group has provided for estimated income tax based on the estimated profit margins on the revenue earned from projects in United Arab Emirates, Kingdom of Saudi Arabia, Ethiopia and State of Qatar based on relevant tax laws. There is a probability that the tax departments in each of the jurisdictions may assess tax at higher/lower profit margins or tax rates which may give rise to higher/lower tax liabilities.

Employees' end of service indemnity

The cost of the end of service benefits and the present value of these benefits obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Allowance for inventory obsolescence

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

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****4. Critical accounting judgments and key sources of estimation uncertainty (continued)****Key sources of estimation uncertainty (continued)***Estimated useful lives of property, plant and equipment*

The costs of items of property, plant and equipment are depreciated on a systematic basis over the estimated useful lives of the assets. Management has determined the estimated useful lives of each asset and/or category of assets based on the following factors:

- Expected usage of the assets;
- Expected physical wear and tear, which depends on operational and environmental factors; and
- Legal or similar limits on the use of the assets.

Management has not made estimates of residual values for any items of property, plant and equipment at the end of their useful lives as these have been deemed to be insignificant.

Impairment of intangible assets

The Group assesses goodwill and intangibles with an indefinite useful life for impairment annually and other assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication of impairment exists, the group makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets ('cash generating unit' or 'CGU'). An asset group's recoverable amount is the higher of its fair value less costs of disposal and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount.

5. Segment reporting

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 *Operating Segments*. IFRS 8 requires operating segments to be identified based on internal reports about components of the Group that are regularly reviewed by the "Executive management" who are the Chief Operating Decision Makers (CODM) in order to allocate resources to the segment and to assess its performance. The Board of Directors is identified as CODM for the Group. The management of the Group assess the Group into four key business units: Building and Infrastructure Construction Services, Energy, Related Businesses and Corporate Activities.

These businesses are the basis on which the Group reports its primary segment information to CODM for the purpose of resource allocation and assessment of segment performance. Transactions between segments are conducted at estimated market rates on an arm's length basis and eliminated on consolidation.

Segment assets and liabilities are not disclosed in the segment reporting as these are not regularly provided to the CODM. Only the total assets and liabilities of the Group are reported to the CODM.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

5. Segment reporting (continued)

	Building and infrastructure construction services AED'000	Energy AED'000	Related businesses AED'000	Corporate activities AED'000	Eliminations AED'000	Total AED'000
31 December 2025						
Contract revenue	6,837,668	4,626,024	3,050,434	-	(1,910,130)	12,603,996
Contract costs	(6,337,925)	(4,207,901)	(2,677,452)	-	1,942,275	(11,281,003)
Gross profit	499,743	418,123	372,982	-	32,145	1,322,993
Administrative expenses	(64,195)	(98,820)	(113,421)	(187,344)	-	(463,780)
Share of results of joint ventures	-	-	(1,816)	-	-	(1,816)
Expected credit loss allowance on financial assets and contract assets	17,750	(19,784)	(6,243)	1,109	(13,591)	(20,759)
Finance costs - net	31,090	(61,112)	(7,178)	(37,754)	3,486	(71,468)
Finance income	716	2,057	1,799	24,108	(6,775)	21,905
Other income - net	346	2,566	875	(630)	-	3,157
Net segment results – profit / (loss) before tax	485,450	243,030	246,998	(200,511)	15,265	790,232
31 December 2024						
Contract revenue	4,075,769	2,813,760	1,999,100	-	(787,544)	8,101,085
Contract costs	(3,826,928)	(2,564,558)	(1,672,157)	-	798,751	(7,264,892)
Gross profit	248,841	249,202	326,943	-	11,207	836,193
Administrative expenses	(53,000)	(63,728)	(104,085)	(127,870)	-	(348,683)
Share of results of joint ventures	(1,648)	-	1,622	-	-	(26)
Expected credit loss allowance on financial assets and contract assets	(22,920)	(680)	3,365	-	(636)	(20,871)
Finance costs - net	(17,875)	(51,840)	(5,518)	(26,443)	1,298	(100,378)
Finance income	41	1,253	435	15,358	(947)	16,140
Other income - net	(136)	4,617	1,090	4,197	(5,727)	4,041
Net segment results – profit / (loss) before tax	153,303	138,824	223,852	(134,758)	5,195	386,416

The Group conducts its business mainly in the UAE and KSA. The following table presents geographical information based on the location of customers and non-current assets.

	United Arab Emirates AED'000	Kingdom of Saudi Arabia AED'000	Others AED'000	Total AED'000
31 December 2025				
Contract revenue	9,985,297	2,615,170	3,529	12,603,996
Total non-current assets *	1,433,283	239,565	46	1,672,894

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

5. Segment reporting (continued)

	United Arab Emirates AED'000	Kingdom of Saudi Arabia AED'000	Others AED'000	Total AED'000
31 December 2024				
Contract revenue	5,923,542	2,127,855	49,688	8,101,085
Total non-current assets *	981,504	123,864	68	1,105,436

* For the purpose of geographical disclosure, non-current assets comprise property, plant and equipment, intangible assets, goodwill, gross amounts due from customers on construction contracts and advances to suppliers in accordance with IFRS 8.

