شركة نفط الكويت
Kuwait Oil Company
إحدى شركات مؤسسة البترول الكويتية
A Subsidiary of Kuwait Petroleum Corporation

ANNUAL REPORT

2023-2024

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Kuwait Petroleum Corporation and subsidiaries
مؤسسة البترول الكويتية وشركاتها

إحدى شركات مؤسسة البترول الكويتية
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Annual Report

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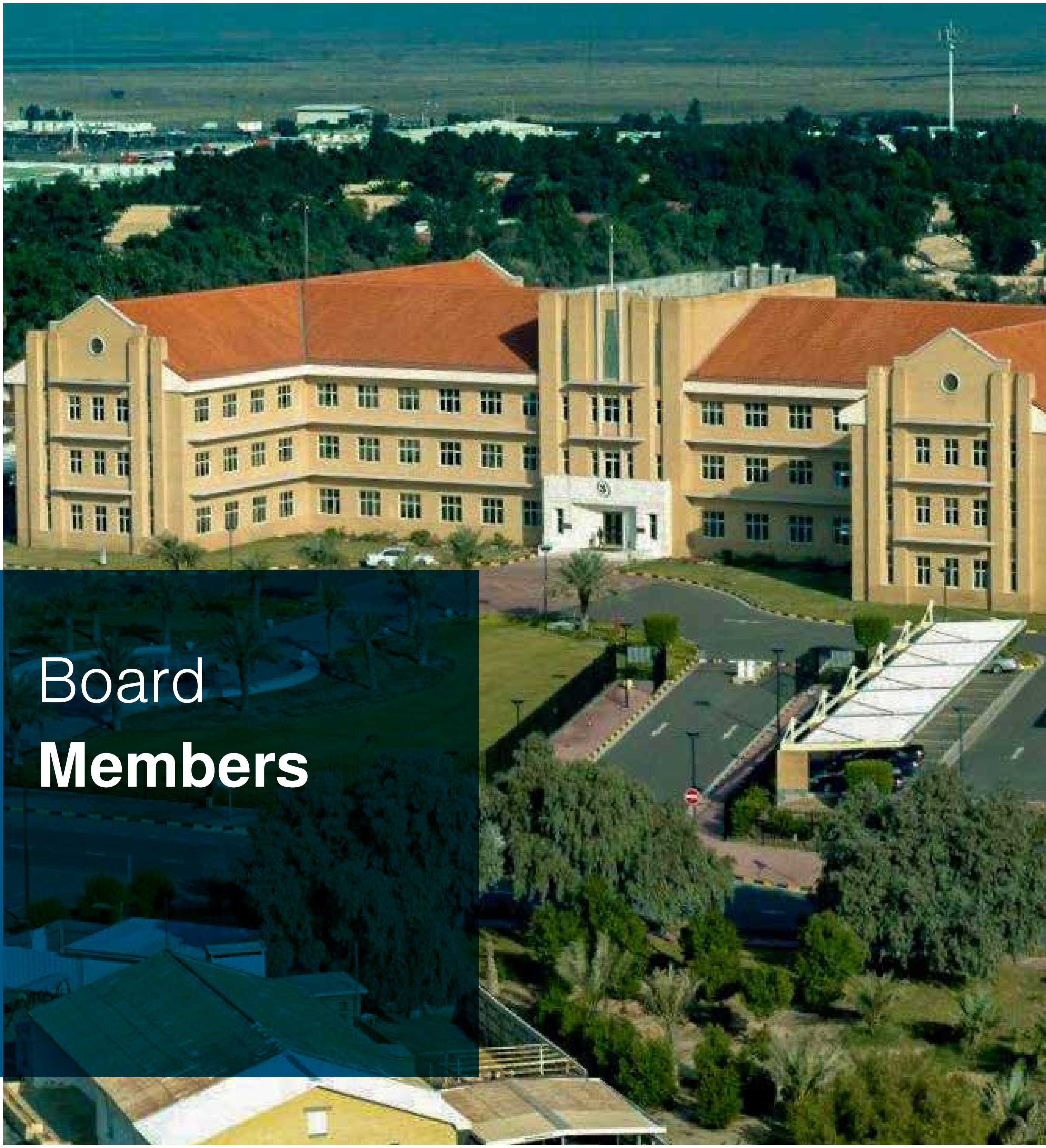
KOCOFFICIAL

His Highness
Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah
The Amir of the State of Kuwait

His Highness
Sheikh Sabah Khaled Al-Hamad Al-Sabah
Crown Prince of the State of Kuwait



Board **Members**

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Chairman

Saad Bo Khousa
Deputy Chairman

Ahmad Al-Eidan
Chief Executive Officer

Bader Al-Attar
Board Member

Khaled Al-Khayat
Board Member

Yousef Al-Saqer
Board Member

Abdullah Al-Affasi
Board Member

Management

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Chief Executive Officer

Majed Zayed Motlaq Al-Enezi
Manager CEO Office

Saud Faraj Al-Shammari
Manager Legal Affairs

Fahad Salem Al-Kharqawi
DEPUTY CEO
Projects Management & Engineering

Khaled M. Shams Al-Deen Al-Mulla
DEPUTY CEO
Exploration & Drilling

Eisa Abdulrahman Al Maraghi
DEPUTY CEO
Planning & Finance

Qusai Nasser Saif Al-Amer
DEPUTY CEO
Administration & Finance

Bader Ahmed S. Al-Munaifi
DEPUTY CEO
North Kuwait

Fuad Mohammed Al-Shaikh Saleh
DEPUTY CEO
West Kuwait

Mohd. Khalifa Al-Abduljaleel
DEPUTY CEO
South & East Kuwait

Vacant
DEPUTY CEO
Commercial & Corporate Services

Ameena Rajab Saleh
DEPUTY CEO
Gas & Environment

Mousa Al-Obaidan
Manager Projects Management Group-I

Ayad Al-Khayyat
Manager Projects Management Group-II

AbdulRahman Al-Hejaili
Manager Projects Management Group-III

Khaled Al-Muhaini
Manager Projects Management Group-IV

Khaled Abul
Manager Projects Management Group-V

Haifa Al-Hajri
Manager Projects Support & Engineering

Sami Abdulla Al-Yaqout
Manager Soil Remediation

Bander Al-Mutairi
Manager Drilling Group I

Hadi Hussain Al-Ajmi
Manager Drilling Group II

Bader Al-Azmi
Manager Drilling Group III

Haitham Ali Al-Mayyan
Manager Drilling & Workover Engineering

Ali Mohammed Al-Saleh
Manager Technical Support

Jarrah Mubarak Al-Jenaie
Manager Exploration Group

Talal Fahad Al-Adwani
Manager New Venture Group

Farida Mohammed Ali
Manager Planning

Adel Reja Qablan Al-Azmi
Manager Corporate Information Technology

Riad Quttaineh
Manager Production Integration Group

Hamad Ahmad Al-Za'abi
Manager Innovation & Technology

Mohammed Al-Basry
Manager Public Relations & Information

Soud Al-Ajmi
Manager London Office

Fahad Fahhad Al-Otaibi
Manager Human Resources Group-Assets & Support Services

Hassan Al-Kandari
Manager Human Resources

Waleed Al-Rubaian
Manager Training & Career Development

Adel Essa Al-Ansari
Manager Contracts Manpower Kuwaitisation

Mubarak Jwaied Al-Ajmi
Manager Medical Group (Ahmadi Hospital)

Aref Abbas Al-Abbasi
Manager (Medical Group) Southwell Hospital

Adel Al-Refaee
Chief Corporate Support Officer

Faisal M. Al-Kandari
Chief Medical Support Services Officer

Ibrahim Al-Kandari
Chief Clinical Officer

Aisha Abdulla Al-Sulaili
Manager Finance

Meqdad Al-Naqi
Manager Fields Development (NK)

Ali Qasem Hussain
Manager Operations (NK)

Ahmad Khalid Al-Jasmi
Manager Operations Support (NK)

Mubarak Al-Mutairi
Manager Fields Development Group Heavy Oil (NK)

Hamad Saoud Al-Ajmi
Manager Operations Group (Heavy Oil)

AbdulAziz Helal Sajer
Manager Fields Development (WK)

Falah Al-Azmi
Manager Operations (WK)

Ibrahim Mohammed Ali
Manager Operations Support Services WK

Bader Naser Al-Telaihi
Manager Export Operations

Sami Flih Al-Sawagh
Manager Marine Operations

Musleh Saleh Al-Otaibi
Manager Operations Support -Export & Marine

Abdulla Karim Al-Rabah
Manager Fields Development (S&EK)

Bader Al-Telaihi
Manager Operations (SK)

Abdul Aziz Al-Saeed
Manager Operations (EK)

Tareq Jawad Al-Sarraf
Manager Operation Support Group (S&EK)

Saif Saad Al-Rasheedi
Manager Security

Faisal Mohammed Mirza
Manager Fire

Yousef Al-Humoud
Manager Process Safety Management Group

Mohammad Sadeqi
Manager Contracts

Khaled Al-Adsani
Manager Purchasing & Materials Management

Musaed Al-Rasheed
Manager Commercial Support

Abdul Aziz Al-Obaidan
Manager Corporate Services

Moudi Al-Ajmi
Manager Gas Fields Development Group

Hamad Al-Zuwayer
Manager Gas Operations

Abdullah Al-Mutairi
Manager Production & Projects - Gas

Fahad Al Ghanem
Manager Operations Support - Gas

Shamlan Al-Roomi
Manager HSE

This annual report covers the financial and operational aspects of KOC, and is issued in both Arabic and English, the Arabic version being the principal in the event of any discrepancy between the two versions.
The images in this document portray the services provided by KOC.

Table of **Contents**

Introduction

During the fiscal year 2023/2024, KOC continued to excel in all fields, overcoming all the difficulties and obstacles it faced. One of the most prominent challenges was its firm commitment to reaching maximum production capacity, to keep pace with the increasing local and global demands for various types of oil, such as Kuwait Export Crude, Super Light Crude Oil, and Heavy Oil, as well as Free and Associated Natural Gas.

Throughout that fiscal year, the Company made a qualitative change in its organizational structure, in order to help implement the objectives of the 2040 Strategy of achieving operational excellence, efficiency, growth, and sustainability of crude oil and non-associated natural gas production, in addition to working harmoniously with partners. These include Kuwait Petroleum Corporation, concerned government bodies, and contracting companies.

To achieve this goal, KOC has established new Groups and Teams, merged others, and successfully created new jobs. This was to build a more efficient, streamlined, and cooperative team, that works collectively with the required level of flexibility and independence, which contributes to enhancing the culture of positive performance among Group Managers and Team Leaders.

Despite the many obstacles the Company faces as it works to achieve its established strategy, the most important of which being the shortcomings of the supply chain for some vital materials for production, it continues to uphold its commitment to achieving required production levels, so that it remains a reliable energy supplier worldwide.

To maintain this global confidence, the Company launched supporting initiatives to implement its strategic plan. In this regard, it intensified exploration and production operations, and increased its drilling and workover activities, KOC drilled 461 developmental and exploratory wells for oil and gas, and 1,892 workover wells, which contributed to the implementation of many development programs. In addition, more oil and gas discoveries were recorded, including those in the Adal and Shahem fields. Drilling operations for the second offshore exploratory well, Jalila 2, also began and are ongoing.

For the first time in its history, KOC achieved actual daily production from the Umm Niqa field amounting to around 22,140 barrels of oil, which exceeded its expected monthly production figure, and this had a positive impact on the field's development plans.

The Company also successfully raised the production of many of its fields, including Al-Sabriya/Bahra, and Al-Rawdhatain from the Zubair layer. On January 29, 2024, recorded another unprecedented achievement, where the rate of non-associated gas production reached nearly 618 million standard cubic feet on that day.

Meanwhile, the Gas Flaring Rate in KOC's operations decreased to 0.69%, which is below the 2023/2024 target of 0.98%.

In the HSSE field, the Company spares no effort to maintain the highest levels of protection and safety for employees and facilities alike, and strives to employ all means aimed at keeping accidents and injuries in operations at a minimum. This is at the top of the Company's priorities and a fundamental core of its strategy.

Throughout the past fiscal year, KOC continued to adopt the latest state-of-the-art technologies and utilized them in all its programs and functions, with the aim of enhancing quality, reducing costs, and optimizing operational performance. The Company also continues to exert its utmost efforts to reduce the Lost Time Injury Frequency Rate (LTIFR) to 0.038 accidents per 200,000 working hours by the end of this year against tolerance of 0.0184 accidents per 200,000 working hours.

The Company continues to organize various initiatives and campaigns as part of KOC's Corporate Social Responsibility (CSR) efforts. KOC's commitment to social responsibility has resulted in a series of both new and ongoing initiatives that seek to create public awareness and engagement. From health and safety awareness lectures in schools to environmental remediation efforts in the field. The company also organized Ahmadi Sport Day which had a great attendance at state level.

In the following report, a description of the Company's performance and achievements is put forth within the context of the Company's strategic objectives.

CEO's Message

I am pleased to reunite with you once again, on the occasion of issuing the Annual Report for the fiscal year 2023-2024, which evaluates the performance of the past year and highlights the major and exceptional achievements made by KOC during that period. Our Company has demonstrated, as always, its ability to excel in every endeavor and constantly exceed expectations, thus reinforcing its reputation of excellence and ongoing development.

What brings us great pride as KOC employees is that our Company consistently overcomes every obstacle and rises to meet greater challenges. This was only made possible through its commitment to maintaining production levels, as well as diligent and ceaseless efforts to increase them and reach its maximum potential, in order to meet the growing demand for different types of energy locally and globally. This has allowed us to supply the markets with the best oils, namely Kuwait Export Crude, Super Light Oil, and Heavy Oil; in addition to all types of natural gas.

