

Kentz Engineering International Limited
Directors' Report and Financial Statements
Financial year Ended 31 December 2019

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DIRECTORS AND OTHER INFORMATION

Board of Directors

Adrian Griffin (resigned 15th August 2021)
Mark Shakespeare (resigned 31st May 2021)
Peter Bryan (UK) (appointed 25th February 2020)
Damien O'Connor (appointed 15th August 2021)
Denis Murphy (appointed 15th August 2021)
Tushar Doshi (UK) (appointed 15th August 2021)
Mark Hemmings (UK) (appointed 15th August 2021)
Chris Brown (UK) (resigned 12th April 2019)
Graham O'Dwyer (resigned 25th February 2020)

Secretary and Registered Office

Damien O'Connor
Unit 9 Crann Ard Business Centre
Crann Ard,
Fethard Road
Clonmel
Co. Tipperary

Registered number: 185744

Bankers

HSBC Bank
Grand Canal Harbour
Dublin 2
Ireland

The Saudi British Bank
Al-Khobar - 31952
Saudi Arabia

Auditor

Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
No. 6 Lapp's Quay
Cork

HSBC Bank Middle East
Main Branch
Post Box 57
Doha
Qatar

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the financial year ended 31 December 2019.

Principal activity

The principal activity of the company is the provision of engineering services.

Business review and future developments

The company provides engineering services. The company has no plans to change the nature of operations in the future.

Research and development

The company did not engage in any research and development activities during the financial year.

Subsequent events

Since the financial year end there has been a global pandemic outbreak of coronavirus COVID-19. This has been assessed by directors and management as a non-adjusting event. Given the level of uncertainty surrounding the event no financial estimate can be quantified. Directors and management have assessed the impact of this event subsequent to year end and best efforts have been made to ensure continuity of operations and business processes.

Since the financial year end the company has been acquired by the Kent Group. Kentz Engineering International Limited is wholly owned by Kent Group DMCC which in turn is a 100% subsidiary of Kent Global PLC. The company's ultimate parent is Kent Corporate Holdings Ltd.

Going concern

The financial statements have been prepared on the going concern basis. This assumes that the company will continue in operational existence for the foreseeable future having adequate resources (including financial resources) to meet its obligations when they fall due. The validity of the going concern basis is primarily dependent upon the continued support of the company's parent, Kent Group DMCC. At the financial year end the company had net liabilities of €8,307,789 and net current liabilities of €3,394,628.

Subject to all matters set out above and should the company be unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet value of assets to their recoverable amounts and to provide for further liabilities that might arise.

Having considered the matters noted above, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Risks and uncertainties

The key risks faced by the company are predominantly driven by the performance of the global economy and the ability of the company to deliver projects profitably and on time. The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates as well as counterparty risk relating to the recoverability of debtor balances.

Results and dividends

The company's loss for the financial year was €1,597,822 (2018: Loss of €939,882).

The directors do not recommend payment of a dividend.

Existence of branches outside Ireland

The company has branches in the following locations: Saudi Arabia and Qatar.

Directors

The names of the persons who were directors at any time during the financial year ended 31 December 2019 and to the date of approval of these financial statements are set out below Unless indicated otherwise they served as directors for the entire financial year.

Adrian Griffin (resigned 15th August 2021)
Mark Shakespeare (resigned 31st May 2021)
Peter Bryan (UK) (appointed 25th February 2020)
Damien O'Connor (appointed 15th August 2021)
Denis Murphy (appointed 15th August 2021)
Tushar Doshi (UK) (appointed 15th August 2021)
Mark Hemmings (UK) (appointed 15th August 2021)
Chris Brown (UK) (resigned 12th April 2019)
Graham O'Dwyer (resigned 25th February 2020)

Directors' and secretary's interests

The directors and secretary had no disclosable interests in the company or its ultimate parent company, Kentech Corporate Holdings Ltd.

Accounting records

The measures taken by the directors to secure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014, with regard to the company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at Unit 9, Crann Ard Business Centre, Crann Ard, Fethard Road, Clonmel, Co Tipperary.