6. Property, plant and equipment

	Buildings and improvements AED'000	Plant, machinery and equipment AED'000	Office furniture, fixtures and equipment AED'000	Motor vehicles AED'000	Right-of-use asset - land AED'000	Right-of-use asset - building AED'000	Right-of-use asset - machinery and equipment AED'000	Capital work-in- progress* AED'000	Total AED'000
Cost									
At 1 January 2024	440,389	862,386	89,485	54,787	82,850	26,697	68,739	70,978	1,696,311
Additions	49,520	190,523	20,855	16,353	49,599	12,587	42,975	72,302	454,714
Disposal/write off	-	(22,664)	(3)	(2,425)	-	-	(5,480)	-	(30,572)
Disposal arising from lease cancellation (Note 21)	-	-	-	-	(14,642)	-	-	-	(14,642)
Transfer to intangible assets (Note 7)	-	-	-	-	-	-	-	(16,718)	(16,718)
Transfers	36,708	14,125	-	1,008	-	-	-	(51,841)	-
31 December 2024	526,617	1,044,370	110,337	69,723	117,807	39,284	106,234	74,721	2,089,093
Additions	8,659	242,632	18,823	42,694	72,082	101,765	40,881	73,880	601,416
Disposal/write off	-	(8,489)	(17,972)	(1,293)	-	-	(672)	-	(28,426)
Disposal arising from lease cancellation (Note 21)	-	-	-	-	(17,328)	-	-	-	(17,328)
Transfers	76,286	48,055	-	-	-	-	-	(124,341)	-
31 December 2025	611,562	1,326,568	111,188	111,124	172,561	141,049	146,443	24,260	2,644,755
Accumulated depreciation and amortization									
At 1 January 2024	192,633	682,564	78,215	28,488	20,548	10,148	34,849	-	1,047,445
Charge for the year	34,079	70,549	7,917	8,514	4,211	11,833	8,379	-	145,482
Eliminated on disposal/write off	-	(22,327)	(3)	(2,425)	-	-	(4,301)	-	(29,056)
Eliminated on disposal arising from lease cancellation	-	-	-	-	(4,022)	-	-	-	(4,022)
31 December 2024	226,712	730,786	86,129	34,577	20,737	21,981	38,927	-	1,159,849
Charge for the year	48,761	126,182	14,114	15,262	9,504	23,153	13,606	-	250,582
Eliminated on disposal/write off	-	(8,394)	(17,055)	(1,284)	-	-	(290)	-	(27,023)
Eliminated on disposal arising from lease cancellation	-	-	-	-	(6,257)	-	-	-	(6,257)
31 December 2025	275,473	848,574	83,188	48,555	23,984	45,134	52,243	-	1,377,151
Carrying amount									
31 December 2025	336,089	477,994	28,000	62,569	148,577	95,915	94,200	24,260	1,267,604
31 December 2024	299,905	313,584	24,208	35,146	97,070	17,303	67,307	74,721	929,244

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

6. Property, plant and equipment (continued)

- * Capital work-in-progress mainly comprises costs relating to office refurbishments and a labour camp under construction at project sites. During the year, amounts relating to completed assets were transferred to buildings and improvements under property, plant and equipment when they were ready for their intended use. The remaining balance relates to projects that are ongoing as at the reporting date.

Included in property, plant, and equipment are assets with a cost of AED 742,400 thousand (2024: AED 667,282 thousand), that are fully depreciated but still in use as at 31 December 2025.

Right-of-use assets - machinery and equipment include assets secured by a mortgage over the financed machinery and equipment (Note 21).

The Group leases several assets including machinery and equipment, building and land. The average lease terms are as follows:

	Number of months
Land	55 to 420 months
Building	22 to 60 months
Machinery and equipment	36 to 60 months

The right of use land includes AED 3,000 thousand (2024: AED 2,656 thousand) related to asset retirement obligations (Note 21).

Amounts recognized in profit or loss related to leases

	2025 AED'000	2024 AED'000
Depreciation expense on right-of-use assets	46,263	24,423
Finance cost related to lease liabilities (Notes 20 and 21)	12,552	7,580
Rental expense relating to short-term leases and leases of low value assets	88,390	85,776

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

7. Intangible assets

	Tradename AED'000	License AED'000	Customer contracts AED'000	Computer software AED'000	Total AED'000
Cost					
1 January 2024	49,600	7,000	58,300	739	115,639
Additions	-	-	-	71	71
Transfers from property, plant and equipment (Note 6)	-	-	-	16,718	16,718
31 December 2024	49,600	7,000	58,300	17,528	132,428
Additions	-	-	-	6,039	6,039
31 December 2025	49,600	7,000	58,300	23,567	138,467
Accumulated amortization					
1 January 2024	6,200	875	7,288	477	14,840
Charge for the year	4,960	700	5,830	2,023	13,513
31 December 2024	11,160	1,575	13,118	2,500	28,353
Charge for the year	4,960	700	5,830	4,177	15,667
31 December 2025	16,120	2,275	18,948	6,677	44,020
Carrying amount					
31 December 2025	33,480	4,725	39,352	16,890	94,447
31 December 2024	38,440	5,425	45,182	15,028	104,075

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

8. Investments in joint ventures

Details of the Group's joint ventures at the end of the reporting period are as follows:

Name of joint venture	Principal activity	Place of incorporation	Proportion of ownership interest held by the Group legally		Beneficial interest held by the Group	
			2025	2024	2025	2024
Service and Trade and Al Jaber L.E.G.T. Company LLC	Construction of Jabal Al Akhdar Anantara Resort Hotel and Spa	Sultanate of Oman	50%	50%	50%	50%
ALEMCO Zawawi LLC	Electromechanical contracting services	Sultanate of Oman	70%	70%	70%	70%
Expo Contracting DWC LLC	Commercial enterprises and management	United Arab Emirates	50%	50%	50%	50%
APIO Solutions Limited	Modular solutions	United Kingdom	50%	50%	50%	50%

The above joint ventures are accounted for in these consolidated financial statements using the equity method.

A joint venture of the Group has assets and liabilities which offset each other through a pass through arrangement, and should there be a shortfall between these, the difference is guaranteed by the Dubai Department of Finance. The exposure of the joint venture's shareholders is therefore limited to the share capital of the joint venture. Hence, this joint venture's assets and liabilities are not included in the table below.

Summarised financial information in respect of the Group's material joint ventures is set out below. These represent amounts shown in the joint ventures' financial statements prepared in accordance with IFRS Accounting Standards.

	2025 AED'000	2024 AED'000
Current assets	28,988	64,033
Non-current assets	-	1,263
	<hr/> <hr/>	<hr/> <hr/>
Current liabilities	165,513	195,182
Non-current liabilities	-	4,045
	<hr/> <hr/>	<hr/> <hr/>
Net liabilities	136,525	133,931
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

8. Investments in joint ventures (continued)

	2025 AED'000	2024 AED'000
Group share of net liabilities	<u>76,885</u>	<u>75,069</u>
Less: Cumulative amount allocated to due from related parties	(65,978)	(64,069)
Less: Cumulative amount recognized as accruals as included in the contract and other payables	<u>(10,907)</u>	<u>(11,000)</u>
Carrying amount of investment in joint ventures	-	-
<i>Revenue and loss:</i>		
Revenue for the year	<u>-</u>	<u>-</u>
Loss for the year	<u>(2,594)</u>	<u>(979)</u>
Group's share of losses*	<u>(1,816)</u>	<u>(26)</u>

* Total share of results from the Group's joint ventures for the year ended 31 December 2025 is a loss of 1,816 thousand (2024: loss of AED 26 thousand). Out of the total, the loss attributable to two of the Group's joint ventures has exceeded the original investment. In accordance with IAS 28 *Investments in Associates and Joint Ventures*, when the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture, the Group discontinues recognizing its share of further losses and any additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations on behalf of the joint venture.