As part of its tireless efforts and diligent work to keep pace with its 2040 Strategic Objectives, KOC made a qualitative transformation in its organizational structure in the 2023-2024 fiscal year, and created a new business model with the aim of achieving operational excellence with efficiency, growth, and sustainable production of crude oil and non-associated natural gas in Kuwait. It also works to maintain harmony with partners, including KPC, government bodies, and contracting companies.

The Company›s various assets and operations areas have been supported with the necessary resources, and production integration and leadership have been enhanced to achieve smooth cooperation across all stages of production. This was achieved alongside the continuous development of the efficiency and efficacy of all production activities, waste reduction, operational optimization, allocating resources, and adapting to various circumstances.

This was achieved by forming new Groups, merging others, and creating new jobs; all with the aim of building a more efficient, streamlined, and cooperative team that can work more flexibly and independently to enhance a culture of positive performance among the various Groups and Teams of the Company.

KOC is exerting its utmost efforts and harnessing all its capabilities to maintain Kuwait's prominent position as one of the largest oil exporting countries in the world, and to fulfill its obligations and achieve the required production quantities, in order to remain a reliable energy supplier for all, while affirming its national commitment to Kuwait and importers around the world.

In a major milestone, KOC successfully achieved an impressive actual daily production from the Umm Niqa field, amounting to 22,140 barrels of oil, which significantly exceeded the expected monthly production figure.

Additionally, at the beginning of this year, specifically on January 29 2024, another unprecedented achievement was recorded; where the Company's production of non-associated gas reached around 618 million standard cubic feet.

In order to implement its strategic plan successfully, the Company intensified its exploration and production operations; drilling 461 development and exploratory wells, and repairing 1,892 wells. It was also able to increase its production from the Sabriya/Bahra and Al-Rawdatain fields of the Zubair layer, and successfully reduced the gas-flaring rate in its operations within the country to 0.69 percent. This is lower than the allowed rate for 2023-2024, which is 0.98 percent.

KOC continues to maintain its commitment to sustainability and reducing emissions, as it strives to achieve Carbon Neutrality by 2050, and to this end, it adopts a pioneering role in using modern technologies to preserve the environment and develop its operations. This includes expanding the use of CCUS technology to reduce greenhouse gas emissions, through which the percentage of carbon emissions reduced to around 37 percent.

The Company continues to acquire the latest scientific findings in exploration, drilling, and production techniques and equipment for oil and gas, and is quick to implement them in developing its programs, activating its operations, and enhancing the quality of its products, to maintain its position at the forefront of International Oil Companies.

KOC's management remains optimistic about the pace of success it is witnessing at this stage, thanks to the solid foundations and long-term strategies it adopts to achieve the maximum levels of growth. The future holds many great hopes for KOC, its Board of Directors, its Executive Management, and all its employees.

With my best wishes,
Ahmad Jaber Al-Eidan
KOC CEO

Ahmad Jaber Al-Eidan
CEO - Kuwait Oil Company

Ahmad Jaber Al-Eidan is the CEO of Kuwait Oil Company, which is considered one of the largest oil producers worldwide. It has approximately 12,000 employees and is the backbone of Kuwait's economy.

Over 31 years, Mr. Al-Eidan climbed the ladder within KOC, from working as a well site geologist to leading the Company as its CEO. Throughout those years, he served KOC in various positions; ranging from exploration, to drilling, to development. He has been Chairman of the Board of Directors of Kuwait Gulf Oil Company (KGOC) since October 2023.

In 1992, Mr. Ahmad Al-Eidan obtained a Bachelor's Degree - specializing in Geology - from Kuwait University. He joined KOC in January 1993, where he started as a well site geologist for three years, followed by another three years as a Development Geologist. He was then promoted to a Chief Geologist responsible for exploratory drilling, where he held this position for three years.

In early 2005, Mr. Al-Eidan became TL Prospect Evaluation in the Exploration Group, where he successfully led the Team in site drilling selection, long-term testing, and increasing reserves.

After the discovery of natural gas in Kuwait, a new team, Fields Development Gas, was created at KOC. Mr. Al-Eidan was appointed as Team Leader and led it successfully from 2007 to July 2009.

In July 2009, Mr. Al-Eidan was appointed as Manager of the Exploration Group, a position he held until the end of August 2016, during which he supervised the work of five Teams under his management. This mainly involved discoveries of new oil and gas fields with the aim of increasing reserves. Other exploration projects were also launched, after identifying potential hydrocarbon prospects. He also led the geological, geophysical, and geochemical studies conducted throughout the region.

From September 2016 to February 2018, Mr. Al-Eidan held the position of DCEO Drilling & Technology at KOC. Then, on February 12, 2018, he was appointed as DCEO West Kuwait.

From June 19 2018 to March 11 2019, Mr. Ahmad Al-Eidan served as Vice President (Operations) at the Kuwait Foreign Petroleum Exploration Company (KUFPEC), where he oversaw the operations of various exploration projects around the world for the KUFPEC regional office worldwide.

On March 12 2019, he was appointed DCEO Exploration & Gas at KOC, followed on April 1 2021 with his appointment as DCEO Exploration & Drilling at the Company.

On November 7 2022, Mr. Ahmad Al-Eidan was appointed CEO of KOC, a position he still holds.

Mr. Al-Eidan chaired many international technical sessions, and published and presented many technical papers and research. He also founded the Society of Exploration Geologists (SEG) – Middle East Branch, and was designated as its President from 2014 to 2017.

In this position, he provided direction to ensure the success of the newly established Middle East office and geophysics support activities in the region.

Mr. Al-Eidan also served as a member of the Executive Steering Committee of the Middle East Geosciences Conference & Exhibition, since 2014, and chaired the 13th Geosciences Conference & Exhibition, which was held in 2018.

In addition, Mr. Al-Eidan has been a member of the Board of Directors of the Kuwait

KOC Vision

To be an upstream leader recognized globally for excellence.

KOC Mission

To optimize the value of Kuwait's hydrocarbon resources through exploration, development, and production to ensure sustainability.

KOC aims to accomplish this through the following Strategic Objectives:

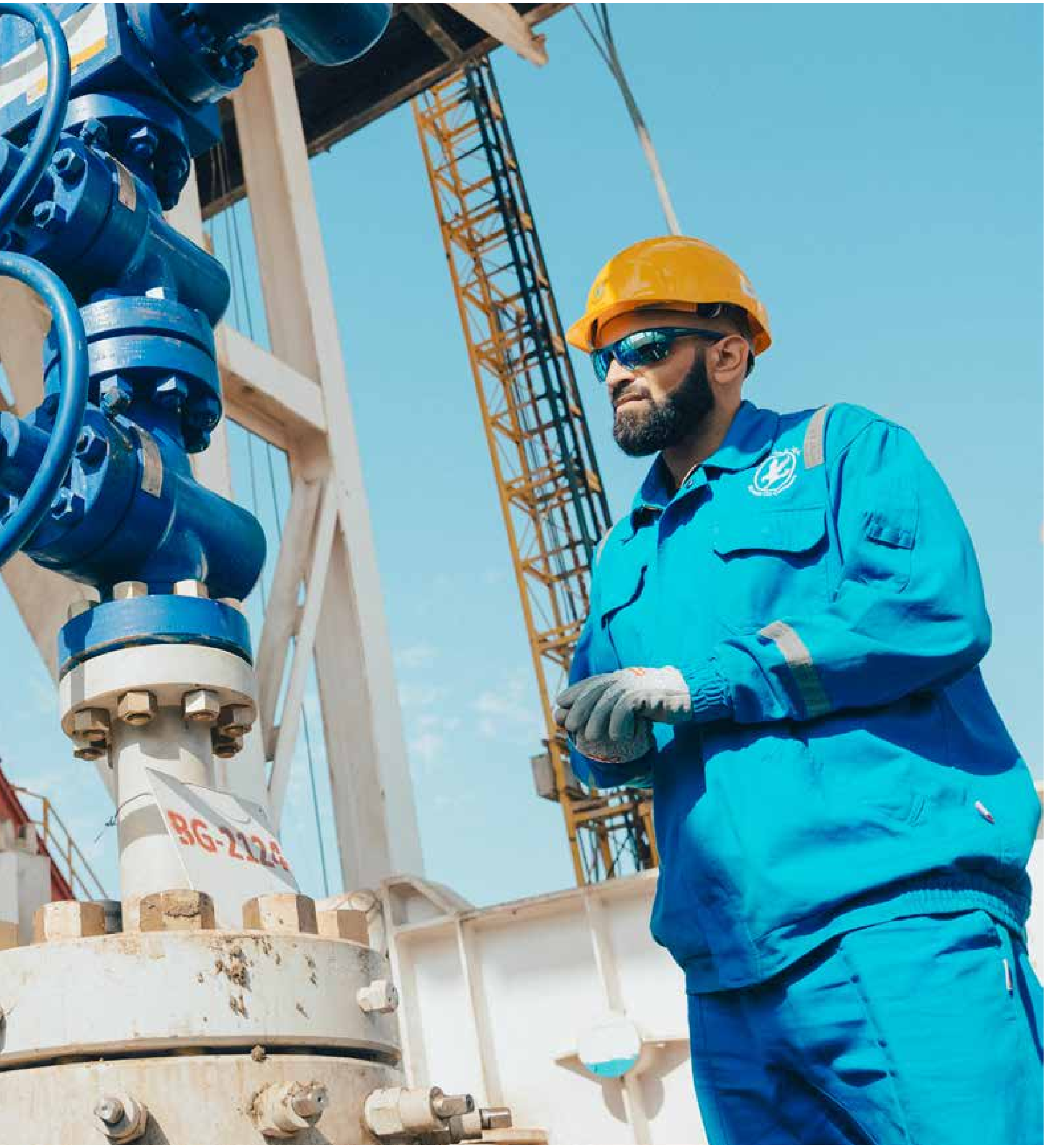
- **Strive for World-class Operational Excellence:** Achieve world-class operational excellence to maximize upstream profitability.
- **Optimize Portfolio Management:** Optimize resource allocation to maximize strategic fit and return on investment considering each type of hydrocarbon.
- **Achieve sustainable crude oil production's capacity:** Ensure meeting demand by achieving a sustainable crude oil production capacity in the State of Kuwait, including production from the Partitioned Zone.
- **Achieve sustainable non-associated gas production:** Ensure meeting demand by achieving a sustainable production of non-associated natural gas in the State of Kuwait, including production from the Partitioned Zone.
- **Replace Reserves to sustain production:** Replace produced hydrocarbons by improving recovery factor of existing reservoirs and by discovering new reserves.
- **Steward Technology and Capability Transfer:** Pursue activities that capture and transfer technologies to and from K-companies and promote opportunities that support the development of Kuwaiti capabilities.
- **Manage stakeholders actively:** Achieve and maintain sound alignment with stakeholders including government entities, partitioned zone partners, service providers and suppliers.

Values

- **Innovation:** Developing and embracing new ideas, methods, and approaches to solve challenges in order to create value.
- **Excellence:** Encouraging high performance, continuous improvement, and a customer focus.
- **Caring for People:** Creating a culture where people develop and grow, and are positively motivated to contribute to the success of others.
- **Pride:** Creating employees' satisfaction on an individual level and promoting a sense of loyalty and belonging to Kuwait Oil Company.
- **One Team:** Caring for the interests of Kuwait Oil Company and ensuring alignment to achieve corporate and State goals.
- **Partnership:** Building and sustaining relationships that support growth and enhance operational excellence.
- **Integrity:** Acting in a trustworthy manner with the highest standards of ethics, respect, and honesty.
- **Commitment to HSSE:** Respecting the environment and ensuring safety, security, and the promotion of a healthy workplace wherever Kuwait Oil Company operates.

1st Strategic Objective

Achieve Sustainable Crude Oil Production Capacity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1. Crude Production Capacity

KOC's endeavors to increase and enhance crude oil production capacity continue, by overcoming challenges and achieving various accomplishments through the tireless efforts of all its employees. This is to achieve the target production capacity for the coming years. The Company's most notable achievements in reaching crude oil production capacity as intended for fiscal year 2023/2024 are outlined below:

