ALEC Holdings LLC and its subsidiaries

Condensed consolidated interim financial information for the six-month period ended 30 June 2025 (Unaudited)

ALEC Holdings LLC and its subsidiaries

Table of contents

ALEC Holdings LLC and its subsidiaries

Report of the Directors
for the six-month period ended 30 June 2025

The Directors have the pleasure in submitting their report, together with the reviewed condensed consolidated interim financial information of the Group for the six-month period ended 30 June 2025.

Principal activities

The principal activities of the Group are engineering and construction contracting relating to installation, industrial process plants and infrastructure developments, earth and civil works, buildings, structural steelwork, mechanical, process piping, electrical and maintenance, shutdown, and turnaround activities in all types of process plants. In addition to the principal activities of the Group are general contracting works for civil, mechanical, electrical and marine, onshore and offshore industrial, oil and gas, commercial projects, scaffold installation works, building maintenance, investment and establishing and managing industrial projects.

Results and movement in retained earnings

Revenue for the six-month period ended 30 June 2025 is AED 5,362 million as compared to AED 3,436 million for the preceding period. Total comprehensive income attributable to Owners of the Company for the six-month period ended 30 June 2025 is AED 238 million compared to AED 129 million for the six-month period ended 30 June 2024.

Movement in retained earnings:

	Six-month period ended 30 June	
	2025	2024
	AED'000	AED'000
	(Unaudited)	*(Unaudited)*
Retained earnings at the beginning of the period	**913,066**	817,885
Total profit attributable to the Owners of the Company	**237,805**	128,459
Dividends declared / paid to shareholders (Note 7)	**(265,000)**	(242,537)
Acquisition of non-controlling interest in a subsidiary	**(13,539)**	-
Retained earnings at the end of the period	**872,332**	703,807

On behalf of the Board

…………………………
Director

…………………………..
Director

Deloitte.

Deloitte & Touche (M.E.)
Building 2, Level 3
Emaar Square
Downtown Dubai
P.O. Box 4254
Dubai
United Arab Emirates

Tel: +971 (0) 4 376 8888
Fax:+971 (0) 4 376 8899
www.deloitte.com

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Shareholder
ALEC Holdings LLC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **ALEC Holdings LLC** (the "Company") **and its subsidiaries** (the "Group") as of 30 June 2025, and the related condensed consolidated interim statement of profit or loss, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period then ended, and material accounting policy information and explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information has not been prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)

Cynthia Corby
Registration No.: 995
8 August 2025
Dubai
United Arab Emirates

Condensed consolidated interim statement of financial position as at 30 June 2025

	Notes	**30 June 2025 AED'000 *(Unaudited)***	31 December 2024 AED'000 *(Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	4	**1,114,915**	929,244
Intangible assets	5	**98,917**	104,075
Goodwill		**23,055**	23,055
Retention receivables	9	**276,000**	233,522
Advances to suppliers and subcontractors		**166,646**	49,062
Total non-current assets		**1,679,533**	1,338,958
Current assets			
Inventories	11	**84,043**	44,879
Contract and other receivables	8	**2,916,498**	2,800,118
Gross amounts due from customers on construction contracts	10	**3,124,607**	2,254,086
Prepayments		**66,871**	52,028
Cash and bank balances	20	**1,205,306**	1,254,244
Total current assets		**7,397,325**	6,405,355
Total assets		**9,076,858**	7,744,313

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of financial position (continued)
as at 30 June 2025

	Notes	30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**50,000**	50,000
Restricted reserves	13	**92,977**	92,977
General reserve	14	**409**	409
Retained earnings		**872,332**	913,066
Foreign currency translation reserve		**(375)**	(420)
Remeasurement loss on employees' defined benefit obligations	15	**(23,602)**	(23,602)
Equity attributable to owners of the Company		**991,741**	1,032,430
Non-controlling interests		**52**	890
Total equity		**991,793**	1,033,320
Non-current liabilities			
Provision for employees' end-of-service benefits	16	**360,871**	309,839
Retention payables	17	**131,117**	98,527
Advances from customers	17	**1,417,718**	595,476
Borrowings	24	**275,000**	303,777
Lease liabilities	19	**215,837**	148,372
Long term provision		**7,099**	-
Asset retirement obligation	19	**2,656**	2,656
Total non-current liabilities		**2,410,298**	1,458,647
Current liabilities			
Contract and other payables	17	**5,098,613**	4,366,487
Gross amounts due to customers on construction contracts	25	**151,706**	309,915
Current tax liabilities	22	**43,651**	23,465
Borrowings	24	**332,324**	524,978
Lease liabilities	19	**48,473**	27,501
Total current liabilities		**5,674,767**	5,252,346
Total liabilities		**8,085,065**	6,710,993
Total equity and liabilities		**9,076,858**	7,744,313

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial information presents fairly in all material respects the financial position, financial performance and cash flows of the Group.

……………………… ………………………
Director **Director**

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of profit or loss for the six-month period ended 30 June 2025

		Three-month period ended 30 June		Six-month period ended 30 June	
	Notes	**2025 AED'000 *(Unaudited)***	2024 AED'000 *(Unaudited)*	**2025 AED'000 *(Unaudited)***	2024 AED'000 *(Unaudited)*
Contract revenue	21	**2,894,939**	1,861,324	**5,362,334**	3,436,445
Contract costs		**(2,618,326)**	(1,631,911)	**(4,825,831)**	(3,080,635)
Gross profit		**276,613**	229,413	**536,503**	355,810
Administrative expenses		**(113,260)**	(99,093)	**(225,869)**	(168,415)
Share of results of joint ventures	6	**(12)**	(17,736)	**(19)**	(18,406)
Profit from operations		**163,341**	112,584	**310,615**	168,989
Impairment losses on financial assets and contract assets		**-**	(680)	**(1,296)**	(680)
Finance costs - net	18	**(31,457)**	(11,679)	**(53,766)**	(38,509)
Finance income		**5,640**	3,593	**8,624**	6,740
Other income - net		**566**	1,499	**2,474**	1,665
Profit before tax		**138,090**	105,317	**266,651**	138,205
Income tax expense	22	**(13,558)**	(4,998)	**(27,623)**	(8,948)
Profit for the period		**124,532**	100,319	**239,028**	129,257
Attributable to:					
Owners of the Company		**122,928**	98,988	**237,805**	128,459
Non-controlling interests		**1,604**	1,331	**1,223**	798
		124,532	100,319	**239,028**	129,257
Earnings per share					
Basic and diluted (AED)	23	**2,459**	1,980	**4,756**	2,569