Disclosure of information to auditors

So far as each of the directors in office at the date of approval of the financial statements is aware:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

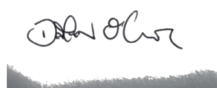
Auditor

The auditor, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm continues in office in accordance with Section 383(2) of the Companies Act 2014.

On behalf of the Board



Peter Bryan



Damien O'Connor (Sec)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ('relevant financial reporting framework'). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the Company Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENTZ ENGINEERING INTERNATIONAL LIMITED

Report on the audit of the financial statements

Opinion on the financial statements of Kentz Engineering International Limited (the 'company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2019 and of the loss for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Profit and Loss Account;
- Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 21, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below 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 the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KENTZ ENGINEERING INTERNATIONAL LIMITED**

Other information - continued

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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 (Ireland) 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.

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: <http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for>. This description forms part of our auditor's report.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KENTZ ENGINEERING INTERNATIONAL LIMITED**

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014


Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Kevin Butler
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
No. 6 Lapp's Quay
Cork

Date 22 May 2023

PROFIT AND LOSS ACCOUNT
Financial Year Ended 31 December 2019

Continuing Operations	Notes	2019 €	2018 €
Turnover - continuing operations	4	12,342,362	11,518,342
Cost of sales		<u>(13,005,589)</u>	<u>(11,789,075)</u>
Gross Loss		(663,227)	(270,733)
Administrative expenses		(1,377,985)	(740,029)
Finance Costs	5	(88,405)	(91,810)
Other operating (expenses)/income	7	<u>531,795</u>	<u>162,690</u>
Loss on ordinary activities before taxation	8	(1,597,822)	(939,882)
Taxation on loss on ordinary activities	9	<u>-</u>	<u>-</u>
Loss on ordinary activities after taxation		<u>(1,597,822)</u>	<u>(939,882)</u>

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 €	2018 €
Profit / (Loss) for the financial year		<u>(1,597,822)</u>	<u>(939,882)</u>
Actuarial Gain(Loss) on defined benefit liability	18	(90,266)	(335,629)
		<u>(90,266)</u>	<u>(335,629)</u>
Total comprehensive income for the year		<u>(1,688,087)</u>	<u>(1,275,511)</u>



BALANCE SHEET
As at 31 December 2019

	Notes	2019 €	2018 €
Fixed assets			
Tangible assets	10	<u>322,590</u>	<u>346,043</u>
Current assets			
Work in progress	11	1,709,917	749,781
Debtors	12	9,310,720	4,699,585
Debtors (amounts receivable more than one year)	12	422,508	571,078
Cash and bank balances		<u>814,168</u>	<u>1,128,026</u>
		12,257,313	7,148,470
Creditors: amounts falling due within one year	13	<u>(15,651,941)</u>	<u>(9,340,205)</u>
Net current liabilities		<u>(3,394,628)</u>	<u>(2,191,735)</u>
Long term liabilities	14	<u>(5,235,751)</u>	<u>(4,760,634)</u>
Net liabilities		<u>(8,307,789)</u>	<u>(6,606,326)</u>
Capital and reserves			
Called up share capital presented as equity	15	3	3
Capital reserve		84,830	82,344
Profit and loss account		<u>(8,392,622)</u>	<u>(6,688,673)</u>
Shareholders' deficit		<u>(8,307,789)</u>	<u>(6,606,326)</u>

The financial statements were approved by the board of directors on 22 March 2023 and signed on its behalf by:



Peter Bryan

Damien O'Connor (Sec)

STATEMENT OF CHANGES IN EQUITY

	Profit & Loss Account €	Capital Reserve €	Called up Share Capital €	Total €
At 1 January 2018	(5,457,827)	78,833	3	(5,378,991)
Results for the financial year	(939,882)	-	-	(939,882)
Foreign currency movement	44,665	3,511	-	48,176
Actuarial loss on defined benefit liability	(335,629)	-	-	(335,629)
At 1 January 2019	(6,688,673)	82,344	3	(6,606,326)
Results for the financial year	(1,597,822)	-	-	(1,597,822)
Foreign currency movement	(15,861)	2,486	-	(13,375)
Actuarial loss on defined benefit liability	(90,266)	-	-	(90,266)
At 31 December 2019	(8,392,622)	84,830	3	(8,307,789)