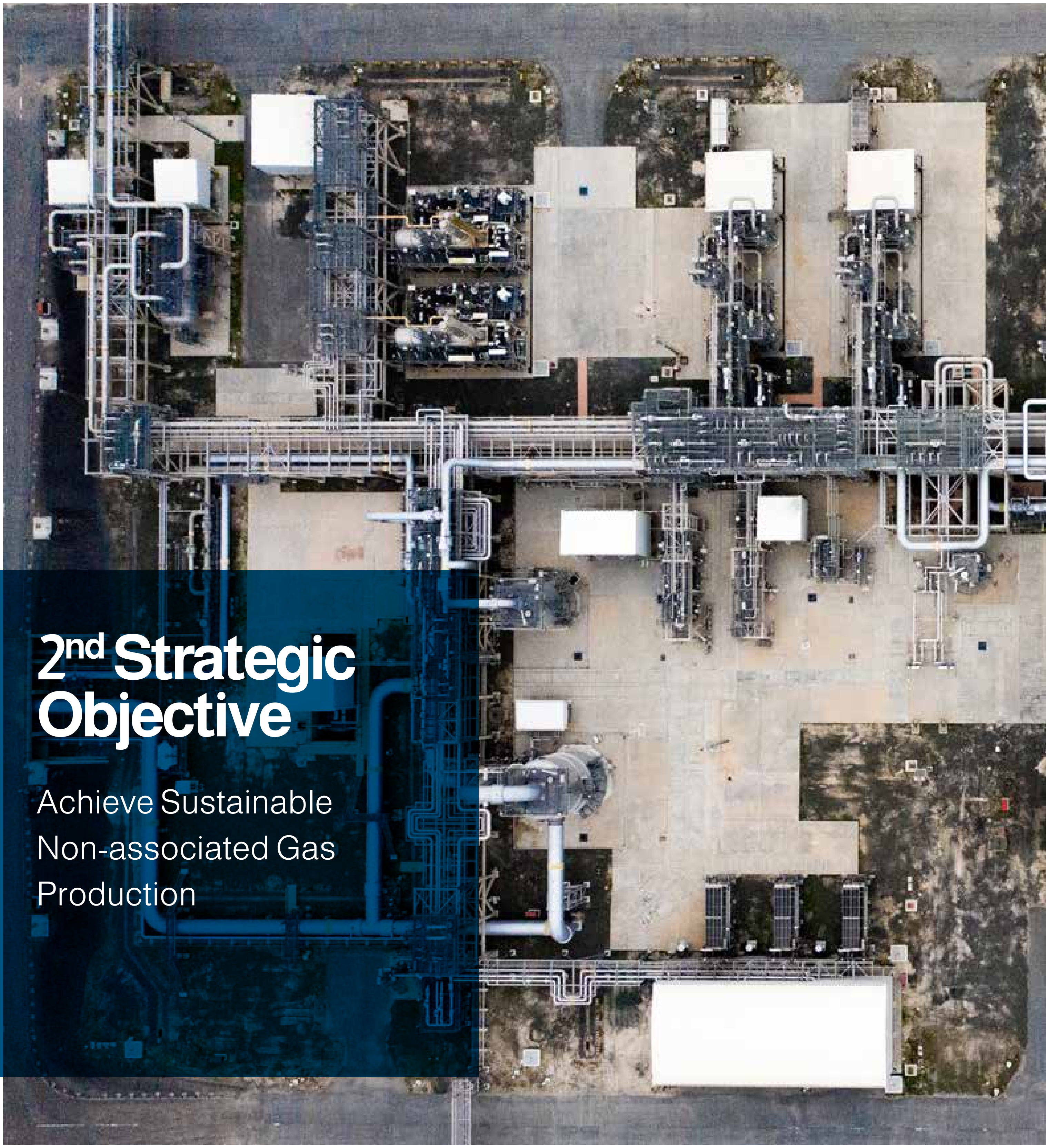
- KOC achieved actual daily production of 22,140 BOPD in Umm Niqa field, exceeding the forecasted production of 15,000 BOPD, which will lead to expediting Lower Fares reservoir / Umm Niqa's field development, by drilling and connecting additional wells to the production facility.
- As part of North Kuwait Directorate's efforts to maintain the production in North Kuwait fields, production was increased in Sabriyah/Bahrah fields by more than 300,000 BOPD and maintained at this level since April 2023. Similarly, the Company increased the production in Raudhatain's field from Zubair zone by approximately 16,000 BOPD, through the new well connection and zone transfer.
- The strategic 36" pipeline has been successfully commissioned to supply crude oil to Mina Abdullah in line with the increased demand associated with the commissioning of the Clean Fuel Project (CFP), with a flow capacity of 454,000 BOPD. This can provide backup support for the existing pipelines (24") from Kuwait National Petroleum Company (KNPC) manifold to Mina Abdullah.
- KOC successfully tested the production from Marrat reservoir/East Umm Qudair field by drilling a test well, resulting in an increase of around 597 BOPD. This will unlock potential and open the opportunity to produce from Marrat reservoir/Umm Qudair field.
- Optimum utilization of 'KPC Low Crude Production Demand' was achieved (due to Kuwait's commitment to OPEC quota) by strategically preponing planned shutdown of two facilities (GC-24 & GC-03) in 2023/2024 instead of 2024/2025. This resulted in eliminating the planned production losses of these two facilities next year where production demand might be higher, thereby maximizing KOC production.
- A total of 74 MBWPD disposal capacity was successfully added to East Kuwait-II GCs by commissioning the Effluent Water Disposal Facility HUB-III, which will ensure utilizing the maximum existing water handling capacity by the GCs, and avoid any upsets in Effluent Water Disposal projects in South & East Kuwait operations areas.
- A Task Force team was formed between Kuwait Oil Company and the Ministry of Electricity, Water and Renewable Energy to carry out the development of frameworks for the Memorandum of Understanding for establishing the power station (Co-Gen). This station aims to produce the electricity and steam required to produce heavy oil from South Ratqa field, thus reducing production costs and improving heavy oil project economics.

The following table outlines the status of the key major projects in the Company's areas of operations, which will contribute providing technical solutions and overcome many challenges in the coming years:

Area	Project	Status
South & East Kuwait	Installation of Separation Gathering Center (SGC-I) and Water Injection Plant (WIP-I) in EK-I Area	Bidding Stage
	Installation of Separation Gathering Center (SGC-III) and Water Injection Plant (WIP-III) in SK-I Area	Bidding Stage
	Installation of Water Injection Plant (WIP-IV) in South Kuwait Area	Bidding Stage
West Kuwait	Marine Facilities Upgrade – Civil Project	Under Construction
	Marine Facilities Upgrade – Fleet Project	Under Construction
Drilling	Drilling of Six Exploratory Wells for Establishing Offshore Hydrocarbon Prospects in Kuwait's Territorial Waters	Under Construction
Gas Projects	Jurassic Production Facility 4 & 5	Completed
	Jurassic Production Facility 1,2,3 Upgrade – JPF 1	Completed
	Jurassic Production Facility 1,2,3 Upgrade – JPF 2	Completed
	Jurassic Production Facility 1,2,3 Upgrade – JPF 3	Completed

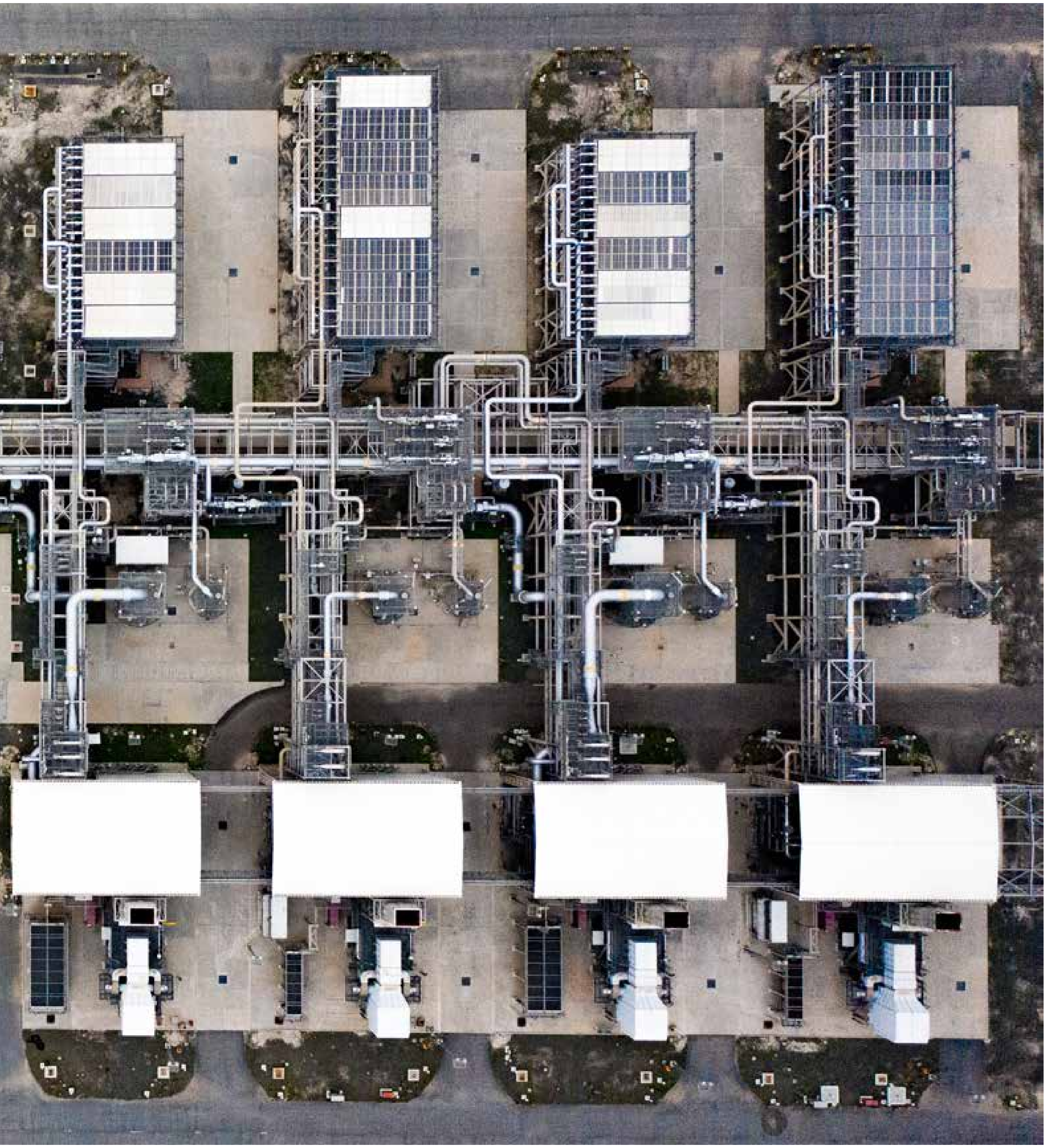
2. Drilling and Workovers (Excluding Non-Associated Gas)

- The total number of wells that were drilled specifically for the production of oil (excluding Non-Associated Gas) reached 421 new wells, in addition to 1,878 workovers that were completed for the purpose of oil well maintenance.



2nd Strategic Objective

Achieve Sustainable Non-associated Gas Production



1. Production Capacity of Associated Gas and Non-associated Gas

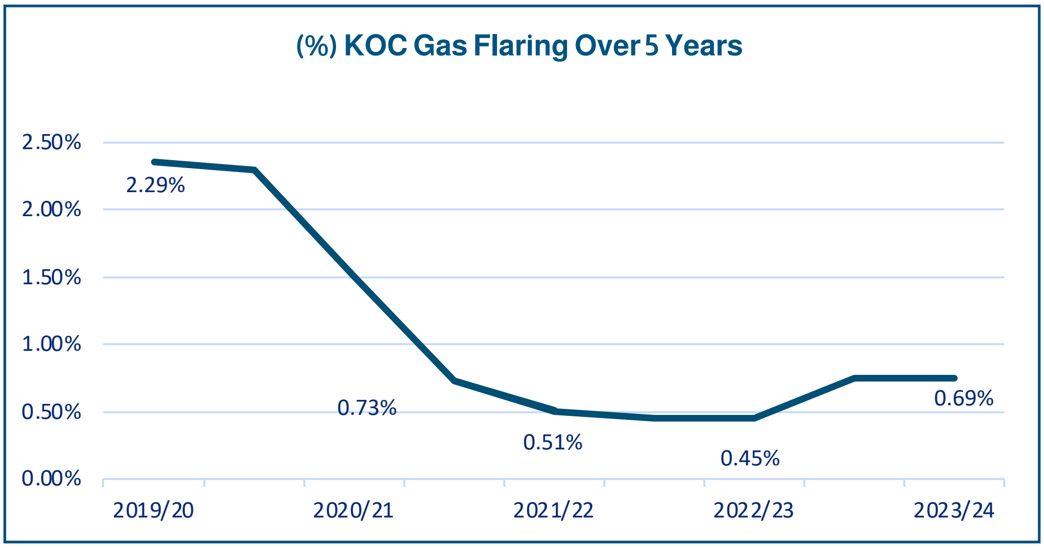
- KOC spares no effort to achieve its 2040 Strategic Goals, including achieving actual production capacity of Non-associated Gas. In this regard, Jurassic Production Facilities – 4&5 were handed over after completing all contract works, and successfully introducing the crude oil and gas export to the network. Each facility will increase the production capacity of Non-Associated Gas by 160 MMSCFD and 50 MBOPD of Light Oil.
- The Company registered a new record for Non-associated Gas Production in January 2024, which reached 606 MMSCFD. In 29 January 2024, Non-associated Gas Production reached 618 MMSCFD.
- The Company raised its production capacity in six fields, with approximately 395 MMSCFD of Non-associated Gas in North Kuwait Jurassic fields, by reviewing and improving the productivity of wells in producing fields, which will help maintain KOC's production capacity of Non-associated Gas.
- KOC successfully tested and commissioned the new strategic gas export line from North Kuwait to Mina Al-Ahmadi in 26 May 2023. This line is considered an important addition to the gas transportation infrastructure, as it will provide operational flexibility in transporting gas produced from North Kuwait fields to the Liquefied Petroleum Gas Plant (LPG) in Mina Al-Ahmadi, which will subsequently increase the total capacity of the lines extending to Mina Al-Ahmadi to 2,230 MMSCFD. The project will also contribute to reducing gas flaring in line with the Company's vision.

2. Deep Drilling (Development and Exploratory) of Jurassic Reservoirs

- KOC drilled 40 deep wells, which helped the Company reach its Light Oil and Non-associated Gas production targets, and execute its exploration program. In addition, the Company completed 14 workover operations to maintain production from Non-Associated Gas wells.

3. Flaring Percentage

- KOC continues to reduce its Gas Flaring rate, which was 0.69%, lower than the yearly target of 0.98% for 2023/2024. This achievement, which was accomplished despite the impact of the Acid Gas Removal Plant closure in Mina Al-Ahmadi, contributes to providing additional quantities of gas for local consumption, in addition to reducing greenhouse gas emissions.