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of comprehensive income for the six-month period ended 30 June 2025

	Notes	Three-month period ended 30 June		Six-month period ended 30 June	
		2025	2024	**2025**	2024
		AED'000	AED'000	**AED'000**	AED'000
		(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Profit for the period		**124,532**	100,319	**239,028**	129,257
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Net change in foreign currency translation reserve		**(3)**	1	**45**	341
Total comprehensive income for the period		**124,529**	100,320	**239,073**	129,598
Attributable to:					
Owners of the Company		**122,925**	98,989	**237,850**	128,800
Non-controlling interests		**1,604**	1,331	**1,223**	798
		124,529	100,320	**239,073**	129,598

Condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2025

	Share capital AED'000	Restricted reserve AED'000	General reserve AED'000	Retained earnings AED'000	Foreign currency translation reserve AED'000	Remeasurement loss on employees' defined benefit obligations AED'000	Other equity AED'000	Equity attributable to owners of the Company AED'000	Non-controlling interests AED'000	Total AED'000
Balance at 1 January 2024 *(Audited)*	300	92,977	409	817,885	(731)	(4,101)	25,000	931,739	900	932,639
Profit for the period	-	-	-	128,459	-	-	-	128,459	798	129,257
Other comprehensive income for the period	-	-	-	-	341	-	-	341	-	341
Total comprehensive income for the period	-	-	-	128,459	341	-	-	128,800	798	129,598
Capital contribution of the non-controlling interest shareholder of a subsidiary	-	-	-	-	-	-	-	-	500	500
Dividends declared to shareholders (Note 7)	-	-	-	(242,537)	-	-	-	(242,537)	-	(242,537)
Balance at 30 June 2024 *(Unaudited)*	300	92,977	409	703,807	(390)	(4,101)	25,000	818,002	2,198	820,200
Balance at 1 January 2025 *(Audited)**	**50,000**	**92,977**	**409**	**913,066**	**(420)**	**(23,602)**	**-**	**1,032,430**	**890**	**1,033,320**
Profit / loss for the period	**-**	**-**	**-**	**237,805**	**-**	**-**	**-**	**237,805**	**1,223**	**239,028**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**45**	**-**	**-**	**45**	**-**	**45**
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**237,805**	**45**	**-**	**-**	**237,850**	**1,223**	**239,073**
Acquisition of non-controlling interest in a subsidiary (Note 1)	**-**	**-**	**-**	**(13,539)**	**-**	**-**	**-**	**(13,539)**	**(2,061)**	**(15,600)**
Dividends declared to shareholders (Note 7)	**-**	**-**	**-**	**(265,000)**	**-**	**-**	**-**	**(265,000)**	**-**	**(265,000)**
Balance at 30 June 2025 (Unaudited)	**50,000**	**92,977**	**409**	**872,332**	**(375)**	**(23,602)**	**-**	**991,741**	**52**	**991,793**

*Retained earnings has been restated as explained in Note 1 on page 10.

Condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2025

	Notes	Six-month period ended 30 June 2025 AED'000 *(Unaudited)*	2024 AED'000 *(Unaudited)*
Operating activities			
Profit before tax		**266,651**	138,205
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of right-of-use assets	4	**109,953**	62,939
Provision for employees' end-of-service benefits	16	**59,927**	28,860
Finance costs - net	18	**53,766**	38,509
Finance income		**(8,624)**	(6,740)
Amortization of intangible assets	5	**6,875**	5,745
Impairment loss on financial assets and contract assets		**1,296**	680
Gain on disposal of property, plant and equipment and gain arising from cancellation of lease		**(858)**	(1,140)
Share of results of joint ventures	6	**19**	18,406
Cash from operating activities before movements in working capital		**489,005**	285,464
Increase in inventories		**(39,164)**	(20,090)
Increase in contract and other receivables, including non-current retention receivables and advances to suppliers and subcontractors		**(283,029)**	(120,320)
(Increase) / decrease in gross amount due from customers on construction contracts		**(871,651)**	577,855
Increase in prepayments		**(14,843)**	(47,857)
Decrease / (increase) in margin deposits under lien	20	**46,980**	(7,288)
Increase in contract and other payables, including non-current portion of retention payables and advances from customer and long-term provisions		**1,506,546**	71,967
(Decrease) / increase in gross amounts due to customer on construction contracts		**(158,209)**	212,853
Cash generated from operations		**675,635**	952,584
Employees' end-of-service benefits paid	16	**(17,510)**	(8,512)
Income tax paid		**(7,437)**	(4,852)
Net cash generated from operating activities		**650,688**	939,220
Investing activities			
Payments for purchase of property, plant and equipment	4	**(166,721)**	(112,659)
Payments for purchase of intangible assets		**(1,717)**	-
Proceeds from disposal of property, plant and equipment		**838**	2,239
Finance income received		**8,624**	6,740
Payment for purchase of non-controlling interest in a subsidiary		**(10,000)**	-
Net cash used in investing activities		**(168,976)**	(103,680)

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of cash flows (continued)
for the six-month period ended 30 June 2025

	Notes	Six-month period ended 30 June 2025 AED'000 (Unaudited)	2024 AED'000 (Unaudited)
Financing activities			
Proceeds from bank borrowings		**1,631,270**	527,806
Repayment of bank borrowings		**(1,852,701)**	(714,945)
Dividends paid to shareholder	7	**(180,000)**	(242,537)
Repayment of principal portion of lease liabilities	19	**(37,446)**	(8,837)
Finance costs paid	18	**(44,838)**	(38,509)
Capital contribution by non-controlling interest		**-**	500
Net cash used in financing activities		**(483,715)**	(476,522)
Net (decrease) / increase in cash and cash equivalents		**(2,003)**	359,018
Cash and cash equivalents at the beginning of the period	20	**1,164,823**	861,988
Less: Effect of foreign exchange rate changes		**45**	341
Cash and cash equivalents at the end of the period		**1,162,865**	1,221,347
Less: Expected credit loss allowance on cash and cash equivalents		**(133)**	(44)
Cash and cash equivalents at the end of the period, net of expected credit loss	20	**1,162,732**	1,221,303
Non-cash transactions:			
Purchase of property, plant and equipment relating to right-of-use asset with corresponding lease liability	4 and 19	**(140,355)**	(38,739)
Reallocation of share of loss in excess of investment in joint venture to due from related parties	6	**(19)**	(18,406)
Dividends declared to shareholders not yet paid	7	**(85,000)**	-
Contingent consideration on acquisition of non-controlling interest in a subsidiary	1	**(5,600)**	-
Cancellation and disposal of right of use asset with corresponding lease liability	4 and 19	**11,452**	-

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025

1. General information

ALEC Holdings LLC (the "Company") is a limited liability company - single owner operating in the United Arab Emirates under a trade licence issued in Dubai, United Arab Emirates on 3 March 2010. The Company also has operations in State of Qatar, Sultanate of Oman, Kingdom of Saudi Arabia, Ethiopia, United Kingdom, Italy, and Egypt through its subsidiaries, joint operations, joint ventures and branches.