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The significant accounting policies adopted by the company are as follows:-

General information and basis of preparation

Kentz Engineering International Limited is a company incorporated in Ireland under the Companies Act 2014. The address of the registered office is Unit 9 Crann Ard Business Centre, Crann Ard, Fethard Road, Clonmel, Co. Tipperary and its registered number is 185744. The nature of the company's operations and its principal activities are set out in the directors' report on pages 3 to 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with the Companies Act 2014 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The financial statements include the results of the company together with those of its branches.

The functional currency of Kentz Engineering International Limited is considered to be Euro because that is the currency of the primary economic environment in which the company operates.

Kentz Engineering International Limited meets the definition of a qualifying entity under FRS 102 at the year end and therefore taken advantage of its disclosure exemptions available to it in respect of its separate financial statements. Kentz Engineering International Limited is consolidated in the financial statements of its parent (as of 31 December 2019) for the year ended 31 December 2019, SNC Lavalin Inc. Exemptions have been taken in these separate company financial statements in relation to, key management remuneration, financial instruments and presentation of a cash flow statement.

Branches are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an branch so as to obtain benefits from its activities. The Financial Statements of branches are included in the Company Financial Statements from the date that control commences until the date that control ceases. Items included in the Financial Statements of each of the branches are measured using the currency of the primary economic environment in which the respective entity operates ("the functional currency"). The Company Financial Statements are presented in Euro, which is the Company's presentation currency. Intercompany/branch balances and any unrealised gains and losses or income and expenses arising from the intercompany/branch transactions are eliminated in preparing the Company Financial Statements. Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated to Euro at the foreign exchange rate ruling at the Statement of Financial Position date. Foreign exchange differences arising on translation are recognised in the Company Income Statement.

Turnover

Turnover represents the value of fees earned from the company's design and engineering related services when the service has been provided and is stated exclusive of value added tax.

Turnover on long-term contracts, where the outcome can be estimated reliably is recognised under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract.

When the current estimate of total contract costs and revenues indicate a loss, provision is made for the entire loss on the contract irrespective of the amount of work done. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

Fixed assets and depreciation

NOTES TO THE FINANCIAL STATEMENTS

Tangible fixed assets are capitalised in accordance with Section 17 of FRS 102. Fixed assets are stated at cost less depreciation. Depreciation is calculated to write off the original cost less the expected residual value of the assets over their expected useful lives on a straight-line basis at the following annual rates:

Plant and fixtures	12.5% - 33.3%
Motor vehicles	25%

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs). If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Operating Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Local currencies

The financial statements are expressed in Euro (€). Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates ruling at the balance sheet date and revenues, costs and non-monetary assets at the exchange rates ruling at the transaction date.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with through the profit and loss account.

Taxation

Current tax, including Irish corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)

Taxation (continued)

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Work in progress

Work in progress is recognised based on the certified stage of completion of projects in progress at the financial year end.

Employee benefits

Employees' defined benefit liabilities

The employees' defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

The Company presents the first two components of defined benefit costs in statement of profit or loss in relevant line items and remeasurements are presented in other comprehensive income.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

NOTES TO THE FINANCIAL STATEMENTS

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- Turnover - Turnover on long-term contracts, is recognised under the percentage of completion method by reference to the stage of completion of the contract activity.
- Intercompany debtors - the directors consider that the recoverability of intercompany balances as a critical judgement also.
- Employees' End of Service Benefits – these significant judgement areas include assumptions on the discount rate, salary increases and staff turnover which are advised upon by the pension schemes actuary.

3 Going concern

The financial statements have been prepared on the going concern basis. This assumes that the company will continue in operational existence for the foreseeable future having adequate resources (including financial resources) to meet its obligations when they fall due. The validity of the going concern basis is primarily dependent upon the continued support of the company's parent, Kent Group DMCC. At the financial year end the company had net liabilities of €8,307,789 (2018: €6,606,326) and net current liabilities of €3,394,628 (2018: €2,191,735).