3rd Strategic Objective

Compensate Reserves to Sustain Production


Kuwait Oil Company
20

1. Reservoir Assessment Studies

KOC continues to work on enhancing production rates at the lowest possible cost, by adopting the latest and most effective work mechanisms and technologies. In this context:

- Polymer Injection Tests: three Long-Term Polymer Injection Tests (LTPI) were carried out successfully in Sabriyah field, targeting Upper Burgan reservoir, Magwa field and Wara reservoir, Burgan field third sand upper reservoir respectively. These tests eliminate the need for multi-well pilot projects, resulting in significant savings on time and costs, as well as eliminating water handling requirements as a result of utilizing available effluent water for EOR development and sustaining production.
- In April 2023, a project to implement field technology for Enhanced Oil Recovery using chemical injection technology in the Sabriya field, Mauddud reservoir, was completed. This resulted in an increase in cumulative oil production and reduced water production.
- In September 2023, the soften water injection process began in the IOR/EOR project in the Rawdhatain field Zubair reservoir, with the aim of maintaining production sustainability and increasing hydrocarbon reserves.
- In January 2024, polymer pumping was completed for the polymer injection technology project in the Umm Niqa field, Lower Fars Reservoir. This is considered the first of its kind in the world for heavy oil reservoirs, which led to an increase in oil production, reduced water production, higher production sustainability, and increased hydrocarbon reserves.

These projects will contribute to achieving the EOR goals in accordance with KOC's strategic plans.

2. Seismic Survey Operations

During the 2023/2024 fiscal year, KOC successfully completed the 3D seismic survey in West Kuwait Fields, and the 3D seismic survey in Mutriba over an area of 1,275 and 1,414 sq. km. These surveys aim to explore and develop the fields in those areas in line with the Company's strategy. The Company also successfully completed the 4D seismic acquisition survey that was conducted in Minagish field over an area of 110 sq. km to monitor the changes (time-lapsed) in the subsurface reservoirs over time and investigate the cause of oil spills. These essential surveys were completed within the planned budget and set schedule, despite the associated logistic and operational challenges.

3. Onshore and Offshore Exploratory Drilling Activities.

Many exploratory drilling operations were completed during the 2023/2024 fiscal year, which will contribute to achieving KOC's strategic goals in terms of increasing reserves and production. In this context:

- Discovery of Minagish reservoir in Adal field for the first time through testing the non-producer Jurassic well under operationally challenging conditions.
- Discovery of Zubair sand reservoir in Shaham exploratory field through drilling one of the exploratory wells in North Kuwait.
- Explore Along Development (EAD) Initiative:
    - Discovery of Ratawi Limestone Reservoirs in Burgan field
    - Discovery of Najmah and Sargelu Reservoir in Burgan field
    - Discovery of Marrat reservoir in Kra-al-Maru field through deepening wells.

Cost savings of 28.6 MKD were achieved through the above exploratory operations, without interrupting the Company's operations or strategic plans.

Meanwhile, offshore exploratory drilling operations started in (NO-1) well in August 2022, targeting the cretaceous layers. After completing the drilling activities, tests are currently being conducted on a number of geological layers in this well, and it is expected to complete the tests by June during the fiscal year 2024/2025.

As for the second offshore exploratory well (JL-2), drilling operations started on 11 December 2023 and are expected to be completed by next June, followed by well testing operations.

Additionally, a Lease Agreement was signed between KOC and Kuwait Ports Authority (KPA) for utilizing the Shore Base of Shuaiba under KPA to support the Offshore Drilling Project.

4th Strategic Objective

Strive for World-class Operational Excellence

KOC places security, safety, environmental protection, and employee health at the top of its priorities, works tirelessly to achieve the highest standards of safety, occupational health, and environmental preservation in line with its 2040 Strategic Objectives.

Health

Ahmadi Hospital is constantly working to strengthen its position as a leading medical facility, aiming to provide the highest level of medical services to oil sector employees and their families. In this context, the hospital has established many specialized departments and adopted state-of-the-art equipment, in addition to attracting highly qualified medical and nursing talents. The hospital continues to organize various medical campaigns, notably its blood donation campaigns. Additionally, it provides medical services in various events, such as the annual walkathon and other sports activities organized by KOC, and periodic medical examinations in various locations such as North Kuwait operation areas.

Safety and Security

KOC's safety initiatives and efforts are focused on reducing the Lost Time Injury Frequency Rate (LTIFR), which reached 0.038 accidents per 200,000 working hours at year-end, higher than the yearly tolerance of 0.0184.

The Company regrets recording the deaths of two contractor's employees in the 2023/2024 fiscal year, which was in December 2023, and is working to implement the necessary measures to prevent such accidents in the future. KOC faced 42 environmental incidents in 2023/2024, lower than 63 environmental incidents registered in the previous year.

The oil leak from well WW-467 was successfully capped by diverting the fluid to the temporary production facility for further processing. The temporary production facility and back-up systems were designed, built and commissioned in-house with internal resources within three weeks only. This facilitated the prevention of oil leaks, release of toxic gases and any further asset damage.

The Fire Group organized a training program for the new Deputy CEOs on leadership during crises and introduced the crisis management system in major incidents.

Additionally, the Fire Group has participated in the annual joint coordination between Kuwait Oil Company, the Ministry of Public Works, the Kuwait Fire Force, and all parties concerned with the preparations for the Rain and Flood Season 2023. The Company also completed the coordination process with the Kuwait Land Force to participate in Takamol Exercise, which was conducted in North Kuwait in December 2023.

In collaboration with the National Guard, the Company provided a demonstration on hydrocarbon firefighting in KOC Gathering Centers for 90 employees from the National Guard.

In February 2024, the Company completed setting up the Emergency Control Center at Mina Al-Zour. This is an important development that enhances operational capabilities and rapid response in emergency situations.

Environment

In line with KOC's 2050 Energy Transition Plan, the Company has implemented several initiatives to reach the targeted goal of 17 gigawatts. This includes the initiative to enhance energy efficiency, in which the Company completed a comprehensive energy audit and the associated roadmap in February 2024. The report presented the scope, findings and recommendations resulting from the preliminary energy audit conducted at KOC. It aimed to assess the current energy usage pattern, identify areas of inefficiency, and propose quick and cost effective solutions to enhance energy efficiency and reduce operational costs. Another initiative is to develop recommendations in the Company's areas of operations towards achieving its energy saving goals, through a comprehensive approach applied to the Company's assets in general, which includes energy consumption assessments and data analysis. On the other hand, a scope of Work (SOW) for the technical study on renewable energy portfolio composition has been developed with a technical advisor to complete a detailed feasibility study that assesses the feasibility of installing a suitable mix of renewable energy plants, wind technologies and photovoltaics, to achieve 1 GW to cover a portion of KOC's demand for electricity.

Regarding KOC's initiatives to adopt green energy and reduce the impact of global warming, the NKETR & SKETR projects site offices have installed solar panels, which resulted in the reduction of CO_2 by more than 16 tonnes. This also increased the percentage of renewable energy for these projects for site office to 36% in NK and 15% in SK since the start of the projects' implementation.

KOC also successfully cleared around 7.0 million square meters of land from unexploded ordnances, and contaminated soils in Sabriyah oil field in North Kuwait, and more than 1 million tons of contaminated soil was remediated as well. In 15 November 2023, it was officially announced that the lands of the Sabriya oil field were released and cleared of oil pollution resulting from the Gulf War in 1990. This makes new spaces available for the Company's operations, and enhances the quality of the Kuwaiti environment.

5th Strategic Objective

Optimize Portfolio Management


KOC

KOC continues to work to develop commercially expensive oil reservoirs to achieve better production sustainability in the future. This direction includes utilizing unconventional production sources such as heavy oil and offshore resources, in addition to exploiting new oil reservoirs that require the application of new technologies and accurate strategic and commercial assessments.

The Company's investment portfolio management system project was implemented with the aim of providing accurate reports on production forecasts, as well as capital and operational costs, in order to enable economic evaluation and analysis of the options available in the Company's investment portfolio. Enabling initiatives included adding the work plan, required budget, and updating the system to facilitate communication between different mechanisms, and provide a comprehensive view of production operations and implementation of strategies.

The portfolio management system was linked to a new system developed to follow up on the implementation of the Company's strategy, enabling Higher Management to make quicker and more efficient decisions based on the data and information available at hand, which contributes to achieving the strategic goals in a more accurate and effective manner.

6th Strategic Objective

Facilitate Technology & Capability Transfer

Technologies

The technology roadmap was updated, which set priorities for 176 out of 271 projects that must be implemented to meet the challenges of oil and gas production in order to ensure the fulfillment of the strategic goals. The Company has prepared an implementation plan for the coming years so that these projects are compatible with the established and approved budgets.

Kuwait Oil Company witnessed a remarkable development with its Digital Transformation Strategy, where it was implemented in its operations in South & East Kuwait and West Kuwait, including heavy oil and drilling and workover activities. More than 90 manual work mechanisms have been updated with advanced digital technologies, streamlining well operations serving more than 3,500 wells.

Raising the level of comprehensive information systems design is also considered one of the strategic goals for 2040, as KOC is leading efforts to implement this design across Kuwaiti oil companies. This project aims to improve the quality and effectiveness of comprehensive information systems design processes within the Company by implementing a set of diverse initiatives.

KOC and K-Companies Cyber Threat Intelligence Capability was enhanced by implementing some of the best technology solutions available to analyze and estimate potential cyber risks.

The Reservoir Development Assurance Team, in collaboration with Exploration & Production Information Management Team developed a tool to monitor the live status of all KOC well inventory and drilling and workover performance, which contributes to improving KOC's operational efficiency.

For the first time in KOC, the initiative of employing reliable Multiphase Flowmeters (MPFMs) for well optimization in South Kuwait has been performed successfully. This has yielded excellent results, leading to an impressive 18.8% increase in oil production while maintaining the associated water quantity production. The benefits of this system include the identification of underperforming wells for improvement, enhancing reservoir modeling for better decision-making, and optimizing well operations and cost savings.

For the first time in KOC's history, new technologies such as the Neuro Autonomous system and TruLink tool were used to drill sections in specific wells, using directional drilling technology, where a section with a diameter of 12.25" was drilled through the Gotnia layer with high pressure and high temperature. This was done with Controlled Pressure Drilling, and creating a drilling angle from 52° to 80° in a single run.

The longest horizontal section was also drilled at KOC among all Jurassic wells. In addition, the drilling duration was significantly reduced in several sections, resulting in savings of more than 720 thousand dinars compared to similar wells.

The Company also successfully used the Bypass subsystem for cement placement, in order to address the loss of drilling fluid in wells with high pressure and temperatures, without the need to withdraw and re-insert drill pipes to pump cement. This technology was applied in one of the wells in the North Kuwait operations area, which led to a reduction in non-productive time by 53%.

Human Skills and Capabilities

KOC strives to enhance the skills and unlock the potential of its employees by providing them with an inspiring and motivational work environment, thus giving them the highest levels of job satisfaction. KOC also seeks to recruit Kuwaitis as part of its national employment mandate. The most significant achievements made in this regard over the 2023/2024 fiscal year are detailed below:

Recruitment and Kuwaitization

The Company has made considerable efforts to facilitate the recruitment procedures for 462 employees, including 418 newly graduated Kuwaitis and 25 experienced Kuwaitis, as well as 19 non-Kuwaiti employees, bringing the total number of KOC employees at the end of the fiscal year to 11,953 including medical and nursing staff. The proportion of Kuwaitis reached 87.67% including medical and nursing staff and 93.65% excluding medical and nursing staff, compared to the annual target of 92.4% (excluding medical and nursing staff).

KOC pays utmost attention to the human element, and is making every effort to prepare advanced training programs to highly qualify its Kuwaiti technical employees. Training is an essential element that enables Kuwaiti employees to perform their duties effectively, to keep pace with the needs of the oil sector and contract requirements.

The Company, in coordination with the Public Authority for Applied Education & Training (PAAET), trained approximately 149 students over the past year through several specialties (mechanics, electrical maintenance, precision machines, welding, and computer systems), which ended with their recruitment during the fiscal year 2023/2024.

It is worth noting that these programs faced challenges when monitoring their effectiveness and evaluating students' readiness and benefit from training. The Company is continuously working to develop these programs, to ensure the highest levels of efficiency and optimal benefit.

Training & Development

KOC strives to develop human skills and capabilities by providing an engaging work environment, to reach the highest levels of job satisfaction among its employees. The Company continues to implement many initiatives to develop and train its employees using various training tools such as direct training programs, self-education, remote learning and on-the-job training.

Among the most important achievements of the Training and Development Group during the fiscal year 2023/2024 are:

1. **Overall Non CAE Training**

The Company believes in the importance of the human element and seeks to prepare a distinguished workforce by focusing on training programs, as training is an essential element to enable employees to perform their required tasks, in line with the Company's requirements to operate its various facilities efficiently. The following are the most important training tools compared to the Company's training needs:

Type	Needs Addressed
Virtual / Classroom / Online	22,633
On the Job Training (OJT)	4,880
Self-Learning	2,962
External Course	2,788
External Attachments	42
External Conferences	720
In-Kuwait conferences	552
Grand Total	**34577**

2. **HSSE Training Compliance**

KOC works to implement the HSSE training plan to establish word-class HSSE standards. In this context, it achieved 88% of the HSSE Training plan by successfully training 10550 employees.

3. **KOC Signs MoU with PAAET**

KOC and the Public Authority of Applied Education and Training (PAAET) signed a Memorandum of Understanding in continuation of the spirit of cooperation between both sides, and the pursuit of developing national cadres in the Company's facilities. The Memorandum stipulates selecting a number of Kuwaiti students studying in the College of Health Sciences at the Authority to work at the Company upon their graduation according to its needs. This cooperation is an extension to previous agreements with PAAET since 2015. Within this framework, the Company organized a visit for 41 students from the College of Nursing to visit various departments of Ahmadi Hospital to introduce the students to their future work environment. The number of graduates who have been employed so far has reached 53 nurses, with 5 nurses in the year 2023/2024.

4. KOC's Eighth Future Talent Program

KOC, represented by the Talent Management Team, launched the 8th Edition of the Future Talent Program. It included five sessions, with one session per day. Over 100 oil sector employees participated in it, implementing and presenting 22 specialized projects of their choice, all of which were evaluated during the sessions. They were divided into groups, where members presented the results of the projects they undertook and the efforts put forth. This program aims to give young employees who are at the beginning of their careers, under the supervision of experienced and competent employees as mentors, the opportunity to present their initiatives and projects that would contribute to developing the oil sector, through cooperation, communication, and creativity at work.