9. Related party balances and transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24 *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control, shareholders and key management personnel. The terms and conditions of such transactions are decided by management.

Transactions with related parties

The following transactions during the year arose from the normal operations of the Group:

	2025 AED'000	2024 AED'000
Purchase of materials and services		
Companies under common control	<u>63,915</u>	<u>9,780</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

9. Related party balances and transactions (continued)

Transactions with related parties (continued)

The following transactions during the year arose from the normal operations of the Group (continued):

	2025 AED'000	2024 AED'000
Revenue from related parties (Note 24)		
Companies under common control	47,974	82,114

Compensation of key management personnel

	2025 AED'000	2024 AED'000
Short-term benefits	10,078	8,068
Long-term benefits	312	266
	10,390	8,334
Directors' fees	3,140	3,250

Dividends paid to shareholders

	2025 AED'000	2024 AED'000
Dividends paid to shareholders	265,000	242,537

On 30 June 2025, by virtue of a shareholders' resolution, the shareholders approved and declared a cash dividend of AED 1,700 per share amounting to AED 85,000 thousand, which was paid on 25 August 2025.

On 20 March 2025, by virtue of a shareholders' resolution, the shareholders approved and declared a cash dividend of AED 3,600 per share amounting to AED 180,000 thousand, which was paid on 19 June 2025.

On 29 April 2024, prior to the Group reorganization on 23 August 2024 (Note 1), by virtue of a board resolution, the shareholders approved and declared a cash dividend of AED 48,507 per share amounting to AED 242,537 thousand. The dividends were paid in full in May 2024.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

9. Related party balances and transactions (continued)

Balances and transactions with affiliated entities under the Immediate Parent Company

The following balances and transactions during the year arose from the normal operations of the Group:

	2025 AED'000	2024 AED'000
Cash and cash equivalents held with related party banks (Note 23)	<u>376,748</u>	<u>292,026</u>
Borrowings from related party banks (Note 27)	<u>480,278</u>	<u>575,925</u>
Interest and commission paid to related party banks (Note 20)	<u>31,910</u>	<u>40,968</u>

Balances with related parties

The following are the outstanding balances with related parties arising from the normal operations of the Group:

	2025 AED'000	2024 AED'000
Due from related parties (Note 10)		
Immediate Parent Company	300	300
Joint ventures	11,793	11,601
Joint operations	2,494	72,051
Other affiliated entities	15,093	38,108
	<u>29,680</u>	<u>122,060</u>
Less: Expected credit losses	<u>(12,101)</u>	<u>(10,307)</u>
	<u>17,579</u>	<u>111,753</u>

The following table shows the movement in Lifetime ECL that has been recognised for amounts due from related parties in accordance with the simplified approach set out in IFRS 9.

	2025 AED'000	2024 AED'000
At 1 January	10,307	11,435
Change in loss allowance	1,794	(1,128)
At 31 December	12,101	10,307

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

9. Related party balances and transactions (continued)

Balances with related parties (continued)

	2025 AED'000	2024 AED'000
Due to related parties (Note 18)		
Joint operations	39,761	23,596
Other affiliated entities	11,705	2,145
	<hr/> 51,466	<hr/> 25,741
	<hr/> <hr/> 107,867	<hr/> <hr/> 202,451
Retention receivables (Note 11)		
	<hr/> <hr/> 1,002	<hr/> <hr/> 63
Retention payables (Note 18)		
	<hr/> <hr/> 39,147	<hr/> <hr/> 39,341
Advances from customers (Note 18)		
	<hr/> <hr/> 231,791	<hr/> <hr/> 312,778
Gross amounts due from customers on construction contracts (Note 12)		
	<hr/> <hr/> 384	<hr/> <hr/> 10,302

10. Contract and other receivables

	2025 AED'000	2024 AED'000
Contract receivables	1,401,729	1,251,727
Less: Allowance for expected credit loss	(69,082)	(70,585)
	<hr/> 1,332,647	<hr/> 1,181,142
Due from related parties - net (Note 9)	17,579	111,753
Retention receivables - net (Note 11)	824,267	747,303
Advances to suppliers and subcontractors	1,037,575	724,308
Other receivables	91,681	35,612
	<hr/> <hr/> 3,303,749	<hr/> <hr/> 2,800,118

The average credit period on sale of goods or services is 90 days (2024: 90 days). No interest is charged on past due contract receivables.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

10. Contract and other receivables (continued)

Before accepting any new customers, the Group assesses the potential credit quality of the customer. Out of the contract receivable balance at the end of the year, an amount of AED 255,599 thousand (2024: AED 615,134 thousand) is due from the Group's two major customers (2024: four major customers). There are no other customers whose balance exceeds more than 10% of the contract receivables as at reporting date.

Included in the Group's contract receivables balance are debtors with a carrying amount of AED 396,570 thousand (2024: AED 305,623 thousand) which are past due at the end of the reporting period. The Group does not hold any collateral over these balances.

Ageing of past due contract receivables:

	2025 AED'000	2024 AED'000
Past due for 90 to 120 days	41,766	67,308
Past due for 121 to 180 days	105,527	7,561
Past due for more than 180 days	249,277	230,754
	<hr/> 396,570	<hr/> 305,623
	<hr/> <hr/>	<hr/> <hr/>

The Group always measures the loss allowance for contract receivables at an amount equal to Lifetime ECL using the simplified approach.

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

The following table shows the movement in Lifetime ECL that has been recognised for contract receivables in accordance with the simplified approach set out in IFRS 9:

	2025 AED'000	2024 AED'000
At 1 January	70,585	74,871
Change in loss allowance	(1,473)	(4,286)
Write-off of loss allowance	(30)	-
At 31 December	<hr/> 69,082	<hr/> 70,585
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

11. Retention receivables

	2025 AED'000	2024 AED'000
Current portion, net of expected credit losses (Note 10)	824,267	747,303
Non-current portion, net of expected credit loss and fair value adjustment	187,349	233,522
	<hr/> <hr/> 1,011,616	<hr/> <hr/> 980,825

Non-current portion of retention receivables represents retention receivables that become due in a period exceeding one year from the reporting date.