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

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

The Company is now a wholly-owned subsidiary of Investment Corporation of Dubai (the "Immediate Parent Company"), which is ultimately owned by the Government of Dubai (the "Ultimate Parent Company").

The principal activities of the Group are engineering and construction contracting relating to installation, industrial process plants and infrastructure developments, earth and civil works, buildings, structural steelwork, mechanical, process piping, electrical and maintenance, shutdown, and turnaround activities in all types of process plants. In addition to the principal activities of the Group are general contracting works for civil, mechanical, electrical and marine, onshore and offshore industrial, oil and gas, commercial projects, scaffold installation works, building maintenance, investment and establishing and managing industrial projects.

Group reorganisation and business combinations under common control

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

ALEC Engineering and Contracting LLC and the subsidiaries, joint operations and branches listed below and in Note 27 are now effectively owned by the Company.

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

At 31 December 2024, as part of its policy choice, management previously opted to apply the pooling of interest method with the net amount presented within 'Merger reserve'. As at 1 January 2025, the Group has changed this accounting policy and will recognize the net amount resulting from applying the pooling of interest method directly in retained earnings. This has been reflected in these condensed consolidated interim financial statements retrospectively as follows:

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

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

1. General information (continued)

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

Name of subsidiary	Principal activity	Country of incorporation and operation	Proportion of ownership interest (%)		Proportion of beneficial interest (%)	
			2025	2024	**2025**	2024
ALEC Engineering and Contracting LLC - S.P.C.	Construction activities	United Arab Emirates	**100%**	100%	**100%**	100%
ALEC L.E.G.T. Contracting WLL (1)	Construction activities	State of Qatar	**-**	-	**100%**	100%
ALEC Engineering and Contracting Oman LLC	Construction activities	Sultanate of Oman	**70%**	70%	**100%**	100%
ALEMCO Electromechanical Contracting LLC - S.P.C.	Construction activities	United Arab Emirates	**99.67%**	99.67%	**100%**	100%
AJI Heavy Equipment Rental LLC	Rental of heavy and light machines and equipment	United Arab Emirates	**100%**	100%	**100%**	100%
ALEC Saudi Arabia Engineering and Contracting One Person Company	Construction activities	Kingdom of Saudi Arabia	**100%**	100%	**100%**	100%
L I N Q Modular LLC	Modular fabrication and assembly	United Arab Emirates	**100%**	100%	**100%**	100%
Emisha Technologies FZ-LLC	Software consultancy, developer, service provider	United Arab Emirates	**100%**	100%	**100%**	100%
ALEC Engineering and Contracting (UK) Ltd.	Construction activities	United Kingdom	**100%**	100%	**100%**	100%
AES Building Materials Trading LLC (5)	Building and construction materials trading	United Arab Emirates	**100%**	80%	**100%**	80%
ALEC Engineering and Contracting Egypt LLC	Construction activities	Egypt	**100%**	100%	**100%**	100%

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

1. General information (continued)

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

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

1. General information (continued)

Name of subsidiary	Principal activity	Country of incorporation and operation	Proportion of ownership interest (%)		Proportion of beneficial interest (%)	
			2025	2024	**2025**	2024
Target Saudi Construction Company LLC	Construction of buildings, civil and contracting works	Kingdom of Saudi Arabia	**90%**	90%	**90%**	90%
Target Steel Industries – Sole Proprietorship LLC	Steel fabrication works	United Arab Emirates	**100%**	100%	**100%**	100%
ALEC Interior Decoration One Person Company	Manufacture of carpentry products and crafts needed for construction workers construction of building and other related construction activities	Kingdom of Saudi Arabia	**100%**	100%	**100%**	100%
AES Aluminium and Glass Works LLC	Aluminium installation works, machining and forming of metals and glass plates installation works.	United Arab Emirates	**100%**	**82%**	**100%**	**82%**
Infrastructure Protective Services Inproserv Middle East L.L.C (3)	Corrosion and oxidation resistant services, fire resistant painting works and removing corrosion of metals	United Arab Emirates	**50%**	**50%**	**50%**	**50%**
ALEC Engineering and Contracting RAK LLC - OPC	Metal prefabricated buildings manufacturing, alternative energy equipment installation and maintenance and construction.	United Arab Emirates	**100%**	**100%**	**100%**	**100%**
ALEC Industries LLC (4)	Central airconditioning requisites manufacturing, ventilation equipment manufacturing and central airconditioning equipment manufacturing.	United Arab Emirates	**100%**	**-**	**100%**	**-**

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

1. General information (continued)

Name of subsidiary	Principal activity	Country of incorporation and operation	Proportion of ownership interest (%)		Proportion of beneficial interest (%)	
			2025	2024	**2025**	2024
Altrons Integrated Security Equipment Installation LLC (4)	Measuring and control system installation, security equipment installation and maintenance, wired and wireless communication systems installation, security systems and equipment trading, radio, T.V. station, cinema theatre equipment installation and maintenance, and internal communication network installation and maintenance.	United Arab Emirates	**100%**	-	**100%**	-

Name of branch	Principal activities	Country of incorporation and operation
ALEC Engineering and Contracting LLC - Dubai Branch	Construction activities	United Arab Emirates
ALEC Engineering and Contracting LLC - RAK Branch	Construction activities	United Arab Emirates
ALEC Engineering and Contracting LLC (Branch) - RAKEZ Branch	Construction activities	United Arab Emirates
ALEMCO Electromechanical Contracting LLC - Dubai Branch	Construction activities	United Arab Emirates
ALEMCO Electromechanical Contracting LLC - RAK Branch	Construction activities	United Arab Emirates
Infrastructure Protective Services Inproserv Middle East L.L.C – Dubai Branch	Corrosion and oxidation resistant services, fire resistant painting works and removing corrosion of metals	United Arab Emirates

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

1. General information (continued)

Name of branch	Principal activities	Country of incorporation and operation
Infrastructure Protective Services Inproserv Middle East L.L.C – RAK Branch	Corrosion and oxidation resistant services, fire resistant painting works and removing corrosion of metals	United Arab Emirates
ALEC Engineering and Contracting LLC	Construction activities	Ethiopia
Target Engineering Construction Company LLC - Dubai Branch	Construction activities	United Arab Emirates
Target Engineering Construction Company LLC - Qatar Branch	Construction activities	United Arab Emirates
Idrotec S.r.l. - Abu Dhabi Branch	Engineering, design and consultancy	United Arab Emirates

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

(2) Target Engineering Construction Company L.L.C. (Target), a subsidiary, owns 49% of the shareholding in Target General Construction WLL and Target is exercising control over this subsidiary.