Subject to all the matters set out above and should the company be unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet value of assets to their recoverable amounts and to provide for further liabilities that might arise. Having considered the matters noted above, the directors believe that it is appropriate for the financial statements to be prepared on the going concern basis.

4 Turnover

The total turnover of the company for the financial year has been derived from its principal activity of providing engineering services.

An analysis of the company's turnover by geographical market is set out below:

	2019	2018
	€	€
Geographical market		
Saudi Arabia	3,117,007	7,360,687
Qatar	<u>9,225,355</u>	<u>4,157,655</u>
	<u>12,342,362</u>	<u>11,518,342</u>

5 Finance Costs

	2019	2018
Net Interest on Defined Benefit Liability	<u>88,405</u>	<u>91,810</u>

NOTES TO THE FINANCIAL STATEMENTS

6 Employees

The average monthly number of employees (including directors) employed by the company during the financial year was 144 (2018: 150) and is analysed by category as follows:

	2019	2018
	No.	No.
Average number of employees:		
Projects	111	112
Administration	26	27
Management	7	12
	<u>144</u>	<u>150</u>

Directors remuneration:	2019	2018
	€	€
Aggregate emoluments in respect of qualifying services including bonus	-	-
Pension contribution for one director	-	-
	<u>-</u>	<u>-</u>

Staff costs:	2019	2018
	€	€
Wages and salaries (including bonus)	7,670,088	7,345,437
Social welfare costs	102,315	140,634
Other Retirement Benefit Costs of Defined Benefit Scheme	18	18
	<u>399,787</u>	<u>444,599</u>
	<u>8,172,190</u>	<u>7,930,670</u>

The social welfare cost represents the costs of a gratuity for overseas staff.

All other disclosures required under Section 305 and 306 of the Companies Act 2014 are €Nil (2018: €Nil).

7 Other Operating (Expense)/Income

Other Operating (Expense)/Income relates to rent received by Kentz Engineering International W.L.L Doha Qatar from the subletting of office premises. It also includes the loss of the company's investment in Kentz Engineering Pvt Ltd (India) which has been dissolved

8 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	2019	2018
	€	€
Depreciation of tangible assets	96,198	78,093
Gain/(loss) on foreign exchange	178,404	282,943
Operating lease rentals	<u>1,031,268</u>	<u>1,008,180</u>

NOTES TO THE FINANCIAL STATEMENTS

9 Taxation on loss on ordinary activities	2019	2018
	€	€
Current tax (charge)/credit	-	-
Deferred tax (charge)/credit	<u>-</u>	<u>-</u>
Total tax (charge) credit	<u><u>-</u></u>	<u><u>-</u></u>
Loss on ordinary activities before taxation	(1,597,822)	(939,882)
Expected tax (charge)/credit ta the Irish corporation tax rate for the year of 12.5%	199,728	117,485
<i>Effects of:</i>		
Foreign taxes at a different rate	82,672	(9,547)
Unrecognised net deferred tax credit for losses carried forward etc.	(235,641)	(99,655)
Non-qualifying depreciation	<u>(46,759)</u>	<u>(8,283)</u>
Current taxation charge for the financial year	<u><u>-</u></u>	<u><u>-</u></u>

At the 31 December 2019, on the grounds that there is insufficient evidence that it is probable that future taxable profits will be available against which tax losses carried forward etc. can be used, no deferred tax asset has been recognised. On the basis that the Company earns future taxable profits, this asset may be recovered. The estimated unrecognised deferred tax asset at 31 December 2019 is approximately €1.22 million (2018: €0.98 million).