Retention receivables are classified as follows:

	2025 AED'000	2024 AED'000
Related parties, net of expected credit losses (Note 9)	107,867	202,451
Third parties, net of expected credit losses	903,749	778,374
	<hr/> <hr/> 1,011,616	<hr/> <hr/> 980,825

The management always measure the loss allowance on retention receivables at an amount equal to Lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for retention receivables.

The following table shows the movement in Lifetime ECL that has been recognised for retention receivables in accordance with the simplified approach set out in IFRS 9.

	2025 AED'000	2024 AED'000
At 1 January	13,496	16,811
Change in loss allowance	791	(3,315)
At 31 December	<hr/> <hr/> 14,287	<hr/> <hr/> 13,496

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

12. Gross amounts due from customers on construction contracts

	2025 AED'000	2024 AED'000
Current portion, net of expected credit losses	3,786,095	2,254,086
Non-current portion, net of expected credit loss	27,438	-
	<hr/> <hr/> 3,813,533	<hr/> <hr/> 2,254,086

Gross amounts due from customers on construction contracts are contract assets that arise when the Group performs work for customers that has been recognised as revenue to date but has not received certifications from its customers. Any amount previously recognised as a contract asset is reclassified to contract receivables at the point at which it is certified by the customer and invoiced to the customer.

The above balance includes gross amounts due from customers on construction contracts arising from contracts with related parties, amounting to AED 231,791 thousand (2024: AED 312,778 thousand) (Note 9).

Significant changes in the gross amounts due from and to customers on construction contracts during the year are mentioned in Note 18.

The management always measure the loss allowance on gross amounts due from customers at an amount equal to Lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the gross amounts due from customers under construction contracts.

The following table shows the movement in Lifetime ECL that has been recognised for gross amounts due from customers under construction contracts in accordance with the simplified approach set out in IFRS 9.

	2025 AED'000	2024 AED'000
As at 1 January	41,220	11,669
Change in loss allowance	19,575	29,551
As at 31 December	60,795	41,220

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

13. Inventories

	2025 AED'000	2024 AED'000
Raw materials and consumables	36,571	27,926
Finished goods	14,150	11,521
Work-in-progress	3,040	5,432
	<hr/> 53,761 <hr/>	<hr/> 44,879 <hr/>

14. Share capital

On 23 August 2024, by virtue of an amendment to the Memorandum of Association of ALEC Holdings LLC, the share capital was increased from AED 300 thousand to become AED 50,000 thousand. It is divided into 50,000 shares, with a value of AED 1 thousand each. This increase was done through a capital reorganisation (Note 1).

As at 31 December 2024, the share capital comprises 50,000 authorised, issued and fully paid shares of AED 1 thousand each.

On 24 January 2025, the Immediate Parent Company approved the conversion of the Company from limited liability company – single owner to public joint stock company and offer part of the Company's capital to the public.

On 19 September 2025, the articles of association of the Company were approved and notarized and the Company was converted into a Public Joint Stock Company and the share capital was split into 5,000,000,000 shares with a nominal value of AED 0.01 each.

As at 31 December 2025, the share capital comprises 5,000,000,000 authorised, issued and fully paid shares of AED 0.01 each.

15. Statutory reserves

In accordance with the UAE Federal Decree Law No. (32) of 2021, as amended, concerning Commercial Companies and the Company's Memorandum of Association, 5% of the profit for the year is to be transferred to a statutory reserve. Such transfers are required to be made until the reserve is equal to 50% of the share capital.

As at 31 December 2025, the statutory reserves of subsidiaries amounted to AED 93,099 thousand (2024: AED 92,977 thousand). These reserves are not available for distribution.

16. General reserve

Transfers to and from the general reserve are made at the discretion of the Board of Directors of the Company.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

17. Provision for employees' end-of-service benefits

The movement in the provision for employees' end-of-service benefits is as follows:

	2025 AED'000	2024 AED'000
At 1 January	309,839	262,676
	<hr/>	<hr/>
Current service cost	56,719	52,139
Finance cost (Note 20)	17,230	4,584
	<hr/>	<hr/>
Total amount recognised in profit or loss	73,949	56,723
	<hr/>	<hr/>
Remeasurement loss / (gain) :		
Loss from changes in demographic assumptions	3,665	15,702
Loss / (gain) from changes in financial assumptions	12,011	(4,994)
Loss from changes in experience adjustments	34,425	8,793
	<hr/>	<hr/>
Total amount recognised in other comprehensive income	50,101	19,501
	<hr/>	<hr/>
Payments made during the year	(31,574)	(29,061)
	<hr/>	<hr/>
At 31 December	402,315	309,839
	<hr/>	<hr/>

In accordance with the provisions of IAS 19 *Employee Benefits*, management has carried out an exercise to assess the present value of its obligations of the Group as at 31 December 2025 and 2024 using the projected unit credit method, in respect of employees' end-of-service benefits payable under the Labour Laws of the United Arab Emirates and Kingdom of Saudi Arabia.

Key assumptions include the discount rate, salary increase rate and mortality rates, these assumptions are summarised below:

	2025	2024
Discount rate	5.26 - 5.58 %	5.75%
Salary inflation	2 - 5 %	2 - 5%
Mortality, disability and attrition rates	6.7 - 15 %	6.4 - 15%
Mortality rates basis	AM92	AM92
	<hr/>	<hr/>

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

17. Provision for employees' end-of-service benefits (continued)

The possible changes at the reporting date to any one of the key assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Assumption and change

	Effect of provision	
	2025 AED'000	2024 AED'000
Discount rate: (Increase) by 0.5%	(10,766)	(8,592)
Discount rate: Decrease by 0.5%	11,417	9,119
Salary increase rate: Increase by 1%	23,670	19,017
Salary increase rate: (Decrease) by 1%	(21,419)	(17,167)
Mortality, disability and attrition rates: Increase by 2%	4,245	5,092
Mortality, disability and attrition rates: (Decrease) by 2%	(5,229)	(6,234)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

The weighted average duration of the unfunded scheme is 7 years (2024: 7 years).

The charge in 2026 is expected to amount to AED 95,004 thousand (2025: AED 58,236 thousand).