(3) The Company owns 50% of the shareholding of Infrastructure Protective Services Inproserv Middle East L.L.C. and the Company is exercising control over this subsidiary.

(4) During the current period, ALEC Engineering and Contracting LLC - SPC has invested in a newly incorporated entity in United Arab Emirates. The operations of this newly incorporated entity have not yet commenced.

(5) On 17 June 2025, by the virtue of share transfer agreement, ALEC Engineering and Contracting LLC – S.P.C. acquired the remaining 20% equity interest in AES Building Materials Trading LLC, from Bashar Kayali for a total consideration of AED 15,600 thousand, of which AED 5,600 is payable subject to meeting a certain condition. The transaction was accounted for as an equity transaction in accordance with IFRS 10 *Consolidated Financial Statements*, as control had already been established. The difference between the acquisition consideration and the carrying value of the non-controlling interest acquired, amounting to AED 13,539 thousand, was recognised directly in equity and attributed to the Owners of the Parent Company. No goodwill or gain / loss was recognised in the condensed consolidated interim statement of profit or loss as a result of this transaction.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

2. Basis of preparation and material accounting policy information

2.1 Basis of preparation

This condensed consolidated interim financial information for the six-month period ended 30 June 2025 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed consolidated interim financial information does not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

2.2 Functional and presentation currency

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

2.3 Material accounting policy information

The material accounting policy information applied in the preparation of the condensed consolidated interim financial information is consistent with that applied by the Group in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the common control transactions as stated below:

Common control transactions

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

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

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

2.4 Basis of consolidation

The condensed consolidated interim financial information as at, and for the six-month period ended 30 June 2025 comprises results of the Company and its subsidiaries. The condensed consolidated interim financial information of the subsidiaries is prepared for the same reporting period as that of the Company, using consistent accounting policies. All inter-company transactions, profits and balances are eliminated on consolidation. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

2. Basis of preparation and material accounting policy information (continued)

2.4 Basis of consolidation (continued)

In the prior year, the Company initiated the re-organization of its related and affiliated companies that are beneficially owned and controlled by the Immediate Parent Company, into a unified group structure, specifically under the umbrella of ALEC Holdings LLC. The transfer of entities to the Company is considered to be a common control transaction as the entities will continue to be controlled by the ultimate controlling party before and after the reorganisation. Therefore, this reorganisation is considered to be outside the scope of IFRS 3 *Business Combinations*. The Company has applied the pooling of interest method of accounting for the reorganisation.

3. Segment reporting

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

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

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

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

3. Segment reporting (continued)

	Building and infrastructure construction services AED'000	Energy AED'000	Related businesses AED'000	Corporate activities AED'000	Eliminations AED'000	Total AED'000
Six-month period ended 30 June 2025 ***(Unaudited)***						
Contract revenue	**2,804,795**	**2,012,122**	**1,145,468**	**45,449**	**(645,500)**	**5,362,334**
Contract costs	**(2,624,148)**	**(1,822,695)**	**(1,012,920)**	**(39,370)**	**673,302**	**(4,825,831)**
Gross profit	**180,647**	**189,427**	**132,548**	**6,079**	**27,802**	**536,503**
Administrative expenses	**(35,386)**	**(52,779)**	**(67,740)**	**(69,964)**	**-**	**(225,869)**
Share of results of joint ventures	**-**	**-**	**(19)**	**-**	**-**	**(19)**
Provision for impairment losses on financial assets and contract assets	**-**	**(1,296)**	**-**	**-**	**-**	**(1,296)**
Finance costs - net	**3,632**	**(35,471)**	**(4,093)**	**(18,349)**	**515**	**(53,766)**
Finance income	**-**	**1,572**	**940**	**6,627**	**(515)**	**8,624**
Other income - net	**935**	**1,323**	**259**	**(43)**	**-**	**2,474**
Net segment results – profit / (loss) before tax	**149,828**	**102,776**	**61,895**	**(75,650)**	**27,802**	**266,651**
Three-month period ended 30 June 2025 ***(Unaudited)***						
Contract revenue	1,481,684	1,152,214	641,583	29,809	(410,351)	2,894,939
Contract costs	(1,388,357)	(1,047,579)	(569,502)	(26,898)	414,010	(2,618,326)
Gross profit	93,327	104,635	72,081	2,911	3,659	276,613
Administrative expenses	(16,615)	(29,313)	(32,977)	(34,355)	-	(113,260)
Share of results of joint ventures	-	-	(12)	-	-	(12)
Finance costs - net	2,380	(19,341)	(2,391)	(12,543)	438	(31,457)
Finance income	-	1,440	662	3,976	(438)	5,640
Other income- net	575	(651)	255	387	-	566
Net segment results – profit / (loss) before tax	79,667	56,770	37,618	(39,624)	3,659	138,090