5. Learning & Development Forum

Kuwait Oil Company organized the Learning and Development Forum, which was held under the slogan "Influential learning and development in a changing world".

During the forum, a discussion session was held that included a number of elite participants, including the Acting Director of Kuwait University, its Secretary General, the Director of the Language Center at Kuwait University, and the Founder and General Manager of Global Lead Consultants in the field of quality and institutional excellence.

The session addressed a number of topics related to learning and development, motivation, programs, work environment, leadership styles, digital transformation, and artificial intelligence, and discussed the role of all this in developing employees' skills and improving the performance of institutions.

6. Upstream 2040 Strategic Initiative

In order to achieve its 2040 Strategy, KOC participated in administrative and technical committees to develop special work mechanisms in building capabilities, knowledge, and expertise for employees working in exploration and production. This was achieved by providing attachment and training opportunities with international companies. Oil sector employees will have the opportunity to learn about global planning and operations and develop their competencies, thanks to cooperation with Kuwait Foreign Petroleum Exploration Company (KUFPEC) offices in the countries in which it operates, and its joint ventures with international companies. Through this initiative, two employees were trained in the year 2023/2024, which brings the total number of trainees to 12 employees since the beginning of the initiative, and the number is expected to increase in the coming period.

7. Completion and Launch of the Talent Power Bi Tracking & Reporting Dashboard (CAEs & TPLs)

The Talent Power Bi Tracking & Reporting Dashboard (CAEs & TPLs) contains comprehensive live progress reports according to the trainee's level, in addition to live personal progress tracking of completed and required development activities targeted for Managers, Team Leaders and TPLs.

The aim of this project is to maximize Talent Development Schemes progress percentages by providing comprehensive reporting and tracking of development activities to trainees and stakeholders to be able to follow up and achieve the yearly planned development goals.

8. E- Recruitment Management System

KOC has established the E-Recruitments system, which is ready to use in future recruitment campaigns. The system will digitalize the recruitment process in order to save time and effort, thus making the recruitment process more efficient and effective.

7th Strategic Objective

Actively Manage Stakeholders to Satisfy Kuwait’s Energy Demands Efficiently

Effective Communication with Stakeholders

KOC strives to enhance its performance and manage communication with partners effectively and efficiently, to meet the energy demands in Kuwait and fulfill its strategy to increase production capacity by 2040. Here we outline the most important activities and achievements in this regard:

Regarding the project to supply crude oil transport capacity to Al-Zour Refinery, KOC coordinated with all concerned Teams in February 2024, including KIPIC, to supply 100% of the capacity of the crude oil transport project (615 thousand barrels per day) to Al-Zour Refinery.

KOC is making every effort to promote local content with its various components, and maximize the benefit of national procurement. Among its achievements in this regard: the percentage of total contracts and materials spent with local contractors and suppliers increased to 39.3%, which is much higher than the annual 27% target for 2023/2024.

In this context, the Company held the Local Manufacturers Exhibition, as well as the first forum for Local Content in the GCC, in cooperation with KPC. The forum was attended by representatives from Saudi Aramco, the UAE's ADNOC, Petroleum Development Oman, and Qatar Energy, in addition to the Department of Economic Development in Abu Dhabi, and the Saudi Local Content and Government Procurement Authority. In this forum, the strategic directions for local content and the initiatives to implement this strategy were detailed, as well as the implications of implementing the content program on local spending, the percentage of local spending on materials and services from local manufacturers and service suppliers, along with the opportunities created and procedures to present investment opportunities.

Contributions to Institutions and the State

Kuwait Oil Company works firmly to enhance its contributions to the community, by launching various awareness campaigns related to health, safety, environment, and more. It also organizes workshops and training courses for various government bodies, at different levels, and hosts representatives of those entities in its facilities to familiarize them with the nature of its activities and operations.

As part of its commitment to protecting the environment, KOC worked with KPC and SLB International Oil Services Company in a pilot project to plant mangroves on the coast of Kuwait. For this purpose, a visit was organized to the small boat harbor on the northern dock of Mina Al-Ahmadi.

In line with its social responsibility, the Company trained the Ahmed Al Jaber Oil & Gas Exhibition's employees, affiliated with the Public Relations & Information Group, in sign language, to enable them to communicate and interact with deaf and mute visitors, allowing this demographic to naturally integrate into the social fabric.

KOC's Aspirations

to Meet Strategic Objectives for 2024/2025

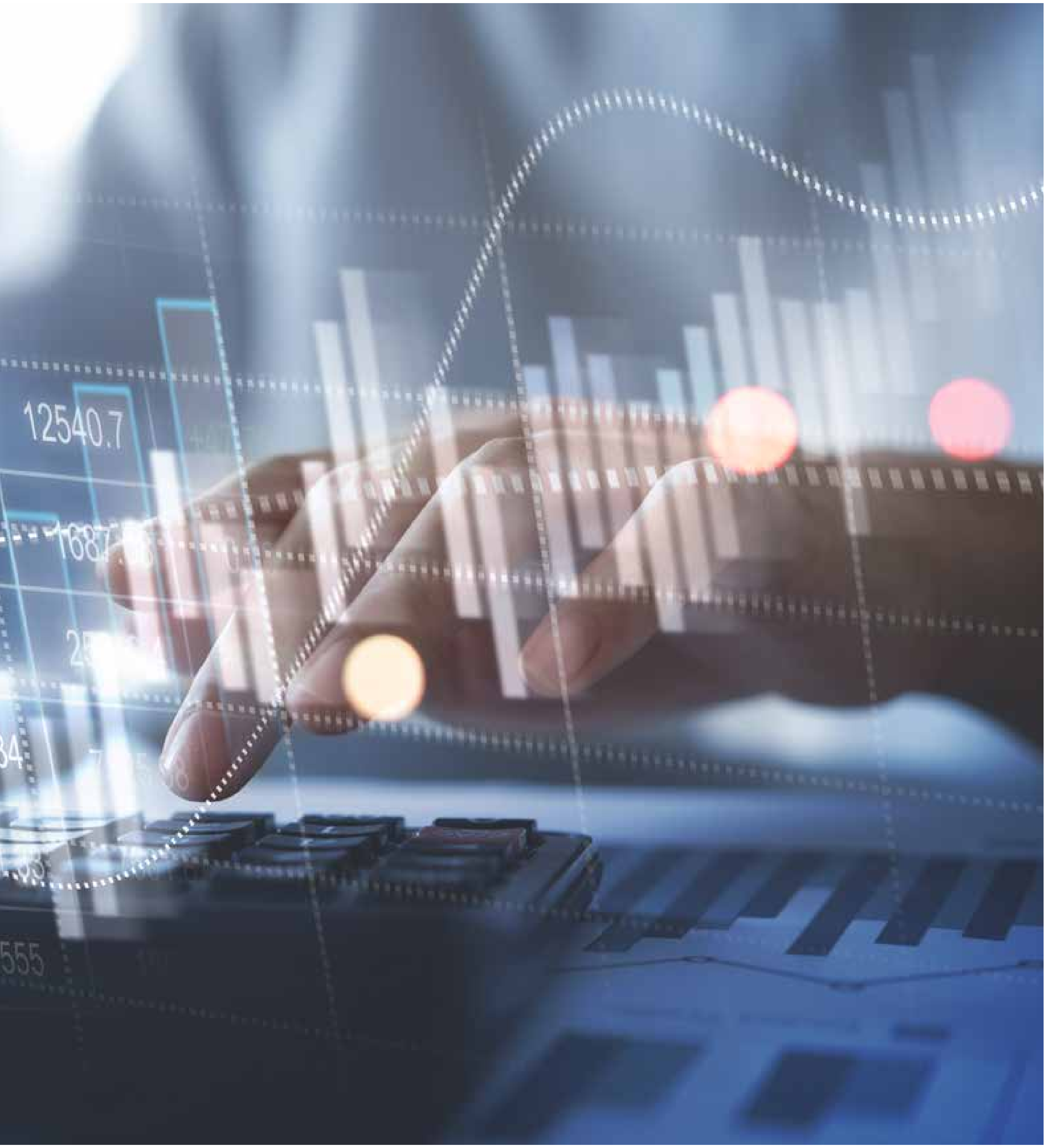
KOC's Aspirations to Meet Strategic Objectives for 2024/2025

Kuwait Oil Company is working with KPC to develop fundamental solutions to the obstacles facing the Company and provide the necessary conditions in order to achieve the 2040 production strategy.

- **Increasing Crude Oil Production Capacity:** KOC's primary objective is to continue implementing projects aimed at boosting the production capacity of crude oil in alignment with our strategic trends. These projects will not only enhance our operational capabilities but also contribute to meeting global energy demands.
- **Expanding Non-Associated Gas Production:** KOC is committed to continuing to raise the production capacity of non-associated gas from 520 to 950 million cubic feet per day. It works to achieve this by enhancing gas production processes through the existing Jurassic Production Facilities, as well as the optimal investment in Jurassic drilling and well work-over and maintenance operations.
- **Optimizing Drilling operations:** KOC works to implement an intensive drilling program to enhance the development of newly discovered oil reservoirs, and continues to improve the productivity of mature fields. This is pivotal in maximizing the utilization of oil resources and ensuring long-term production sustainability.
- **Enhancing Water Management for Production:** The Company pays great attention to improving water treatment and injection processes, with the aim of optimizing the production capacity of reservoirs, thus it continues to invest in projects that improve its facilities.
- **Offshore Exploration Drilling Program:** As part of its exploration strategy, the Company seeks to continue its offshore drilling projects by finalizing tests of the first well and completing drilling of the second well.
- **Commitment to Sustainability and Energy Transition:** Acknowledging the role of oil and gas in global greenhouse gas emissions, KOC, in cooperation with KPC, developed a robust 2050 Energy Transition Strategy. The Company aspires to achieve carbon neutrality, and to this end, it adopts a number of strategic initiatives. KOC simultaneously works to achieve maximum production, in fulfillment of the global commitments of the State of Kuwait.
- **Ensuring Production Sustainability:** KOC is committed to maintaining the sustainability of its production by compensating produced quantities of oil and gas with new oil reserves, ensuring a balance that supports long-term operations. KOC is working on developing a new measure, the Reserves Depletion Indicator (RDI), which coincides with the Hydrocarbon Maturation initiative and helps accelerate the pace of developing reserves to achieve sustainable production capacity rates.
- **Supporting Other Oil Sectors:** KOC is dedicated to supplying Al-Zour Refinery with the required quantities of heavy oil and Kuwaiti export oil, thus contributing to the state's economic development and prosperity.
- **Investing in Advanced Production Technology:** KOC continuously strives to improve and develop production methods by investing in modern and advanced technologies. Focusing on Enhanced Oil Recovery (EOR) technology through pilot projects is a key component of its efforts.
- **Building Collaborative Partnerships:** KOC is committed to enhancing relationships with International Oil Companies (IOCs), National Oil Companies (NOCs), service providers, and world-class institutions working in innovation and technology. These partnerships are instrumental for driving efficiency, technological advancement, research and development, and the overall capability building of our organization to achieve the Company and the Oil Sector's 2040 Strategy.

Independent **auditor's report**

and Financial statements
for the year ended
31 March 2024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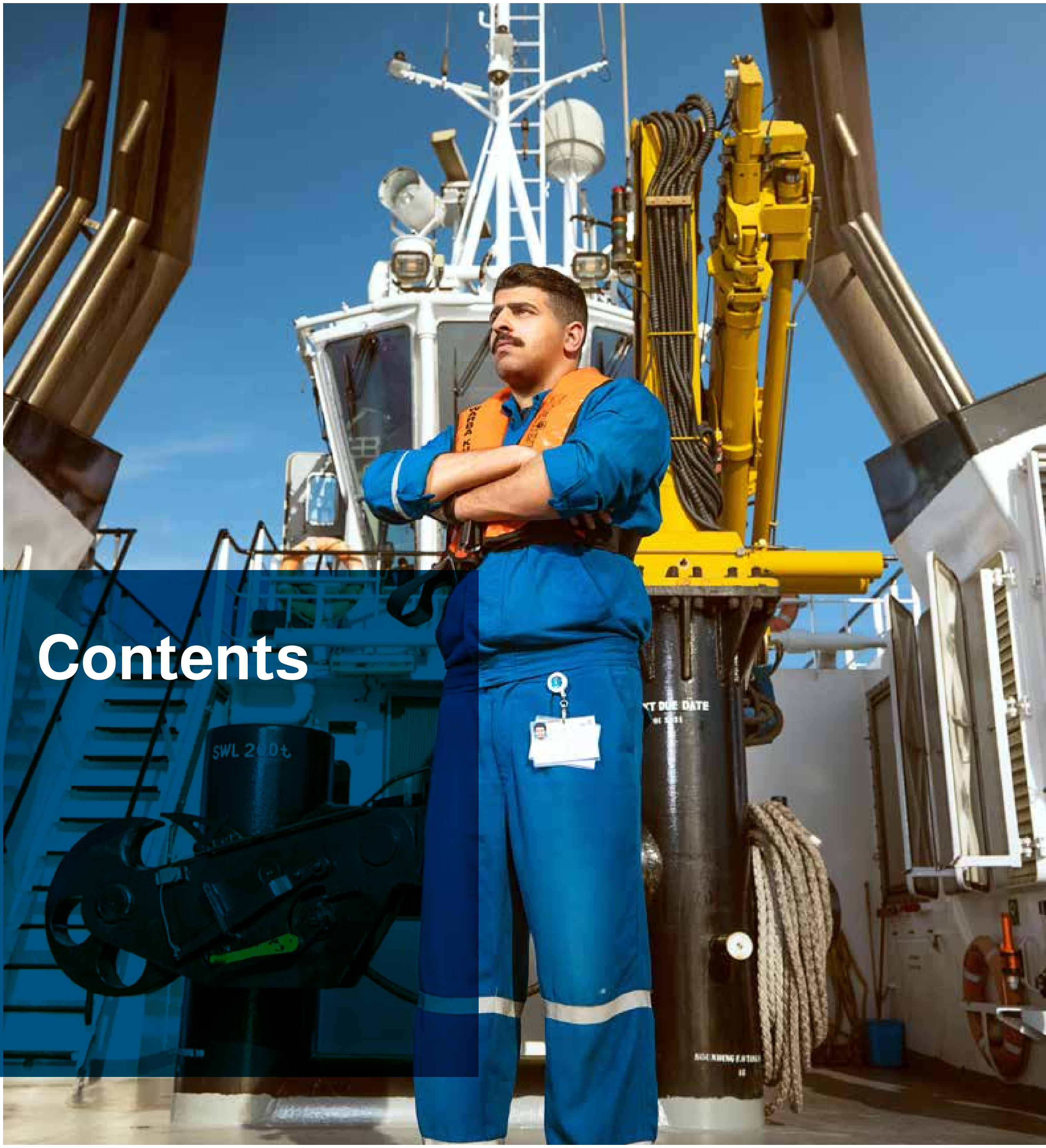

Contents

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Independent auditor's report

The Shareholders
Kuwait Oil Company K.S.C.
State of Kuwait

Opinion

We have audited the financial statements of Kuwait Oil Company K.S.C. ("the Company"), which comprise the statement of financial position as at 31 March 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

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

Other Information

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

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

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

If, based on the work we have performed on the other information that we have 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.