18. Contract and other payables

	2025 AED'000	2024 AED'000
Contract payables	1,338,145	799,492
Advances from customers	2,032,098	1,120,743
Due to related parties (Note 9)	51,466	25,741
Retention payables	348,729	406,659
Accruals	2,215,599	1,977,809
Other payables	26,534	36,043
	6,012,571	4,366,487

The average credit period on purchase of goods and services is 90 days (2024: 90 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

18. Contract and other payables (continued)

Retention payables

	2025 AED'000	2024 AED'000
Current portion	348,729	406,659
Non-current portion, net of fair value adjustment	167,119	98,527
	<hr/>	<hr/>
	515,848	505,186
	<hr/>	<hr/>
Related parties (Note 9)	1,002	63
Third parties	514,846	505,123
	<hr/>	<hr/>
	515,848	505,186
	<hr/>	<hr/>

Gross amounts due to customers on construction contracts

	2025 AED'000	2024 AED'000
Gross amounts due to customers on construction contracts	263,656	309,915
	<hr/>	<hr/>

The above balance includes gross amounts due from customers on construction contracts arising from contracts with affiliated entities, amounting to AED 384 thousand (2024: AED 10,302 thousand) (Note 9).

Significant changes in the gross amounts due to customers and gross amounts due from customers on construction contracts balance during the year are as follows:

	2025 AED'000	2024 AED'000	Variance AED'000
Gross amounts due from customers on construction contracts, before ECL (Note 12)	3,874,328	2,295,306	1,579,022
Gross amounts due to customers on construction contracts	(263,656)	(309,915)	46,259
	<hr/>	<hr/>	<hr/>
	3,610,672	1,985,391	1,625,281
	<hr/>	<hr/>	<hr/>

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

18. Contract and other payables (continued)

Gross amounts due to customers on construction contracts (continued)

Significant changes are as follows:

	Variance AED'000
Conversion to contract receivables	(10,904,097)
Revenue recognition (Note 24)	12,529,378
	<hr/>
	1,625,281

Advances from customers

	2025 AED'000	2024 AED'000
Current portion	2,032,098	1,120,743
Non-current portion	1,328,632	595,476
	<hr/> 3,360,730	<hr/> 1,716,219
	<hr/> <hr/> 3,360,730	<hr/> <hr/> 1,716,219
Related parties (Note 9)	39,147	39,341
Third parties	3,321,583	1,676,878
	<hr/> 3,360,730	<hr/> 1,716,219

19. Profit for the year

	2025 AED'000	2024 AED'000
Profit for the year has been arrived at after charging		
Depreciation of property, plant, and equipment and amortization of right-of-use assets (Note 6)	250,582	145,482
Amortization of intangible assets (Note 7)	15,667	13,513
Staff costs including provision for end-of-service benefits	3,044,002	1,922,421
Gain on disposal of property, plant, and equipment, including the gain arising from lease cancellation	(2,464)	(2,714)
Net movement in loss allowance:		
Due from related parties (Note 9)	1,794	(1,128)
Contract and other receivables (Note 10)	(1,473)	(4,286)
Retention receivables (Note 11)	791	(3,315)
Gross amounts due from customers on construction contracts (Note 12)	19,575	29,551
Cash and bank balances (Note 23)	72	49

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

20. Finance costs - net

	2025 AED'000	2024 AED'000
Finance costs related to lease liabilities (Note 21)	12,552	7,580
Finance costs related to bank borrowings (Note 27)	63,487	69,407
Finance cost related to provision for employees' end-of-service benefits (Note 17)	17,230	4,584
Fair value adjustment of non-current retention receivables and retention payables - net	(22,459)	18,807
Others	658	-
	71,468	100,378

The Group's finance costs for the year ended 31 December 2025 amounting to AED 31,910 thousand (2024: AED 40,968 thousand) (Note 9) are from a related party financial institution.

21. Lease liabilities

	2025		2024	
	Minimum lease payment AED'000	Present value of minimum lease payments AED'000	Minimum lease payment AED'000	Present value of minimum lease payments AED'000
Less than 1 year	91,853	77,567	36,544	27,501
Later than 1 year and not later than 5 years	154,766	125,177	102,929	81,072
Later than 5 years	158,198	100,041	102,197	67,300
	404,817	302,785	241,670	175,873
Less: future finance charges	(102,032)	-	(65,797)	-
Present value of minimum lease payments	302,785	302,785	175,873	175,873

The lease liabilities under financing lease agreements are repayable in 36 to 60 installments due from February 2022 with final installments due in May 2030 and carry an interest rate implicit in the lease ranging from 4.5% to 7.3% per annum.

The remaining lease liability related to the application of IFRS 16 has been calculated applying incremental borrowing rates ranging from 5% to 8% per annum, with expiry dates between 2026 and 2055.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

21. Lease liabilities (continued)

Lease liabilities are repayable as follows:

	2025 AED'000	2024 AED'000
Current portion	77,567	27,501
Non-current portion	225,218	148,372
	<hr/> 302,785	<hr/> 175,873

Lease liabilities related to machinery and equipment are secured by a mortgage over the financed machinery and equipment (Note 6).

Asset retirement obligation as at 31 December 2025 of AED 3,000 thousand (31 December 2024: AED 2,656 thousand) (Note 6) pertains to the present value of the estimated costs of demolition of the labor camp and restoring the land, which is leased by the Group, to its original condition. This is a contractual obligation of the lessee as stipulated in the lease agreement.

Movement in lease liabilities are as follows:

	2025 AED'000	2024 AED'000
At 1 January	175,873	103,200
Additions during the year	211,728	105,161
Finance costs related to lease liabilities (Note 20)	12,552	7,580
Less: Payments made during the year	(73,344)	(20,144)
Less: Payment of finance costs related to lease liabilities	(12,552)	(7,580)
Reversal related to lease cancellation	(11,472)	(12,344)
	<hr/> 302,785	<hr/> 175,873

22. Goodwill

	2025 AED'000	2024 AED'000
AJI Heavy Equipment Rental LLC	13,361	13,361
Target Engineering Construction Company – Sole Proprietorship L.L.C.	7,220	7,220
AES Building Materials Trading LLC	2,474	2,474
	<hr/> 23,055	<hr/> 23,055

The Group tests goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired. No impairment loss has been recognized in 2025 (2024: AED Nil).

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

23. Cash and bank balances

	2025 AED'000	2024 AED'000
Cash at bank and on hand	1,574,734	1,254,377
Less: Allowance for expected credit loss	(205)	(133)
<hr/>	<hr/>	<hr/>
Cash and bank balances	1,574,529	1,254,244
Less: Margin deposits - under lien	(37,183)	(89,554)
<hr/>	<hr/>	<hr/>
Cash and cash equivalents	1,537,346	1,164,690
<hr/>	<hr/>	<hr/>

The above balance includes cash held with an exchange house, amounting to AED 41,874 thousand (2024: AED 27,928 thousand).