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

3. Segment reporting (continued)

	Building and infrastructure construction services AED'000	Energy AED'000	Related businesses AED'000	Corporate activities AED'000	Eliminations AED'000	Total AED'000
Six-month period ended 30 June 2024 ***(Unaudited)***						
Contract revenue	**1,739,188**	**1,174,147**	**850,230**	**-**	**(327,120)**	**3,436,445**
Contract costs	**(1,620,390)**	**(1,071,354)**	**(709,599)**	**-**	**320,708**	**(3,080,635)**
Gross profit	**118,798**	**102,793**	**140,631**	**-**	**(6,412)**	**355,810**
Administrative expenses	**(31,247)**	**(24,392)**	**(52,659)**	**(60,117)**	**-**	**(168,415)**
Share of results of joint ventures	**(18,361)**	**-**	**(45)**	**-**	**-**	**(18,406)**
Provision for impairment losses on financial assets and contract assets	**-**	**(680)**	**-**	**-**	**-**	**(680)**
Finance costs - net	**(181)**	**(23,322)**	**(1,954)**	**(14,427)**	**1,375**	**(38,509)**
Finance income	**41**	**-**	**-**	**8,074**	**(1,375)**	**6,740**
Other income - net	**1,294**	**(130)**	**335**	**166**	**-**	**1,665**
Net segment results – profit / (loss) before tax	**70,344**	**54,269**	**86,308**	**(66,304)**	**(6,412)**	**138,205**
Three-month period ended 30 June 2024 ***(Unaudited and unreviewed)***						
Contract revenue	943,124	589,257	502,904	-	(173,961)	1,861,324
Contract costs	(868,627)	(536,773)	(400,681)	-	174,170	(1,631,911)
Gross profit	74,497	52,484	102,223	-	209	229,413
Administrative expenses	(14,529)	(12,089)	(35,467)	(37,008)	-	(99,093)
Share of results of joint ventures	(17,717)	-	(19)	-	-	(17,736)
Provision for impairment losses on financial assets and contract assets	-	(680)	-	-	-	(680)
Finance costs - net	3,782	(8,626)	806	(8,484)	843	(11,679)
Finance income	-	-	(1)	4,437	(843)	3,593
Other income- net	1,332	(198)	196	169	-	1,499
Net segment results – profit / (loss) before tax	47,365	30,891	67,738	(40,886)	209	105,317

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

4. Property, plant and equipment

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Balance at the beginning of the period / year	**929,244**	648,866
Additions during the period / year	**307,076**	454,714
Transfer to intangible assets (Note 5)	**-**	(16,718)
Depreciation and amortization charge for the period / year	**(109,953)**	(145,482)
Disposals during the period / year	**(381)**	(337)
Disposal arising from lease cancellation during the period / year	**(11,071)**	(11,799)
Balance at the end of the period / year	**1,114,915**	929,244

Property, plant and equipment includes right-of-use assets which include land, building and machinery, and which is summarised below:

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Balance at the beginning of the period / year	**181,680**	112,741
Additions during the period / year (Note 19)	**140,355**	105,161
Amortization for the period / year	**(20,423)**	(24,423)
Disposals during the period / year	**(381)**	-
Disposal arising from lease cancellation during the period / year	**(11,071)**	(11,799)
Balance at the end of the period / year	**290,160**	181,680

5. Intangible assets

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Balance at the beginning of the period / year	**104,075**	100,799
Additions during the period / year	**1,717**	71
Transfer from property, plant and equipment (Note 4)	**-**	16,718
Amortization for the period / year	**(6,875)**	(13,513)
Balance at the end of the period / year	**98,917**	104,075

6. Investments in joint ventures

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

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

The above joint ventures are accounted for in the condensed consolidated interim financial information using the equity method.

A joint venture of the Group has assets and liabilities which offset each other through a pass-through arrangement, and should there be a shortfall between these, the difference is guaranteed by the Dubai Department of Finance. The exposure of the joint venture's shareholders is therefore limited to the share capital of the joint venture.

Movement in investments in joint ventures:

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Balance at the beginning of the period / year	**-**	-
Share of results	**(19)**	(26)
Reallocation / write-off*	**19**	26
Balance at the end of the period / year	**-**	-

* Total share of results from the Group's joint ventures for the six-month period ended 30 June 2025 is a loss of AED 19 thousand (for the year ended 31 December 2024: loss of AED 26 thousand). Out of that total, the loss attributable to two of the Group's joint ventures has exceeded the original investment. In accordance with IAS 28 *Investments in Associates and Joint Ventures*, when the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture, the Group discontinues recognizing its share of further losses and any additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations on behalf of the joint venture. Given that the Group no longer has receivable balances from the joint ventures against which to offset current period losses, these have been written-off in the year.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

7. Related party balances and transactions

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

Transactions with related parties

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

	Three-month period ended 30 June		Six-month period ended 30 June	
	2025 AED'000 *(Unaudited)*	2024 AED'000 *(Unaudited)*	**2025 AED'000 *(Unaudited)***	2024 AED'000 *(Unaudited)*
Purchase of materials and services				
Companies under common control	**23,181**	438	**33,808**	2,353

	Three-month period ended 30 June		Six-month period ended 30 June	
	2025 AED'000 *(Unaudited)*	2024 AED'000 *(Unaudited)*	**2025 AED'000 *(Unaudited)***	2024 AED'000 *(Unaudited)*
Contract revenue from related parties (Note 21)				
Companies under common control	**5,560**	25,377	**22,291**	35,610

Compensation of key management personnel

	Three-month period ended 30 June		Six-month period ended 30 June	
	2025 AED'000 *(Unaudited)*	2024 AED'000 *(Unaudited)*	**2025 AED'000 *(Unaudited)***	2024 AED'000 *(Unaudited)*
Short-term benefits	**1,533**	3,303	**6,316**	4,657
Long-term benefits	**76**	66	**151**	133
	1,609	3,369	**6,467**	4,790

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

7. Related party balances and transactions (continued)

Compensation of key management personnel (continued)

	Three-month period ended 30 June		Six-month period ended 30 June	
	2025	2024	**2025**	2024
	AED'000	AED'000	**AED'000**	AED'000
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Directors' fees	**1,098**	424	**1,570**	843

Dividends

	30 June 2025	31 December 2024
	AED'000	AED'000
	(Unaudited)	*(Audited)*
Dividends declared to shareholders	**265,000**	242,537

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

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

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

Balances and transactions with affiliated entities under the Ultimate Parent Company

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

	30 June 2025	31 December 2024
	AED'000	AED'000
	(Unaudited)	*(Audited)*
Cash and cash equivalents held at related party banks (Note 20)	**341,857**	292,026
Borrowings from related party banks (Note 24)	**486,507**	575,925

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

7. Related party balances and transactions (continued)

Balances and transactions with affiliated entities under the Ultimate Parent Company (continued)

	Three-month period ended 30 June		Six-month period ended 30 June	
	2025	2024	**2025**	2024
	AED'000	AED'000	**AED'000**	AED'000
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Finance cost and commission expense charged by related party banks (Note 18)	**8,750**	12,265	**17,954**	15,857

Balances with related parties

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

	30 June 2025	31 December 2024
	AED'000	AED'000
	(Unaudited)	*(Audited)*
Due from related parties (Note 8)		
Parent Company	**-**	300
Joint ventures	**11,640**	11,601
Joint operations	**3,610**	72,051
Other affiliated entities	**17,987**	38,108
	33,237	122,060
Less: Expected credit loss allowance	**(10,307)**	(10,307)
	22,930	111,753