NOTES TO THE FINANCIAL STATEMENTS

10 Tangible assets	Plant and fixtures €	Motor Vehicles €	Total €
Cost			
At 1 January 2019	1,841,061	37,321	1,878,382
Additions	62,296	-	62,296
Foreign exchange movement	<u>55,589</u>	<u>1,127</u>	<u>56,716</u>
At 31 December 2019	<u>1,958,946</u>	<u>38,448</u>	<u>1,997,394</u>
Depreciation			
At 1 January 2019	1,496,573	35,766	1,532,339
Charge of the financial year	94,596	1,602	96,198
Foreign exchange movement	<u>45,187</u>	<u>1,080</u>	<u>46,267</u>
At 31 December 2019	<u>1,636,356</u>	<u>38,448</u>	<u>1,674,804</u>
Net book values			
At 31 December 2019	<u>322,590</u>	<u>-</u>	<u>322,590</u>
At 31 December 2018	<u>344,488</u>	<u>1,555</u>	<u>346,043</u>

11 Work in progress

	2019 €	2018 €
Long term contracts in progress	<u>1,709,917</u>	<u>749,781</u>

12 Debtors

	2019 €	2018 €
Trade debtors	4,208,814	3,316,055
Amounts owed by group companies	5,099,099	1,362,613
Other debtors and prepayments	<u>2,807</u>	<u>20,917</u>
	<u>9,310,720</u>	<u>4,699,585</u>

Debtors (amounts receivable more than one year)

Retentions held by customers	<u>422,508</u>	<u>571,078</u>
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Amounts owed by group companies are repayable on demand, non-interest bearing and relate to trading activities.

NOTES TO THE FINANCIAL STATEMENTS

13 Creditors

Amounts falling due within one financial year

	2019	2018
	€	€
Trade creditors	666,195	436,513
Amounts owed to group companies	14,472,940	8,216,365
Other creditors	21,922	164,010
Accruals	432,915	467,047
Income Tax payable	57,969	56,270
	<u>15,651,941</u>	<u>9,340,205</u>

Amounts due to group companies are repayable on demand, non-interest bearing and relate to trading activities.

14 Long term liabilities

		2019	2018
		€	€
Employees end of services benefits	(Note 18)	2,832,765	2,428,077
Amounts owed to group companies		<u>2,402,986</u>	<u>2,332,557</u>
		<u>5,235,751</u>	<u>4,760,634</u>

NOTES TO THE FINANCIAL STATEMENTS

15 Called up share capital presented as equity	2019	2018
	€	€
(a) Authorised		
1,000,000 Ordinary shares of €1.25 each	<u>1,250,000</u>	<u>1,250,000</u>
(b) Allotted and fully paid		
2 Ordinary shares of €1.25 each	<u>3</u>	<u>3</u>

The company's other reserves are as follows:

The profit and loss reserve represents cumulative profits.

The legal reserve represents a legal requirement of the Saudi Arabian and Qatar law for the branches to set aside 50% of its capital in a legal reserve by allocating 10% of net profits for the financial year to this. The Qatar branch has met the 50% requirement. As the Saudi Arabian branch made a loss in the current financial year, no such transfer is required.

16 Operating Lease Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019		2018	
	Land and Buildings €	Other €	Land and Buildings €	Other €
- within one year	307,417	-	172,259	-
- between one and five years	-	-	-	-
- after five years	-	-	-	-
	<u>307,417</u>	<u>-</u>	<u>172,259</u>	<u>-</u>

17 Related Party Transactions

The company is availing of exemptions from disclosure of transactions and balances with fellow wholly owned group companies in accordance with Section 33 of FRS102. Details of group membership are set out in note 19.

18 Employees' End of Service Benefits

Both the Saudi Arabian and Qatari branches operate end of service benefit schemes. The Saudi Arabian scheme is a defined benefit plan while the Qatari branch accrues in line with Qatari labour law based on employees' salary and accumulated period of service as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

18 Employees' End of Service Benefits (continued)

Employees end of service benefits are accrued as follows at the financial year end:

	2019	2018
	€	€
Saudi Arabian Branch	2,669,422	2,212,352
Qatari Branch	<u>163,343</u>	<u>215,725</u>
	<u><u>2,832,765</u></u>	<u><u>2,428,077</u></u>

The disclosures below relate to the Employee Defined Benefit liability of the Saudi Branch. The Employee Defined Benefit liability of its Qatar branch has been deemed immaterial.