Included in bank balances is an amount of AED 376,748 thousand (2024: AED 292,026 thousand) held with three banks which are related parties to the Group (see Note 9). These transactions with the related parties are at arm's length and in the ordinary course of the business.

Balances with banks are assessed to have low credit risk of default since these banks are regulated by the central banks of the respective countries. Accordingly, the management of the Group measures the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. The management of the Group have assessed the impairment on cash and bank balances to be AED 205 thousand (2024: AED 133 thousand), based on historical default experience and the current credit ratings of the banks.

24. Contract revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services and income derived from leasing of machinery and equipment, which is recognised over time. Also, the Group generates revenue from sale of goods which is recognised at a point in time. Details of revenue are as follows:

	2025 AED'000	2024 AED'000
Construction revenue	12,529,378	8,038,033
Lease income	63,868	36,423
Sale of goods	10,750	26,629
<hr/>	<hr/>	<hr/>
12,603,996	8,101,085	<hr/>
<hr/>	<hr/>	<hr/>

Construction revenue includes revenue recognised for contracts with related parties amounting to AED 47,974 thousand (2024: AED 82,114 thousand) (Note 9).

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

24. Contract revenue (continued)

The transaction price allocated to (partially) unsatisfied performance obligations at 31 December 2025 and 2024, which will be recognized over time are as set out below.

	2025 AED'000	2024 AED'000
Transaction price allocated to (partially) unsatisfied performance obligations	<u>30,291,565</u>	<u>27,526,771</u>

Management expects that 58% of the transaction price allocated to partially unsatisfied contracts as of 31 December 2025 will be recognised as revenue during 2026 amounting to AED 17,698 million. The remaining transaction price will be recognised from 2027 until 2030.

25. Income taxes

Income tax expense for the period mainly relates to current tax on profit relating to the Group's operations in the United Arab Emirates and Kingdom of Saudi Arabia. The tax rates in these jurisdictions are United Arab Emirates (9%) and Kingdom of Saudi Arabia (Zakat of 2.5% and Income Tax of 20%).

The Group also have a presence in the Sultanate of Oman, State of Qatar, Egypt and Ethiopia, United Kingdom and Italy. However, the group does not generate substantial income in these jurisdictions.

The Group has provided for income tax based on the estimated profit for the period earned in Kingdom of Saudi Arabia and United Arab Emirates based on relevant tax laws. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period and pending assessment from the tax authorities in the respective jurisdictions. There is a probability that the tax departments in each of the jurisdictions may assess tax at higher/lower profit margins or tax rates which may give rise to additional/lower tax liabilities.

Pillar Two Tax

The OECD has published GloBE Model Rules, which includes a minimum 15% tax rate by jurisdiction ("Pillar Two"). The Pillar Two rules apply to multinational groups with consolidated turnover exceeding €750 million in two of the previous four fiscal year. Various countries have enacted or intend to enact tax legislation to comply with the Pillar Two rules. The Group is within the scope of the OECD Pillar Two model rules, and it operates within Jurisdictions in which the OECD's Pillar Two rules are in effect at the end of the reporting period.

The Group have assessed the exposure to Pillar Two income taxes. Based on this assessment, the Group have recognised a current tax expense in the consolidated statement of profit or loss in the period of AED 37,890 thousand (2024: AED Nil) related to Pillar Two taxes.

The Group has applied the temporary exemption issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two taxes.

Effective tax rate for the Group is 13.1% (31 December 2024: 6.1%).

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

25. Income taxes (continued)

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2025 AED'000	2024 AED'000
Profit before tax	790,232	386,416
Less: profit before tax on non-taxable jurisdictions	(201,194)	-
Profit before tax on taxable jurisdictions	589,038	386,416
Tax at the corporate tax rate in the United Arab Emirates	9%	9%
Income tax expense on profit relating to the Group's operations in taxable jurisdictions	53,013	34,777
Adjustments:		
Tax effect of share of results of a joint venture	-	(146)
Tax effect of expenses that are not deductible in determining taxable profit	103	289
Tax effect of income not taxable in determining taxable profit	(523)	(585)
Effect of different tax rates of subsidiaries operating in other jurisdictions	12,660	(10,827)
Pillar II top up tax	37,890	-
Income tax expense for the year recognised in profit or loss	103,143	23,508
Tax income on remeasurement loss on employees' defined benefit obligations (OCI)	(3,906)	-
Net tax expenses for the year	99,237	23,508
	2025 AED'000	2024 AED'000
Current tax liability recognised in the consolidated statement of financial position	98,747	23,465

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

26. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2025	2024
Profit for the year attributable to Owners of the Company (AED'000)	686,202	362,418
Weighted average number of ordinary shares	5,000,000,000	5,000,000,000
Basic and diluted earnings per share (AED)	0.137	0.072

27. Borrowings

	2025 AED'000	2024 AED'000
Term loans	429,284	445,984
Trust receipts	-	67,983
Bank overdraft	-	171,266
Acceptances	205,136	143,522
	634,420	828,755

Bank borrowings are classified and presented in the consolidated statement of financial position as follows:

	2025 AED'000	2024 AED'000
Within one year	384,420	524,978
More than one year	250,000	303,777
	634,420	828,755

Term loans

The Group has the following outstanding material term loans:

- a) A loan amounting to AED 450,000 thousand is unsecured subject to interest at 1.25% per annum plus 3 months EIBOR and is repayable in equal quarterly instalments of AED 12,500 thousand each. As at 31 December 2025, outstanding balance of the loan amounted to AED 300,000 thousand (31 December 2024: AED 350,000 thousand).

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

27. Borrowings (continued)

Term loans (continued)

b) One of the subsidiaries of the Group has obtained a loan amounting to AED 206,955 thousand (31 December 2024: AED 104,075 thousand). The loan has been secured for the purchase of equipment and machinery, subject to interest equal to 2.75% per annum plus 1 months EIBOR for a period of 3 years. As at 31 December 2025, the outstanding balance of loan is AED 129,284 thousand (31 December 2024: AED 86,771 thousand).