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

	30 June 2025	31 December 2024
	AED'000	AED'000
	(Unaudited)	*(Audited)*
Balance at the beginning of the period / year	**10,307**	11,435
Change in loss allowance	**-**	(1,128)
Balance at the end of the period / year	**10,307**	10,307

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

7. Related party balances and transactions (continued)

Balances with related parties (continued)

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Due to related parties (Note 17)		
Parent Company	**84,700**	-
Joint operations	**59,991**	23,596
Other affiliated entities	**14,596**	2,145
	159,287	25,741
Retention receivables - net (Note 9)	**103,392**	202,451
Retention payables (Note 17)	**63**	63
Advances from customers (Note 17)	**39,147**	39,341
Gross amounts due from customer on construction contracts - net (Note 10)	**223,364**	312,778
Gross amounts due to customer on construction contracts (Note 25)	**9,317**	10,302

8. Contract and other receivables

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Contract receivables	**1,393,505**	1,251,727
Less: Expected credit loss allowance	**(72,462)**	(70,585)
	1,321,043	1,181,142
Due from related parties - net (Note 7)	**22,930**	111,753
Retention receivables - net (Note 9)	**714,308**	747,303
Advances to suppliers and subcontractors	**820,383**	724,308
Other receivables	**37,834**	35,612
	2,916,498	2,800,118

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

8. Contract and other receivables (continued)

The average credit period on sale of goods or services is 90 days (31 December 2024: 90 days). No interest is charged on past due contract receivables.

Before accepting any new customers, the Group assesses the potential credit quality of the customer. Out of the contract receivable balance as at 30 June 2025, an amount of AED 317,378 thousand (31 December 2024: AED 615,134 thousand) is due from the Group's one customer (31 December 2024: four customers). There are no other customers whose balance exceeds more than 10% of the contract receivables as at reporting date.

Included in the Group's contract receivables balance as at 30 June 2025 are debtors with a carrying amount of AED 249,742 thousand (31 December 2024: AED 305,623 thousand) which are past due at the end of the reporting period. The Group does not hold any collateral over these balances.

Ageing of past due contract receivables:

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Past due for 90 to 120 days	**21,321**	67,308
Past due for 121 to 180 days	**59,947**	7,561
Past due for more than 180 days	**168,474**	230,754
	249,742	305,623

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

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

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

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Balance at the beginning of the period / year	**70,585**	74,871
Change in loss allowance	**1,907**	(4,286)
Write-off of loss allowance	**(30)**	-
Balance at the end of the period / year	**72,462**	70,585

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

9. Retention receivables

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Current portion, net of expected credit losses (Note 8)	**714,308**	747,303
Non-current portion, net of expected credit loss allowance and fair value adjustment	**276,000**	233,522
	990,308	980,825

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

Retention receivables are classified as follows:

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Related parties, net of expected credit loss allowance and fair value adjustment (Note 7)	**103,392**	202,451
Third parties, net of expected credit loss allowance and fair value adjustment	**886,916**	778,374
	990,308	980,825

The management always measure the loss allowance on retention receivables at an amount equal to Lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for retention receivables.

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

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Balance at the beginning of the period / year	**13,496**	16,811
Change in loss allowance	**(1,741)**	(3,315)
Balance at the end of the period / year	**11,755**	13,496

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

10. Gross amounts due from customers on construction contracts

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Gross amounts due from customers on construction contracts	**3,166,957**	2,295,306
Less: Expected credit loss allowance	**(42,350)**	(41,220)
	3,124,607	2,254,086

The above balance includes gross amounts due from customers on construction contracts arising from contracts with related parties as at 30 June 2025, amounting to AED 223,364 (31 December 2024: AED 312,778 thousand) (Note 7).

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

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
At the beginning of the period / year	**41,220**	11,669
Change in loss allowance	**1,130**	29,551
At the end of the period / year	**42,350**	41,220

11. Inventories

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Construction materials	**88,081**	48,917
Less: Allowance for obsolescence	**(4,038)**	(4,038)
	84,043	44,879

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

12. Share capital

As at 30 June 2025 and 31 December 2024, the share capital comprises 50,000 authorised, issued and fully paid shares of AED 1 thousand each.

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

13. Restricted reserve

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

As at 30 June 2025, the statutory reserves of subsidiaries amounted to AED 92,977 thousand (31 December 2024: AED 92,977 thousand). These reserves are not available for distribution.

14. General reserve

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

15. Remeasurement loss on employee's defined benefit obligation

Actuarial gains and losses arising from experience adjustments and changes in assumptions are charged or credited to equity in the other comprehensive income in the period in which they arise (Note 16).

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

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

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
At the beginning of the period / year	**309,839**	262,676
Current service cost for the period / year	**59,927**	52,139
Finance cost (Note 18)	**8,615**	4,584
Payments made during the period / year	**(17,510)**	(29,061)
Remeasurement loss on employees defined benefit obligations (Note 15)	**-**	19,501
At the end of the period / year	**360,871**	309,839

In accordance with the provisions of IAS 19 *Employee Benefits*, management has carried out an exercise to assess the present value of its obligations of the Group as at 30 June 2025 using actuarial techniques, in respect of employees' end-of-service benefits payable under the UAE Labour Law and the Laws applicable in the countries in which the Group operates, for their period of service up to the reporting date and have concluded the impact to be immaterial.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

17. Contract and other payables

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Contract payables	**972,584**	799,492
Advances from customers	**1,436,690**	1,120,743
Due to related parties (Note 7)	**159,287**	25,741
Retention payables	**333,341**	406,659
Accruals	**2,137,367**	1,977,809
Other payables	**59,344**	36,043
	5,098,613	4,366,487

The average credit period on purchase of goods and services is 90 days (31 December 2024: 90 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Retention payables

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Current portion	**333,341**	406,659
Non-current portion, net of fair value adjustment	**131,117**	98,527
	464,458	505,186
Related parties (Note 7)	**63**	63
Third parties	**464,395**	505,123
	464,458	505,186

Advances from customers

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Current portion	**1,436,690**	1,120,743
Non-current portion	**1,417,718**	595,476
	2,854,408	1,716,219

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

17. Contract and other payables (continued)

Advances from customers (continued)

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Related parties (Note 7)	**39,147**	39,341
Third parties	**2,815,261**	1,676,878
	2,854,408	1,716,219