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

KPMG

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

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

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

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

KPMG

Report on Other Legal and Regulatory Requirements

We further report that we have obtained the information and explanations that we required for the purpose of our audit and the financial statements include the information required by the Companies Law No. 1 of 2016, as amended, and its Executive Regulations and the Company's Memorandum and Articles of Association, as amended. In our opinion, proper books of account have been kept by the Company, an inventory count was carried out in accordance with recognized procedures and the accounting information given in the Board of Directors' report agrees with the books of accounts of the Company. We have not become aware of any violations of the provisions of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, or of the Company's Memorandum and Articles of Association, as amended, during the year ended 31 March 2024 that might have had a material effect on the business of the Company or on its financial position.

Dr. Rasheed M. Al-Qenae
License No 130
of KPMG Al-Qenae & Partners
Member firm of KPMG International

Kuwait: 21 April 2024

Kuwait Oil Company K.S.C.
State of Kuwait

Statement of financial position
as at 31 March 2024

	Note	2024 KD'000	2023 KD'000
Assets			
Property, plant and equipment	*5*	17,445,034	16,767,323
Right-of-use assets	*6*	1,220,815	768,964
Intangible assets	*7*	208,255	139,307
Construction inventories	*8*	347,126	308,950
Non-current assets		19,221,230	17,984,544
Consumable inventories	*8*	161,433	137,435
Advances and other receivables	*9*	244,416	233,471
Amounts due from group companies	*16 (b)*	22,534	27,033
Cash and bank balances	*11*	87,459	21,456
Current assets		515,842	419,395
Total assets		19,737,072	18,403,939
Equity			
Share capital	*12*	30,188	30,188
Additional contributed capital	*12*	2,114,791	2,114,791
Statutory reserve	*12*	15,094	15,094
Total equity		2,160,073	2,160,073
Liabilities			
Due to Parent Company, net	*10*	13,348,463	12,500,105
End of service benefits	*13*	801,638	765,118
Lease liabilities	*6*	893,037	548,419
Non-current liabilities		15,043,138	13,813,642
Accounts and other payables	*14*	1,533,572	1,268,535
Lease liabilities	*6*	521,170	392,725
Dividend payable	*15*	479,119	768,964
Current liabilities		2,533,861	2,430,224
Total liabilities		17,576,999	16,243,866
Total equity and liabilities		19,737,072	18,403,939

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

Menahi Saeed Al-Enezi
Chairman

Ahmed Jaber Al-Eidan
Chief Executive Officer

Kuwait Oil Company K.S.C.
State of Kuwait

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2024

	Note	2024 KD'000	2023 KD'000
Revenue	*17*	4,280,024	5,089,165
Operating costs (cost of production):			
Contract services		(820,659)	(714,647)
Employee costs		(806,634)	(780,413)
Material costs		(122,662)	(103,085)
Depreciation, amortization and write off	*18*	(795,334)	(707,729)
Total operating costs		(2,545,289)	(2,305,874)
Other operating income	*19*	59,275	48,614
Recoverable costs	*20*	165,400	153,752
Cost of production		(2,320,614)	(2,103,508)
Gross profit		1,959,410	2,985,657
General and administrative expenses	*21*	(241,540)	(229,037)
Net operating profit		1,717,870	2,756,620
Finance costs on lease liabilities	*6*	(7,350)	(10,573)
Finance income		660	296
Directors' remuneration	*22*	(42)	(42)
Net profit before contribution to shareholder		1,711,138	2,746,301
Contribution to the shareholder	*23*	(1,232,019)	(1,977,337)
Net profit and total comprehensive income for the year (transferable to Parent Company)	*15*	479,119	768,964

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

Kuwait Oil Company K.S.C.
State of Kuwait

Statement of changes in equity
for the year ended 31 March 2024

	Share capital KD'000	Additional contributed capital KD'000	Statutory reserve KD'000	Retained earnings KD'000	Total KD'000
Balance at 1 April 2022	30,188	2,114,791	15,094	-	2,160,073
Net profit	-	-	-	768,964	768,964
Total comprehensive income for the year	-	-	-	768,964	768,964
Transactions with owner of the Company, recognized directly in the equity					
Distribution to owner of the Company (note 15)	-	-	-	(768,964)	(768,964)
Balance at 31 March 2023	30,188	2,114,791	15,094	-	2,160,073
Balance at 1 April 2023	30,188	2,114,791	15,094	-	2,160,073
Net profit	-	-	-	479,119	479,119
Total comprehensive income for the year	-	-	-	479,119	479,119
Transactions with owner of the Company, recognized directly in the equity					
Distribution to owner of the Company (note 15)	-	-	-	(479,119)	(479,119)
Balance at 31 March 2024	30,188	2,114,791	15,094	-	2,160,073

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

Kuwait Oil Company K.S.C.
State of Kuwait

Statement of cash flows
for the year ended 31 March 2024

	Note	2024 KD'000	2023 KD'000
Cash flows from operating activities			
Net profit		479,119	768,964
Adjustments for:			
Abortive drilling expenditure		5,911	3,623
Finance costs on lease liabilities	6	7,350	10,573
Provision for obsolete and slow-moving inventories	8	2,710	5
Reversal of provision for obsolete and slow-moving inventories	8	-	(92)
Provision for expected credit loss	9	-	20,330
Reversal of provision for expected credit loss	9	(20,330)	-
Depreciation, amortization and write off	18	795,334	707,729
Contribution to the shareholder	10	1,232,019	1,977,337
Provision for end of service benefits	13	75,716	77,402
		2,577,829	3,565,871
Changes in:			
- consumable inventories		(23,998)	(13,715)
- advances and other receivables		9,385	(46,680)
- net revenue receivables in the Parent Company balances	10	(4,280,024)	(5,089,165)
- other movements in the Parent Company balances	10	(3,861)	4,534
- accounts with group companies		4,499	6,556
- accounts and other payables		265,037	(21,504)
Cash used in operations		(1,451,133)	(1,594,103)
End of service benefits paid	13	(39,196)	(38,388)
Net cash used in operating activities		(1,490,329)	(1,632,491)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,127,777)	(1,021,050)
Acquisition of intangible assets	7	(81,168)	(1,716)
Abortive drilling		(5,911)	(3,623)
Changes in construction inventories		(40,886)	(42,827)
Net cash used in investing activities		(1,255,742)	(1,069,216)
Cash flows from financing activities			
Payment of lease liabilities including interest	6	(319,186)	(317,946)
Funding from the Parent Company	10	3,131,260	3,025,343
Net cash generated from financing activities		2,812,074	2,707,397
Net change in cash and cash equivalents		66,003	5,690
Cash and cash equivalents at beginning of the year		21,456	15,766
Cash and cash equivalents at end of the year	11	87,459	21,456

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

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

1. Reporting entity

Kuwait Oil Company K.S.C. ("the Company") is a wholly owned subsidiary of Kuwait Petroleum Corporation ("the Parent Company" or "KPC"). The Parent Company is wholly owned by the Government of the State of Kuwait.

The Company is engaged in exploration, drilling, production and transportation of hydrocarbon resources within the State of Kuwait. The Company is also engaged in the storage of crude oil and its export. Hydrocarbon resources managed by the Company are the sovereign property of the State of Kuwait. Crude oil is extracted from reserves in Kuwait and, on the instructions of the Parent Company, is exported as blended crude or passed to Kuwait National Petroleum Company K.S.C. ("KNPC") for further processing or to the Ministry of Electricity and Water for power generation. Gas produced is treated similarly. The sales and marketing of crude oil produced by the Company is undertaken by the Parent Company.

The Company owns no oil and gas reserves nor any oil and gas inventory other than those required for operations.

The Company also provides marine services to KNPC's Mina Al-Ahmadi and Mina Abdulla refineries and the oil pier at Mina Al-Shuaiba. KNPC is charged for direct costs relating to these activities. The Company charges group companies for medical and other services provided to their employees.

Effective 1 April 2007, the Parent Company changed the reporting structure of the Company to become a profit center. Prior to 1 April 2007, the Company was reporting to the Parent Company as a cost center with its costs fully reimbursed by the Parent Company. Under these revised arrangements, the Company's revenue is determined as the revenue from the sale of crude oil net of certain charges by the Parent Company (see policy on revenue recognition). In addition, 72% of the net profit is payable to the Parent Company as a contribution (Note 23).

The Company's registered office is P.O. Box 9758, Ahmadi 61008, State of Kuwait.

These financial statements were approved and authorized for issue by the Board of Directors on 21 April 2024 and are subject to approval of the Shareholder at the annual general assembly.

2. Basis of preparation

a) Statement of compliance

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

b) Basis of measurement

These financial statements are prepared under the historical cost or amortized cost basis. The financial statements are prepared on a going concern basis. All funding requirements of the Company are met by the Parent Company.

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

c) Functional and presentation currency

These financial statements are presented in Kuwaiti Dinars rounded to the nearest thousand (KD "000"), which is the Company's functional and presentation currency.

d) Changes in accounting policies

A number of amendments to standards and interpretations are effective for annual periods beginning on 1 April 2023 as below, but they do not have a material effect on the Company's financial statements:

- International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12
- Non-current Liabilities with Covenants – Amendments to IAS 1
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Lease liabilities in a Sale and Leaseback – Amendments to IFRS 16
- Supplier Finance Agreements – Amendments to IAS 7 and IFRS 7

3. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements except the changes described in note 2 (d).

a) Property, plant and equipment

Exploratory wells

The tangible element of exploratory wells is included under *drilling, exploration and other assets under construction* pending determination of proved reserves. If an exploratory well finds proved reserves, these costs are transferred to *wells and surveys* under *oil and gas properties*. If the exploratory well does not find proved reserves the costs are written off as abortive. Costs are considered abortive when they relate to wells, which are permanently abandoned due to the absence of commercially exploitable reserves of crude oil or temporarily abandoned with no plans for re-entry in the foreseeable future.

Costs directly associated with an exploration well are capitalized as exploration and evaluation assets under *drilling, exploration and other assets under construction* until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials, drilling and contractors' cost.

Development wells

The cost of development wells is included under *oil and gas properties* as *wells and surveys* and is accounted for under the "successful efforts" method of accounting. Under this method expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells is capitalized within *oil and gas properties*.

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

Others

Oil and gas properties and other property plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, contractors' costs and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Drilling, exploration and other assets under construction

Assets in the course of construction are carried at cost, less any recognized impairment loss. Cost includes all capital costs in accordance with the Company's accounting policy. Assets under construction are transferred to the related assets under property, plant and equipment when the underlying project is substantially completed and the related asset is ready for use.

Depreciation of these assets commences when the assets are ready for their intended use.

Subsequent costs

The cost of major repairs, overhaul and replacement of a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Gain or loss on disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in statement of profit or loss and other comprehensive income.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Drilling, exploration and other assets under construction are not depreciated.

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

The estimated useful lives for the current and comparative year, in accordance with the instructions of the Parent Company, as approved by the Supreme Petroleum Council, are as follows:

Asset category	Depreciation rate
Oil and gas properties:	
Plant and machinery	4%
Tankage, pipelines and jetties	4%
Wells and surveys	5%
Service plant	25%
Drilling plant	20%
Other property and equipment:	
Marine craft	8%
Buildings and roads	4%
Office furniture and equipment	10%
Lorries and trailers	20%
Motor cars	20%
Computers	10%

b) Intangible assets

Seismic survey costs and other related costs incurred on exploratory and development wells are identifiable non-monetary assets from which future economic benefits will flow and are accordingly recognized as an intangible asset. These costs are stated at cost less accumulated amortization and impairment losses and are amortized over 20 years on a straight line basis.

c) Inventories

Inventories are measured at cost after making allowance for any obsolete or slow moving items. Cost of inventories is based on weighted average cost principle. Cost includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition.

d) Recoverable costs

Recoverable costs represent costs incurred by the Company in providing services to or on behalf of related group companies. Recoverable costs are deducted from the Company's costs and shown separately in the statement of profit or loss and other comprehensive income. Recoverable costs are allocated to related group companies based on the actual cost basis and do not include any profit margin.

e) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

f) Revenue recognition

Revenue from exploration and extraction of crude oil and gas

The Company recognizes the revenue, when it loads the crude oil on the designated vessel at the port of Kuwait for its Parent Company's customers and is determined as the price at which crude oil is sold by the Parent Company net of certain costs allocated by the Parent Company as follows:

- Royalty at 20% of gross revenues.
- Fiscal levy at 74% of gross revenues net of royalty, scaled according to production levels and crude oil price.
- Marketing fee at 2% of gross revenues.