Trust receipt assets

Trust receipts are obtained from commercial banks, repayable in 180 days and subject to interest at 7.2% to 7.4% per annum. All trust receipts have been repaid during the period.

Bank overdrafts

Bank overdrafts represent funds received against discounting of bills receivable. Bank overdrafts are in UAE dirhams and are repayable on demand which is secured by the certified receivables of one subsidiary. Bank overdrafts are arranged at floating rates which are linked to the prevailing market rates. All bank overdrafts have been repaid during the period.

Acceptances

Acceptances are subject to commission charges and are obtained mainly from local commercial banks against project facilities. The repayment of these acceptances is generally within 3 to 6 months.

Covenants

One of the Group's subsidiaries is required to comply with certain covenants in respect of its bank loans. The subsidiary has not been able to comply with certain covenants at the year end. Management, based on their ongoing relationship with the banks, is confident that this will not have any significant implications on the facilities provided by the banks. Accordingly, the balance amounting to AED 35,981 thousand has been presented as current liability.

There are no restrictive financial covenants against the other facilities above.

Reconciliation of liabilities arising from financing activities:

	2025 AED'000	2024 AED'000
Balance at 1 January	828,755	934,977
Finance costs related to borrowings (Note 20)	63,487	69,407
Proceeds from bank borrowings	2,320,504	2,066,200
Repayments of bank borrowings	(2,514,839)	(2,172,422)
Finance costs paid	(63,487)	(69,407)
Balance at 31 December	<hr/> 634,420	<hr/> 828,755

The Group's borrowings as at 31 December 2025 amounting to AED 480,278 thousand (31 December 2024: AED 575,925 thousand) (Note 9) are with a related party banks.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

28. Contingent liabilities and commitments

	2025 AED'000	2024 AED'000
Bank guarantees	9,011,084	7,601,106
Letters of credit	1,152,272	792,006

The above bank guarantees and letters of credit were issued in the normal course of business and includes contingent liabilities incurred by the Group arising from its interest in joint venture amounting to AED 6,025 thousand (2024: AED 6,024 thousand).

At 31 December 2025, the Group is committed to AED 39,628 thousand (2024: AED 15,128 thousand) in respect of short-term rental of the yard and staff accommodation.

29. Joint operations

Details of the Group's material joint operations are as follows:

Name of joint operation	Principal activities	Principal place of business	Share in ownership	
			2025	2024
Qatar International Trading/IMAR Trading & Contracting Joint Venture and Al Jaber L.E.G.T. Engineering (ALEC Qatar) W.L.L. (QIT/IMAR - ALEC JV) *	Carrying out general contracting activities including interior design and related mechanical works	State of Qatar	-	50%
Gulf Contracting Company W.L.L. & ALEC L.E.G.T. Contracting W.L.L. (GCC - ALEC JV)	Execution of the Doha Festival City Package 3250	State of Qatar	50%	50%
IMAR & Al Jaber Trading & Contracting Company Co. (IMAR - ALEC JV)	General contracting and trading in decoration accessories	State of Qatar	50%	50%
Saudi Constructioneers Ltd. and ALEC Saudi Arabia Engineering and Contracting LLC (SAUDICO - ALEC JV)	Construction activities	Kingdom of Saudi Arabia	50%	50%
El Seif Engineering Contracting Company Ltd and ALEC Saudi Arabia Engineering and Contracting – Qiddiyah Water Park (EL SEIF - ALEC JV - QWP)	Construction activities	Kingdom of Saudi Arabia	50%	50%

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

29. Joint operations (continued)

Details of the Group's material joint operations are as follows:

Name of joint operation	Principal activities	Principal place of business	Share in ownership	
			2025	2024
El Seif Engineering Contracting Company Ltd and ALEC Saudi Arabia Engineering and Contracting – Qiddiyah Speed Park (EL SEIF - ALEC JV – QSP)	Engineering, procurement and construction of waste to energy plant	Kingdom of Saudi Arabia	50%	50%
ALEC Engineering and Contracting LLC and BUTEC s.a.l. (Dubai Branch (ALEC-BUTEC JV)	Engineering, procurement and construction of waste to energy plant	United Arab Emirates	50%	50%

The Group accounts for the assets, liabilities, revenues and expenses relating to its interests in a joint operation in accordance with the IFRS Accounting Standards as issued by the IASB applicable to the particular assets, liabilities, revenues and expenses.

* During the year, the Group liquidated the joint operation between Qatar International Trading/IMAR Trading & Contracting Joint Venture and Al Jaber L.E.G.T. Engineering (ALEC Qatar) W.L.L. (QIT/IMAR - ALEC JV). This joint operation did not constitute a major line of business, and its liquidation did not have a material impact on the Group's consolidated financial statements.

The following represents the share of the Group over the assets, liabilities, equity, revenue, and profit/(loss) of the joint operations that are consolidated in these consolidated financial statements:

31 December 2025	Assets AED'000	Liabilities AED'000	Equity AED'000	Revenue AED'000	Profit/(loss) AED'000
GCC - ALEC JV	636	-	636	-	-
IMAR - ALEC JV	1,160	337	823	-	(34)
SAUDICO - ALEC JV	91,638	71,193	20,445	148,940	16,084
EL SEIF - ALEC JV - QWP	199,286	118,366	80,920	233,293	11,373
EL SEIF - ALEC JV - QSP	696,246	581,994	114,252	829,203	52,509
ALEC - BUTEC JV	54,489	40,564	13,925	80,214	11,578
	1,043,455	812,454	231,001	1,291,650	91,510

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

29. Joint operations (continued)

31 December 2024	Assets AED'000	Liabilities AED'000	Equity AED'000	Revenue AED'000	Profit/(loss) AED'000
QIT/IMAR - ALEC JV	-	104	(104)	-	(26)
GCC - ALEC JV	636	-	636	-	-
IMAR - ALEC JV	1,160	304	856	-	(29)
SAUDICO - ALEC JV	46,442	40,207	6,235	36,890	9,030
EL SEIF - ALEC JV - QWP	276,574	205,914	70,660	505,521	34,117
EL SEIF - ALEC JV - QSP	583,322	519,792	63,530	622,098	63,530
ALEC - BUTEC JV	39,612	37,265	2,347	20,403	2,347
	947,746	803,586	144,160	1,184,912	108,969

30. Financial instruments

30.1 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return on equity. The Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objective. The Group's overall strategy remains unchanged from 2024.