18. Finance costs – net

	Three-month period ended 30 June		**Six-month period ended 30 June**	
	2025 AED'000 *(Unaudited)*	2024 AED'000 *(Unaudited)*	**2025 AED'000 *(Unaudited)***	2024 AED'000 *(Unaudited)*
Finance cost related to bank borrowings	**20,724**	16,462	**38,872**	35,178
Finance cost related to provision for employee' end of service benefits (Note 16)	**8,615**	-	**8,615**	-
Finance costs related to lease liabilities (Note 19)	**3,185**	2,332	**5,966**	3,331
Fair value adjustment of non-current retention receivables and retention payables - net	**(1,117)**	(7,115)	**263**	-
Others	**50**	-	**50**	-
	31,457	11,679	**53,766**	38,509

The Group's finance cost as at 30 June 2025 amounting to AED 17,954 thousand (30 June 2024: AED 15,857 thousand) (Note 7) are from a related party financial institutions.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

19. Lease liabilities

	30 June 2025 *(Unaudited)*		31 December 2024 *(Audited)*	
	Minimum lease payment	**Present value of minimum lease payments**	Minimum lease payment	Present value of minimum lease payments
	AED'000	**AED'000**	AED'000	AED'000
Less than 1 year	**61,069**	**48,473**	36,544	27,501
Later than 1 year and not later than 5 years	**146,896**	**115,522**	102,929	81,072
Later than 5 years	**161,015**	**100,315**	102,197	67,300
	368,980	**264,310**	241,670	175,873
Less: future finance charges	**(104,670)**	**-**	(65,797)	-
Present value of minimum lease payments	**264,310**	**264,310**	175,873	175,873

The lease liabilities under financing lease agreements are repayable in around 60 installments due from February 2022 with final installments due in May 2030 and carry an interest rate implicit in the lease ranging from 4.5% to 8% per annum.

The remaining lease liability related to the application of IFRS 16 has been calculated applying incremental borrowing rates ranging from 5% to 8% per annum, with expiry dates between 2025 and 2055.

Lease liabilities are repayable as follows:

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Current portion	**48,473**	27,501
Non-current portion	**215,837**	148,372
	264,310	175,873

Asset retirement obligation as at 30 June 2025 of AED 2,656 thousand (31 December 2024: AED 2,656 thousand) pertains to the present value of the estimated costs of demolition of the labor camp and restoring the land, which is leased by the Group, to its original condition. This is a contractual obligation of the lessee as stipulated in the lease agreement.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

19. Lease liabilities (continued)

Movement in lease liabilities are as follows:

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
At 1 January	**175,873**	103,200
Additions during the period / year (Note 4)	**137,355**	105,161
Finance cost related to lease liabilities (Note 18)	**5,966**	7,580
Less: Payments made during the period / year	**(37,446)**	(20,144)
Less: Payment of finance cost related to lease	**(5,966)**	(7,580)
Reversal related to lease cancellation	**(11,472)**	(12,344)
	264,310	175,873

20. Cash and bank balances

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Cash at bank and on hand	**1,205,439**	1,254,377
Less: Expected credit loss allowance	**(133)**	(133)
Cash and bank balances	**1,205,306**	1,254,244
Less: Margin deposits - under lien	**(42,574)**	(89,554)
Cash and cash equivalents	**1,162,732**	1,164,690

As at 30 June 2025, the above cash at bank and on hand balance includes cash held with an exchange house, amounting to AED 21,730 thousand (31 December 2024: AED 27,928 thousand).

Included in bank balances as at 30 June 2025 are amounts totalling to AED 341,857 thousand (31 December 2024: AED 292,026 thousand) held with six banks which are related parties to the Group (Note 7). The transactions with the related parties are at arm's length and in the ordinary course of the business.

Balances with banks are assessed to have low credit risk of default since these banks are regulated by the central banks of the respective countries. Accordingly, the management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. As at 30 June 2025, the management of the Group have assessed the impairment on bank and cash balances to be AED 133 thousand (31 December 2024: AED 133 thousand), based on historical default experience and the current credit ratings of the banks.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

21. Contract revenue

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

	Three-month period ended 30 June		Six-month period ended 30 June	
	2025	2024	**2025**	2024
	AED'000	AED'000	**AED'000**	AED'000
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Construction revenue	**2,877,639**	1,835,423	**5,333,020**	3,402,908
Lease income	**16,189**	6,482	**28,126**	14,118
Sale of goods	**1,111**	19,419	**1,188**	19,419
	2,894,939	1,861,324	**5,362,334**	3,436,445

Construction revenue includes revenue recognised for contracts with related parties amounting to AED 22,291 thousand for the six-month period ended 30 June 2025 (30 June 2024: AED 35,610 thousand) (Note 7).

The transaction price allocated to (partially) unsatisfied performance obligations at 30 June 2025, which will be recognized over time are as set out below.

	Six-month period ended 30 June	
	2025	2024
	AED'000	AED'000
	(Unaudited)	*(Unaudited)*
Transaction price allocated to (partially) unsatisfied performance obligations	**35,407,801**	25,778,644

Management expects that 23% of the transaction price allocated to partially unsatisfied contracts as of the six-month period ended 30 June 2025 will be recognised as revenue in the following quarters of 2025 amounting to AED 8.03 billion. The remaining transaction price will be recognised from 2026 to 2028.

22. Income taxes

Income tax expense for the period relates to current tax on profit relating to the Group's operations in United Arab Emirates, Kingdom of Saudi Arabia, Egypt and Ethiopia. The tax rates in these jurisdictions are United Arab Emirates (9%), Kingdom of Saudi Arabia (Zakat of 2.5% and Income Tax of 20%), Egypt (30%) and Ethiopia (30%).

ALEC Group also have a presence in the Sultanate of Oman, State of Qatar, United Kingdom and Italy. The tax rates in these jurisdictions are Sultanate of Oman (15%), State of Qatar (10%), United Kingdom (25%) and Italy (24%).