The Company satisfies performance obligation of extracting, processing, storing and transporting crude oil or gas through pipelines to the Parent Company over time. However, the revenue is recognized at a point of time due to uncertainty involved in customer orders. Further the supply of gas is considered as a separate performance obligation because it is distinct from extraction, processing and supply of crude oil and the Company allocates the transaction price for services related to gas based on their stand-alone selling price and recognize revenue as it satisfies its performance obligations to the Parent Company with respect to supply of gas.

The Company recognizes all costs related to satisfied performance obligation (or partially satisfied performance obligations) as expenses in the statement of profit or loss and other comprehensive income. As result, the Company does not recognize deferred cost.

g) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right of use asset reflects that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- amounts expected to be payable under a residual value guarantee; and
- Payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Significant judgement in determining the lease term of contracts with renewal options

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

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of IT equipment and employee cars that are considered of low value (i.e., below KD 20,000). Lease payments on short-term leases and leases of low- value assets are recognised as expense on a straight-line basis over the lease term.

h) Foreign currencies

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

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

i) End of service benefits

The Company is liable for end of service benefits under the Oil Sector Law, Social Sector Law and the Labor Law.

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

Kuwaiti employees

Pensions and other social benefits for Kuwaiti employees are covered by The Public Institution for Social Security Scheme, to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Company’s share of contributions to this scheme, which is a defined contribution scheme, is charged to profit or loss in the year to which they relate. The difference between Oil Sector Law and Labor Law is also accrued for Kuwaiti employees.

j) Financial instruments

Classification and measurements of financial assets

The Company determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cash flow characteristics of the financial assets.

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument by instrument basis but at a higher level of aggregated portfolios and is based on a number of observable factors. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

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

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

The Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Company considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money e.g. periodical reset of interest rates.

Contractual terms that introduce a more than de-minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payment of principal and interest. In such cases, the financial asset is measured at fair value through profit or loss.

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

The Company classifies its financial assets upon initial recognition into the following categories:

- Financial assets carried at amortised cost;
- Equity investments carried at fair value through other comprehensive income (FVOCI);
- Debt investments carried at fair value through other comprehensive income (FVOCI); and
- Financial assets carried at fair value through profit or loss (FVTPL).

Financial assets carried at Amortised cost:

A financial asset is carried at amortised cost if it meets both of the following conditions:

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

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest method. Impairment is recognised in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is recognised in the statement of profit or loss and other comprehensive income. The Company's financial assets at amortised cost include receivables from parent company, advances and other receivables, amounts due from group companies, and cash and bank balances.

Reclassification of financial assets

The Company does not reclassify its financial assets subsequent to their initial recognition other than in the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

The Company does not have instrument at FVOCI or FVTPL category as at the reporting date.

Derecognition of financial assets

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

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

Impairment of financial assets

The Company recognises impairment losses on financial assets based on a forward-looking expected credit loss (“ECL”) approach under IFRS 9.

Determination of ECL on financial assets

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

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

Write-off

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

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or loss and other comprehensive income. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is also recognised in statement of profit or loss and other comprehensive income.

The Company’s financial liabilities includes Due to Parent Company, Accounts payable and other liabilities and dividend payable.

Derecognition of financial liabilities

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

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

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

Offsetting

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

k) Impairment non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

A reversal of an impairment loss is recognized immediately in profit or loss.

l) Standards and interpretations issued but not yet effective

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

- Lack of Exchangeability – Amendments to IAS 21
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

The new standards and amendments are not expected to have a material impact on the Company's financial statements in the period of initial application.

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

4. Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is described below:

Treatment of exploration costs as abortive

Capitalized exploration drilling costs are considered abortive and expensed when commercially exploitable reserves of crude oil and gas are not found, if they are not subject to further appraisal activity or when temporarily abandoned with no plans for re-entry in the foreseeable future. In making judgments about whether to continue to capitalize exploration drilling costs, it is necessary to make judgments about the satisfaction of each of these conditions. If there is a change in one of these judgments in a subsequent period, then the related capitalized exploration drilling costs would be expensed in that period as abortive in the profit or loss.

Impairment of non-financial assets

At each reporting date, management assesses whether there is any indication that property, plant and equipment, intangible assets and construction inventories may be impaired. The determination of impairment requires considerable judgment and involves evaluating factors including industry conditions, technical innovation and market conditions.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

5. Property, plant and equipment

31 March 2024	**Oil and gas properties**					**Other property, plant and equipment**					**Capital work in progress**	
	Plant and machinery (KD'000)	**Tankage, pipelines and jetties (KD'000)**	**Wells and surveys (KD'000)**	**Service plant (KD'000)**	**Drilling plant (KD'000)**	**Marine craft (KD'000)**	**Building and roads (KD'000)**	**Office furniture and equipment (KD'000)**	**Lorries and trailers (KD'000)**	**Computers (KD'000)**	**Drilling, exploration and other assets under construction (KD'000)**	**Total (KD'000)**
Cost												
At 1 April 2023	3,757,726	3,325,052	7,492,409	77,613	1,792	110,645	1,335,677	4,559	14,108	116,545	7,121,047	23,357,173
Additions to capital work in progress	-	-	-	-	-	-	-	-	-	-	1,344,927	1,344,927
Transfer from capital work in progress	299,492	221,877	863,454	2,389	-	7,830	125,126	-	-	4,696	(1,524,864)	-
Internal transfers	12,816	-	(12,816)	-	-	-	-	-	-	-	-	-
Write-off	(996)	(8)	-	(1,398)	-	(42)	(282)	-	-	(1,543)	-	(4,269)
At 31 March 2024	4,069,038	3,546,921	8,343,047	78,604	1,792	118,433	1,460,521	4,559	14,108	119,698	6,941,110	24,697,831
Accumulated depreciation and impairment losses												
At 1 April 2023	1,616,326	1,340,482	3,006,666	71,671	1,792	63,644	404,345	3,502	12,539	68,883	-	6,589,850
Charge for the year	124,132	123,333	335,746	3,791	-	7,450	53,865	345	672	17,671	-	667,005
Internal transfers	214	-	(214)	-	-	-	-	-	-	-	-	-
Write-off	(897)	(4)	-	(1,386)	-	(42)	(190)	-	-	(1,539)	-	(4,058)
At 31 March 2024	1,739,775	1,463,811	3,342,198	74,076	1,792	71,052	458,020	3,847	13,211	85,015	-	7,252,797
Carrying value												
At 31 March 2024	2,329,263	2,083,110	5,000,849	4,528	-	47,381	1,002,501	712	897	34,683	6,941,110	17,445,034

Exploration and evaluation costs included under drilling, exploration and other assets under construction amounted to KD 4,148 thousands (31 March 2023: KD 4,813 thousands).

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

5 Property, plant and equipment (continued)

31 March 2023	Oil and gas properties					Other property, plant and equipment					Capital work in progress	
	Plant and machinery (KD'000)	Tankage, pipelines and jetties (KD'000)	Wells and surveys (KD'000)	Service plant (KD'000)	Drilling plant (KD'000)	Marine craft (KD'000)	Building and roads (KD'000)	Office furniture and equipment (KD'000)	Lorries and trailers (KD'000)	Computers (KD'000)	Drilling, exploration and other assets under construction (KD'000)	Total (KD'000)
Cost												
At 1 April 2022	3,259,207	2,834,823	6,467,038	76,229	1,800	109,825	1,003,759	4,413	15,519	103,960	8,224,584	22,101,157
Additions to capital work in progress	-	-	-	-	-	-	-	-	-	-	1,262,876	1,262,876
Transfer from capital work in progress	498,958	490,229	1,025,595	1,944	-	1,170	332,211	155	671	15,480	(2,366,413)	-
Internal transfers	224	-	(224)	-	-	-	-	-	-	-	-	-
Write-off	(663)	-	-	(560)	(8)	(350)	(293)	(9)	(2,082)	(2,895)	-	(6,860)
At 31 March 2023	3,757,726	3,325,052	7,492,409	77,613	1,792	110,645	1,335,677	4,559	14,108	116,545	7,121,047	23,357,173
Accumulated depreciation and impairment losses												
At 1 April 2022	1,511,556	1,233,891	2,715,245	68,526	1,800	57,065	360,356	3,178	14,043	55,536	-	6,021,196
Charge for the year	105,333	106,591	291,423	3,702	-	6,929	44,255	333	578	16,242	-	575,386
Internal transfers	2		(2)	-	-	-	-	-	-	-	-	-
Write-off	(565)	-	-	(557)	(8)	(350)	(266)	(9)	(2,082)	(2,895)	-	(6,732)
At 31 March 2023	1,616,326	1,340,482	3,006,666	71,671	1,792	63,644	404,345	3,502	12,539	68,883	-	6,589,850
Carrying value												
At 31 March 2023	2,141,400	1,984,570	4,485,743	5,942	-	47,001	931,332	1,057	1,569	47,662	7,121,047	16,767,323

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

6. Right of use assets and lease liabilities

The Company leases many assets including rigs, heavy equipment, motor vehicles and helicopters. The leases typically run for a period of 5 - 6 years, with an option to renew the lease after that date. The weighted average rate applied is 3.5% (2023: 3.5%)

Information about leases for which the Company is a lessee is presented below:

	Right of use of assets			
31 March 2024	**Rigs (KD'000)**	**Heavy equipment (KD'000)**	**Motor vehicles and helicopters (KD'000)**	**Total (KD'000)**
Cost				
At 1 April 2023	2,093,792	11,229	14,060	2,119,081
Additions	762,985	1,948	3,680	768,613
At 31 March 2024	2,856,777	13,177	17,740	2,887,694
Accumulated depreciation and impairment losses				
At 1 April 2023	1,327,056	10,426	12,635	1,350,117
Charged to profit and loss	110,785	2,441	2,672	115,898
Capitalized to capital work in progress	200,864	-	-	200,864
At 31 March 2024	1,638,705	12,867	15,307	1,666,879
Carrying value				
At 31 March 2024	1,218,072	310	2,433	1,220,815

31 March 2023	**Rigs (KD'000)**	**Heavy equipment (KD'000)**	**Motor vehicles and helicopters (KD'000)**	**Total (KD'000)**
Cost				
At 1 April 2022	1,725,119	11,229	14,060	1,750,408
Additions	368,673	-	-	368,673
At 31 March 2023	2,093,792	11,229	14,060	2,119,081
Accumulated depreciation and impairment losses				
At 1 April 2022	984,409	7,852	9,430	1,001,691
Charged to profit and loss	117,563	2,574	3,205	123,342
Capitalized to capital work in progress	225,084	-	-	225,084
At 31 March 2023	1,327,056	10,426	12,635	1,350,117
Carrying value				
At 31 March 2023	766,736	803	1,425	768,964

Amounts recognised in profit or loss:

	31 March 2024 KD'000	**31 March 2023 KD'000**
Expense relating to short term leases	99,877	87,069
Expense relating to leases of low value assets	11,216	14,996

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

	Lease liabilities	
	2024	**2023**
	KD'000	**KD'000**
As at 1 April	941,144	863,102
Additions	768,613	368,673
Finance cost charged to profit and loss	7,350	10,573
Finance cost capitalized	16,286	16,742
Lease payments	(319,186)	(317,946)
As at 31 March	1,414,207	941,144

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

	Lease liabilities	
	2024	**2023**
	KD'000	**KD'000**
Current lease liability	521,170	392,725
Non-current lease liability	893,037	548,419
As at 31 March	1,414,207	941,144

7. Intangible assets

31 March 2024	**Seismic surveys KD'000**	**Others KD'000**	**Total KD'000**
Cost			
As at 1 April 2023	242,139	5,063	247,202
Additions during the year	81,168	-	81,168
Write-off	-	-	-
At 31 March 2024	323,307	5,063	328,370
Accumulated amortization and impairment losses			
At 1 April 2023	102,832	5,063	107,895
Amortised during the year	12,220	-	12,220
Write-off	-	-	-
At 31 March 2024	115,052	5,063	120,115
Net book value			
At 31 March 2024	208,255	-	208,255

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

31 March 2023	**Seismic surveys KD'000**	**Others KD'000**	**Total KD'000**
Cost			
As at 1 April 2022	240,423	5,462	245,885
Additions during the year	1,716	-	1,716
Write-off	-	(399)	(399)
At 31 March 2023	242,139	5,063	247,202
Accumulated amortization and impairment losses			
At 1 April 2022	93,959	5,462	99,421
Amortised during the year	8,873	-	8,873
Write – off	-	(399)	(399)
At 31 March 2023	102,832	5,063	107,895
Net book value			
At 31 March 2023	139,307	-	139,307

8. Inventories

	2024 KD'000	**2023 KD'000**
Inventories at cost	513,806	450,934
Net provision for obsolete and slow-moving items	(5,247)	(4,549)
	508,559	446,385
Classified in statement of financial position as:		
Construction inventories	347,126	308,950
Consumable inventories	161,433	137,435
	508,559	446,385

The movement in the provision for obsolete and slow-moving inventories was as follows:

	2024 KD	**2023 KD**
Balance at the beginning of year	4,549	7,835
Reversal for the year	-	(92)
Charge for the year	2,710	5
Write offs	(2,012)	(3,199)
Balance at the end of year	5,247	4,549

9. Advances and other receivables

	2024 KD'000	**2023 KD'000**
Advances	120,025	105,330
Prepaid expenses	1,603	3,044
Staff advances	30,328	34,697
Other receivables	96,274	114,544
Less: expected credit loss	(3,814)	(24,144)
	244,416	233,471

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

The movement in provision for expected credit losses were as follows:

	2024 KD'000	2023 KD'000
Balance at 1 April	24,144	3,814
Provision during the year	-	20,330
Reversal during the year	(20,330)	-
Balance at 31 March	3,814	24,144

10. Due to Parent Company, net

Due to Parent Company, net represents the net balance of amounts due from and to the Parent Company. Movements on this balance during the year were as follows:

	2024 KD'000	2023 KD'000
At 1 April	12,515,199	12,061,492
Net revenue receivables (note 17)	(4,280,024)	(5,089,165)
Net funds transfer	3,131,260	3,025,343
Dividend distributed (note 15)	768,964	535,658
Contribution to shareholder (note 23)	1,232,019	1,977,337
Other movements	(3,861)	4,534
At 31 March	13,363,557	12,515,199
Non-current receivables		
Receivable from Parent Company		
(*relating to transfer of statutory reserve*)	(15,094)	(15,094)
	13,348,463	12,500,105

The amount due to Parent Company is unsecured and has no fixed terms of payment. This has been classified as non-current as the Parent Company does not intend to request repayment in the short-term.