30.2 Financial risk management objectives

The Group is exposed to the following risks related to financial instruments - credit risk, liquidity risk and foreign currency risk. The Group does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

30. Financial instruments (continued)

30.2 Financial risk management objectives (continued)

Categories of financial instruments

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

	2025 AED'000	2024 AED'000
Financial assets		
Retention receivables	1,011,616	980,825
Contract and other receivables (excluding retention receivables and advances to suppliers and subcontractors)	1,441,907	1,328,507
Cash and bank balances	1,574,529	1,254,244
	<hr/> 4,028,052	<hr/> 3,563,576
Financial liabilities		
Retention payables	515,848	505,186
Contract and other payables (excluding retention payables and advances from customers)	3,631,744	2,839,085
Borrowings	634,420	828,755
Lease liabilities	302,785	175,873
Long term incentive provision	14,614	-
	<hr/> 5,099,411	<hr/> 4,348,899

30.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and arises principally from the Group's contract and other receivables and bank balances. The Group has adopted a policy of only dealing with creditworthy counterparties, however, significant revenue is generated by dealing with entities related to the Ultimate Parent Company, for whom the credit risk is assessed to be low. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. All balances with banks represent local commercial banks.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counterparties fail to perform their obligations generally approximates their carrying value. Contract and other receivables and balances with banks are not secured by any collateral.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

30. Financial instruments (continued)

30.3 Credit risk (continued)

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2025, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >90 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
In default	Amount is >365 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the Group's financial assets and contract assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	31 December 2025	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
					AED'000	AED'000	AED'000
Contract receivables	N/A	Note (i)	Lifetime ECL (simplified approach)	1,401,729	(69,082)	1,332,647	
Due from related parties	N/A	Note (i)	Lifetime ECL (not credit impaired)	29,680	(12,101)	17,579	
Gross amounts due from customers on construction contracts	N/A	Note (i)	Lifetime ECL (simplified approach)	3,874,328	(60,795)	3,813,533	
Cash and bank balances	N/A	Performing	12-month ECL	1,574,734	(205)	1,574,529	
Retention receivables	N/A	Note (i)	Lifetime ECL (simplified approach)	1,025,903	(14,287)	1,011,616	
Other receivables	N/A	Note (i)	Lifetime ECL (simplified approach)	91,681	-	91,681	
				7,998,055	(156,470)	7,841,585	

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

30. Financial instruments (continued)

30.3 Credit risk (continued)

	31 December 2024	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
					AED'000	AED'000	AED'000
Contract receivables	N/A	Note (i)		Lifetime ECL (simplified approach)	1,251,727	(70,585)	1,181,142
Due from related parties	N/A	Note (i)		Lifetime ECL (not credit impaired)	122,060	(10,307)	111,753
Gross amounts due from customers on construction contracts	N/A	Note (i)		Lifetime ECL (simplified approach)	2,295,306	(41,220)	2,254,086
Cash and bank balances	N/A	Performing		12-month ECL	1,254,377	(133)	1,254,244
Retention receivables	N/A	Note (i)		Lifetime ECL (simplified approach)	994,321	(13,496)	980,825
Other receivables	N/A	Note (i)		Lifetime ECL (simplified approach)	35,612	-	35,612
					5,953,403	(135,741)	5,817,662

Note (i) For contract receivables, retention receivables due from related parties, and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at Lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

30.4 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. The responsibility of liquidity risk rests with the shareholders, who have built an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The maturity profile of trade and other payables is monitored by management to ensure adequate liquidity is maintained.

The contractual maturities of the financial instruments, determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date, are as follows:

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

30. Financial instruments (continued)

30.4 Liquidity risk (continued)

	Current Less than 1 year AED'000	Non-current Greater than 1 year AED'000
At 31 December 2025		
Contract and other payables (excluding current portion of retention payables and advances from customers)	3,631,744	-
Retention payables	348,729	167,119
Borrowings (fixed interest-bearing instruments)	384,420	250,000
Lease liabilities (fixed interest-bearing instruments)	77,567	225,218
	<hr/> 4,442,460	<hr/> 642,337
At 31 December 2024		
Contract and other payables (excluding current portion of retention payables and advances from customers)	2,839,085	-
Retention payables	406,659	98,527
Borrowings (fixed interest-bearing instruments)	524,978	303,777
Lease liabilities (fixed interest-bearing instruments)	27,501	148,372
	<hr/> 3,798,223	<hr/> 550,676

30.5 Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

At the reporting date, there are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirham. Other financial assets and financial liabilities are denominated in United States Dollars to which Arab Emirates Dirham is fixed and denominated in Qatari Rials, Omani Rials and Saudi Riyals to which these currencies are fixed with United States Dollars.

The Group was exposed to foreign exchange risk primarily through its UK subsidiary, which was liquidated during the year, and its Egyptian subsidiary, as a result of movements in the Great British Pound and the Egyptian Pound.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

30. Financial instruments (continued)

30.5 Foreign currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2025		2024	
	Assets AED'000	Liabilities AED'000	Assets AED'000	Liabilities AED'000
Great British Pound	-	-	59	1,672
Egyptian Pound	7	411	13	299
<i>Net current liabilities</i>		404		1,899

The following table details the Group's sensitivity to a 10% increase and decrease in Arab Emirates Dirham against the relevant foreign currencies.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the Arab Emirates Dirham strengthens 10% against the relevant currency. For a 10% weakening of the Arab Emirates Dirham against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	2025 AED'000	2024 AED'000
Impact to profit	40	190

30.6 Price risk

The Group is exposed to commodity price risk for its purchases of contracting material which is managed by applying the same contract terms with the Group's customer to their subcontractors. Most of the materials used in construction are subcontracted by the Group.

30.7 Interest rate risk

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

The Group is exposed to interest rate risk on its interest-bearing assets and liabilities (bank deposits, bank overdrafts, acceptances, trust receipts and term loans). The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

As at 31 December 2025, if interest rates on borrowings had been 0.1% higher or lower with all other variables held constant, profit for the year would have been AED 634 thousand (2024: profit would have been AED 828 thousand) lower/higher, mainly as a result of higher/lower interest expense.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****30. Financial instruments (continued)****30.8 Fair value of financial instruments**

Management considers that the fair values of the financial assets and financial liabilities approximate their carrying amounts as stated in the consolidated financial statements.

31. Approval of consolidated financial statements

The consolidated financial statements were approved by Board of Directors and authorised for issue on 11 February 2026.