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

22. Income taxes (continued)

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

	Three-month period ended 30 June		**Six-month period ended 30 June**	
	2025 AED'000 *(Unaudited)*	2024 AED'000 *(Unaudited)*	**2025 AED'000 *(Unaudited)***	2024 AED'000 *(Unaudited)*
Profit before tax	**138,090**	105,317	**266,651**	138,205
Add: Loss before tax on non-taxable jurisdictions	**(96,788)**	(79,192)	**(96,394)**	(78,282)
Profit before tax on taxable jurisdictions	**41,302**	26,125	**170,257**	59,923
Tax at the corporate tax rate in United Arab Emirates	**9%**	9%	**9%**	9%
Income tax expense on profit relating to the Group's operations taxable jurisdictions	**3,717**	2,351	**15,323**	5,393
Adjustments:				
Tax effect of expenses that are not deductible in determining taxable profit	**123**	536	**66**	245
Tax effect of income not taxable in determining taxable profit	**(68)**	(68)	**-**	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	**5,002**	2,179	**7,109**	3,310
Pillar II top up tax	**4,784**	**-**	**5,125**	-
Income tax expense for the period recognised in profit or loss	**13,558**	4,998	**27,623**	8,948

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Current tax liability recognised in the condensed consolidated interim statement of financial position	**43,651**	23,465

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

22. Income taxes (continued)

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

Pillar Two Tax

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

The Group have assessed the exposure to Pillar Two income taxes. Based on this assessment, the Group have recognised a current tax expense in the consolidated statement of profit or loss in the period of AED 5,125 thousand related to Pillar Two taxes.

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

Effective tax rate for the Group is 10.36%.

23. Earnings per share

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

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

	Three-month period ended 30 June		**Six-month period ended 30 June**	
	2025 AED'000 *(Unaudited)*	2024 AED'000 *(Unaudited)*	**2025 AED'000 *(Unaudited)***	2024 AED'000 *(Unaudited)*
Profit for the period attributable to Owners of the Company	**122,928**	98,988	**237,805**	128,459
Weighted average number of ordinary shares	**50**	50	**50**	50
Basic and diluted earnings per share (AED)	**2,459**	1,980	**4,756**	2,569

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

24. Borrowings

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Term loans	**443,965**	445,984
Trust receipts	**16,685**	67,983
Bank overdrafts	**8,135**	171,266
Acceptances	**138,539**	143,522
	607,324	828,755

Borrowings are classified and presented in the condensed consolidated interim statement of financial position as follows:

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Within one year	**332,324**	524,978
More than one year	**275,000**	303,777
	607,324	828,755

The Group's borrowings as at 30 June 2025 amounting to AED 486,507 thousand (31 December 2024: AED 575,925 thousand) (Note 7) are with a related party financial institutions.

Term loans

The Group has the following outstanding term loans:

a) A loan amounting to AED 450,000 thousand is unsecured subject to interest at 1.25% per annum plus 3 months EIBOR and is repayable in equal quarterly instalments of AED 12,500 thousand each. As at 30 June 2025, outstanding balance of the loan amounted to AED 325,000 thousand (31 December 2024: AED 350,000 thousand).

b) One of the subsidiaries of the Group has entered into a loan agreement with a bank for a total loan value of AED 24,400 thousand subject to interest at 2.35% per annum plus 3 months EIBOR. Out of the total loan value, as at 30 June 2025 and 31 December 2024, total drawdown amounted to AED 12,365 thousand. The proceeds of the loan were used to finance capital expenditure related to the setting up of the factory. The loan is repayable in 36 equal monthly instalments. As at 30 June 2025, outstanding balance of the loan amounted to AED 4,130 thousand (31 December 2024: AED 6,195 thousand). The loan is secured by a limited corporate guarantee from ALEC Engineering and Contracting LLC amounting to AED 50,400 thousand.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

24. Borrowings (continued)

c) One of the subsidiaries of the Group has obtained additional loans amounting to AED 139,017 thousand (31 December 2024: AED 104,075 thousand). The first loan was secured (against Payment Certificate Discounting) for various projects and is subject to interest equal to 3 % per annum plus 3 months EIBOR and is repayable within 90 Days of the issuance date from the proceeds of the respective projects. The second loan has been secured for the purchase of equipment and machinery, subject to interest equal to 2.75% per annum plus 1 months EIBOR for a period of 3 years. As at 30 June 2025, the outstanding balance of both loans is AED 114,835 thousand (31 December 2024: AED 86,771 thousand).

Trust receipt assets

Trust receipts are obtained from commercial banks, repayable in 180 days and subject to interest at 5.4% to 7.7% per annum.

Bank overdrafts

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

Acceptances

Acceptances are subject to commission charges and are obtained mainly from local commercial banks. The repayment of these acceptances is generally within 3 to 6 months. The rate of interest ranged from 4.5% to 6% per annum (31 December 2024: 4.5% to 6% per annum).

Acceptances

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

There are restrictive financial covenants that will be measured on annual basis.

25. Gross amounts due to customers on construction contracts

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Gross amounts due to customers on construction contracts	**151,706**	309,915

The above balance includes gross amounts due to customers on construction contracts arising from contracts with affiliated entities as at 30 June 2025 amounting to AED 9,317 thousand (31 December 2024: AED 10,302 thousand) (Note 7).

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

25. Gross amounts due to customers on construction contracts (continued)

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

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*	**Variance AED'000**
Gross amounts due from customers on construction contracts, before ECL (Note 10)	**3,166,957**	2,295,306	**871,651**
Gross amounts due to customers on construction contracts	**(151,706)**	(309,915)	**158,209**
	3,015,251	1,985,391	**1,029,860**

Significant changes are as follows:

	Variance AED'000
Conversion to contract receivables	**(4,303,160)**
Revenue recognition (Note 21)	**5,333,020**
	1,029,860

26. Contingent liabilities and commitments

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Bank guarantees	**8,277,056**	7,601,106
Letters of credit	**907,310**	792,006

As at 30 June 2025, the above bank guarantees and letters of credit were issued in the normal course of business and includes contingent liabilities incurred by the Group arising from its interest in joint venture amounting to AED 6,024 thousand (31 December 2024: AED 6,024 thousand).

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

27. Joint operations

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

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

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

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2025 (continued)

28. Financial instruments

28.1 Capital risk management

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

28.2 Financial risk management objectives

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

Categories of financial instruments

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

	30 June 2025 AED'000 *(Unaudited)*	31 December 2024 AED'000 *(Audited)*
Financial assets		
Retention receivables	**990,308**	980,825
Contract and other receivables (excluding retentions and advance to suppliers)	**1,381,807**	1,328,507
Cash and bank balances	**1,205,306**	1,254,244
	3,577,421	3,563,576
Financial liabilities		
Retention payables	**464,458**	505,186
Contract and other payables (excluding retentions and advance from customers)	**3,328,582**	2,839,085
Borrowings	**607,324**	828,755
Lease liabilities	**264,310**	175,873
Long term provision	**7,099**	-
Asset retirement obligation	**2,656**	2,656
	4,674,429	4,351,555

29. Approval of condensed consolidated interim financial information

The condensed consolidated interim financial information was approved by Board of Directors and authorised for issue on 8 August 2025.