The Parent Company has issued a Central Financing Policy ("CFP") with the purpose of providing finance to the affiliates of the Parent Company under a central treasury model. Based on the finance provided under CFP, the Parent Company will allocate the related finance costs relevant to the Company and the related finance charges is included as part of general and administrative expenses (Note 21).

11. Cash and bank balances

	2024 KD'000	2023 KD'000
Cash in hand	11	13
Bank balances	87,448	21,443
	87,459	21,456

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

12. Equity

Share capital

The authorized, issued and fully paid up share capital of the Company comprises of 30,188,291 (31 March 2023: 30,188,291) shares of KD 1 each. The share capital is contributed in cash.

Shareholder's current account

This account represents interest free contributions from the Parent Company and is classified as owner's equity as the Parent Company has given the Company the discretion to determine the timing and amounts of repayment.

Statutory reserve

In accordance with the Companies Law No. 1 of 2016, as amended, and its Executive Regulations and the Company's Articles of Association, 10% of the profit for the year is transferred to statutory reserve until the reserve reaches a minimum of 50% of the paid up share capital.

As permitted by the Companies Law No. 1 of 2016, and its Executive Regulations, the Board of Directors resolved to limit this reserve to 50% of the share capital and accordingly only KD 15,094 thousands has been appropriated to the statutory reserve. This has been approved by the shareholder.

13. End of service benefits

	2024 KD'000	2023 KD'000
Balance at beginning of the year	765,118	726,104
Charge for end of service benefits	75,716	77,402
Payments made during the year	(39,196)	(38,388)
Balance at end of the year	801,638	765,118

14. Accounts and other payables

	2024 KD'000	2023 KD'000
Accounts payable	871,877	819,157
Contractor and suppliers retentions	338,165	301,848
Staff payables	111,991	87,236
Accrued expenses	69,102	42,556
Others	142,437	17,738
	1,533,572	1,268,535

15. Dividend payable

The Company's Articles of Association stipulate that the net profit for the year after transfer to statutory reserve is payable as dividend. Upon the approval of these financial statements, dividend payable will be transferred to the Parent Company (note 10).

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

16. Related party transactions

Related parties include the shareholder and executive officers of the Company, close members of their families and companies of which they are the principal owners or over which they are able to exercise significant influence.

Related party balances reflected in the statement of financial position are unsecured and neither bear any interest nor there are any agreed repayment terms. Accordingly, these balances are treated as recoverable/ payable on demand.

The aggregate value of significant related party transactions and outstanding balances other than those disclosed elsewhere in the financial statements are as follows:

a) Transactions with related parties:

The Company has entered into transactions with related parties on terms approved by the management.

i. Costs recoverable from group companies for services provided by the Company are disclosed in note 20.

ii. All of the Company's net revenue for the year amounted to KD 4,280,024 thousands (31 March 2023: KD 5,089,165 thousands) represent net sales by the Parent Company (note 17).

iii. Training costs charged by the Parent Company amounted to KD 5,108 thousands (31 March 2023: KD 153 thousands) (note 21).

iv. The Company extracted and transferred gas to Kuwait National Petroleum Company K.S.C., On behalf of the Parent Company for which no separate revenue arrangement is in place (note 17).

Key management compensation

	2024 KD'000	2023 KD'000
Salaries and other employee benefits	1,022	1,117

b) Balances with related parties under the common control of the Parent Company:

	2024 KD'000	2023 KD'000
Due from group companies:		
Kuwait Integrated Petroleum Industries Company	7,248	8,538
Kuwait National Petroleum Company K.S.C.	4,319	8,344
Kuwait Gulf Oil Company K.S.C. (Closed)	5,120	4,102
Kuwait Oil Tanker Company S.A.K.	3,077	3,045
Petrochemical Industries Company K.S.C.	2,308	1,555
Kuwait Foreign Petroleum Exploration Company K.S.C.	150	721
Kuwait Petroleum International Limited	156	445
Oil Sector Services Company K.S.C. (Closed)	48	174
Kuwait Aviation Fueling Company K.S.C.	108	109
	22,534	27,033

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

17. Revenue

The Company earns revenue from the exploration and extraction of crude oil which belongs to the State of Kuwait. Revenue from these services is computed based on the sale value of crude oil by the Parent Company less allocated costs as follows:

	2024 KD'000	2023 KD'000
Gross revenue	22,766,087	27,070,033
Royalty	(4,553,217)	(5,414,007)
Fiscal levy	(13,477,524)	(16,025,460)
Marketing fees	(455,322)	(541,401)
Net revenue (note 10)	4,280,024	5,089,165

Applicable percentages on above allocation are disclosed under revenue recognition policy (see note 3(f)).

18. Depreciation, amortization and write off

	2024 KD'000	2023 KD'000
Property, plant and equipment – depreciation (note 5)	667,005	575,386
Right of use assets – depreciation (note 6)	115,898	123,342
Intangible assets – amortization (note 7)	12,220	8,873
Property, plant and equipment - write-off, net (note 5)	211	128
	795,334	707,729

19. Other operating income

	2024 KD'000	2023 KD'000
Port fees	18,773	21,218
Other income	40,502	27,396
	59,275	48,614

20. Recoverable costs

	2024 KD'000	2023 KD'000
Kuwait National Petroleum Company K.S.C.	21,353	23,506
Kuwait Gulf Oil Company K.S.C.	4,009	2,104
Kuwait Integrated Petroleum Industries Company K.S.C.C.	11,122	1,744
Kuwait Petroleum Corporation	321	329
Kuwait Oil Tanker Company S.A.K.	3	10
Group companies for medical services	128,592	126,059
	165,400	153,752

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

Costs reimbursable by Kuwait National Petroleum Company K.S.C. mainly represent marine services provided for export operations.

Costs reimbursable by Kuwait Gulf Oil Company K.S.C. and Kuwait Integrated Petroleum Industries Company K.S.C.C. mainly represent the consultancy and other services provided by or through the Company.

21. General and administrative expenses

	2024 KD'000	2023 KD'000
Utilities	95,249	102,125
Finance charges	77,096	57,535
Medical costs	39,170	32,847
Insurance	12,929	10,105
Training costs (note 16)	5,108	153
Others	11,988	26,272
	241,540	229,037

Training costs represent the Company's share of costs charged by the Parent Company. Staff costs are included in cost of production as employee cost and are disclosed separately in the statement of profit or loss and other comprehensive income.

22. Directors' remuneration

Board of Directors' remuneration of KD 42 thousands (31 March 2023: KD 42 thousands) is subject to the approval of the shareholder at the general assembly meeting.

23. Contribution to the shareholder

In accordance with the reporting structure of the Company, 72% of net profit for the year is tax payable to the government through the Parent Company.

24. Financial instruments

Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- market risk;
- liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

The Company continuously reviews its financial risk exposures and takes measures to limit these to acceptable levels. Financial risk management is carried out by the Company's Financial Services Group, under policies approved by the Board of Directors. The Financial Services Group identifies and evaluates financial risks in close co-operation with the operating units of the Company. The Board provides written principles for overall financial risk management, as well as written policies covering specific areas, such as credit risk, market risk and liquidity risk which are discussed below:

a. Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, advances and other receivables and amounts due from group companies.

The Company's total sales are to the Parent Company inside Kuwait and, therefore, there

The maximum exposure to credit risk for financial assets at the reporting date was:

	2024 **KD'000**	**2023** **KD'000**
Other receivables (note 9)	96,275	114,544
Amounts due from group companies (note 16)	22,534	27,033
Bank balances (note 11)	87,448	21,443
	206,257	163,020

Other receivables

The Company transacts only with recognized and creditworthy counterparties. For other receivables, credit evaluation is performed on the financial condition of contractor's credit quality based on its financial position, past experience and other factors. In addition, other receivable balances are monitored on a monthly basis by the management. The Company do not hold collateral on account of its other receivables.

Expected credit loss- other receivables

In determining the recoverability of other receivable, the Company considers any change in the credit quality of the other receivables from the date the credit was initially granted up to the reporting date. At the reporting date, management has taken the current market conditions into account when assessing the credit quality of other receivables. Accordingly, taking all of the above into account, the management of the Company believe that there is no further credit provision required in excess of the provision for expected credit losses as disclosed in Note 9.

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

A summary of the Company's exposure for other receivables are as follows:

	KD'000			
	2024		2023	
	Non-credit impaired	*Credit impaired*	*Non-credit impaired*	*Credit impaired*
Not due	35,478	-	81,103	-
Past due				
- Secured with collaterals	-	-	-	-
- Not secured	33,523	27,274	1,269	32,174
Gross carrying amount	69,001	27,274	82,372	32,174
Loss allowance	-	(3,814)	-	(24,144)
	69,001	23,460	82,372	8,030

Amounts due from group companies

Amounts due from group companies mainly represents the amount receivable from the entities related to the Parent Company. All group company balances are monitored carefully by the management for collection and are considered fully recoverable. Transactions with group companies are carried out on a negotiated contract basis. The Company considers that these have low credit risk based on historical experiences, available information and experienced credit judgment. Therefore, the credit risk on these balances is considered immaterial.

Bank balances

The credit risk on bank balances is considered immaterial, since the counterparties are reputable banks and financial institutions that have low credit risk based on the external credit ratings.

b. Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant interest bearing assets or liabilities and therefore the Company's future performance and cash flows are independent of changes in market interest rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates.

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

The Company is exposed to foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar primarily US Dollar and Euro. The Financial Services Group monitors and measures currency exposures on recognized assets and liabilities on a regular basis.

The Company manages foreign currency risk by matching assets and liabilities of similar currency exposures and by obtaining advances in foreign currencies from the Parent Company to pay of its foreign currency third party liabilities. Therefore the fair value of future cash flows of the Company's financial instruments are not significantly affected due to changes in foreign currency rates.

Equity price risk

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

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

c. Liquidity risk

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

The Company's financial liabilities essentially mature within one year except for due to Parent Company, net. However, its activities are solely funded by the Parent Company which significantly minimizes liquidity risk, except lease liability.

The table below set out the contractual maturities of financial liabilities at the reporting date:

2024	Carrying value KD	One year or less KD	More than one year KD
Financial Liabilities			
Accounts payable and other liabilities	1,533,572	1,533,572	-
Lease liabilities	1,414,207	521,170	893,037
Due to the Parent Company	13,363,557	-	13,363,557
	16,311,336	2,054,742	14,256,594

2023	Carrying value KD	One year or less KD	More than one year KD
Financial Liabilities			
Accounts payable and other liabilities	1,268,535	1,268,535	-
Lease liabilities	941,144	392,725	558,992
Due to the Parent Company	12,515,199	-	12,515,199
	14,724,878	1,661,260	13,074,191

Kuwait Oil Company K.S.C.
State of Kuwait

Notes to the financial statements
for the year ended 31 March 2024

25. Fair value

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

In the opinion of the management, the estimated fair value of financial assets and liabilities, except for receivable from / due to Parent Company, that are not carried at fair value at the reporting date is not materially different from their carrying value.

26. Capital risk management

The Company's capital management objectives are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the costs of capital. The Company's exposure to capital risk is limited as there are no external financing as at the reporting date.

Further, the Company is not subject to externally imposed capital requirements, except the minimum capital requirements of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations.

27. Commitments and contingencies

Commitments for future capital expenditure in relation to lump sum contracts and purchase orders amounted to KD 1,287 million (31 March 2023: KD 1,692 million).

28. Claims and litigations

The Company is also involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Company's financial statements if disposed unfavorably.

About KOC

KOC was established in 1934 by the Anglo-Persian Oil Company, which is known today as BP (British Petroleum), and Gulf Oil Corporation, now known as Chevron. Oil was found in Kuwait in 1938 at Burgan Field, which is the second largest oil field in the world. In 1946, Kuwait exported its first crude oil shipment. Since its inception, KOC's activities have included exploration operations, onshore and offshore surveys, drilling of test wells, and the development of producing wells in addition to crude and natural gas exploration.

KOC works under the umbrella of the Kuwait Petroleum Corporation (KPC), and its vision focuses on achieving a leading worldwide position in oil and gas exploration and production, as well as growing oil reserves to ensure the sustainability of production.

The Company aims to be an employer of choice and make the best use of modern technologies. It is also working very hard to promote compliance with HSSE standards. KOC also seeks excellence in performance throughout all areas of its operation, and the Company is committed to supporting the local economy and serving the community.

Through the use of modern technology and the development of the skills of our staff, KOC aims to increase production in accordance with the Company's future strategy.

Today, KOC continues to work toward achieving our objectives and implementing our projects while strengthening our human and technical capabilities in order to address the challenges faced by the global oil industry, and to fulfill our role as a major supplier of energy to the world.