Defined benefit plan – Saudi Arabian Branch

This benefit plan is mandatory for all Saudi Arabian based employees under the Saudi Arabian labour law and the branch's policies applicable to employees' accumulated period of service and payable upon termination, resignation or retirement.

The Branch's net obligation in respect of employees' end of service benefits is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. This amount is then discounted using an appropriate discount rate to determine the present value of the Branch's net obligation.

The Branch faces the following risks on account of defined benefit plans:

Salary risk - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plans liability

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities.

Longevity risk - The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out at December 31, 2019. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Actuarial valuations were performed by an independent qualified actuary.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	31 December 2019	31 December 2018	1 January 2018
Discount rate	3.25%	4.35%	4.40%
Salary increase rates: (Basic and other allowances)	4.50%	4.50%	4.50%
Turnover rate: voluntary rates	15%	15%	15%
Legal retirement age	<u>60</u>	<u>60</u>	<u>60</u>

NOTES TO THE FINANCIAL STATEMENTS

18 Employees' End of Service Benefits Liabilities (continued)

Movements in the present value of the defined benefit obligations are as follows:

	2019	2018
	€	€
January 1	2,212,352	2,178,668
Current service cost	399,787	444,599
Interest cost	87,619	91,810
Paid during the year	(220,062)	(49,517)
Re-measurement (gains) loss		
- Actuarial loss (gains) arising from changes in financial assumptions	164,658	7,112
- Actuarial loss (gain) arising from experience adjustments	(74,392)	328,517
Transferred from (to) affiliate	28,974	(886,210)
Foreign Exchange Adjustment	<u>70,486</u>	<u>97,373</u>
	<u>2,669,422</u>	<u>2,212,352</u>

Amounts recognised in other comprehensive income are as follows:

	2019	2018
	€	€
Actuarial losses due to change in		
- Financial assumptions	164,658	7,112
- Experience adjustment	<u>(74,392)</u>	<u>328,517</u>
	<u>90,266</u>	<u>335,629</u>

All movements in the employee defined benefit liabilities are recognized in profit or loss except for the actuarial losses or gains which are recognized in other comprehensive income.

Actuarial valuations were performed by an independent qualified actuary using the projected unit credit method.

Sensitivity analyses

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2019	2018
	€	€
Decrease in discount rate of 0.5%	2,749,809	2,297,425
Increase in rate of salary increase of 0.5%	2,748,413	2,372,501

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

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

NOTES TO THE FINANCIAL STATEMENTS

18 Employees' End of Service Benefits Liabilities (continued)

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Expected cash flows for the next 10 years is as follows:

	€
2020	646,265
2021	319,964
2022	310,411
2023	213,971
2024	199,468
2025-2029	<u>812,912</u>
Total	<u>2,502,991</u>

The weighted average duration of the defined benefit obligation is 6.2 years (2018: 6.7years).

The Irish company operates a defined contribution pension scheme that covers substantially all of the employees of the company. The assets of the scheme are vested in independent trustees for the sole benefit of these employees. The pension charge represents contributions due from the company and amounted to €Nil (2018: €NIL).

19 Ultimate parent undertaking

The parent company and controlling party of Kentz Engineering International Limited as at 31st December 2019 was SNC Lavalin Limited which was the parent company of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the company is a member.

Kentz Engineering International Limited has not presented a separate cash flow statement as it is a qualifying entity under FRS 102 and has availed of this exemption.

This exemption is available as 100% of Kentz Engineering International Limited's voting rights were controlled within the SNC Lavalin Group and the consolidated financial statements of the SNC Lavalin Group (in which Kentz Engineering International Limited is included) are publicly available.

NOTES TO THE FINANCIAL STATEMENTS

20 Post balance sheet events

On the 30th July 2021 Kentz Engineering International Ltd was acquired by the Kent Group. Kentz Engineering International Ltd is wholly owned by Kent Group DMCC which in turn is a 100% subsidiary of Kent Global PLC. The company's ultimate parent is Kent Corporate Holdings Ltd.

Since the financial year end there has been a global pandemic outbreak of coronavirus COVID-19. This has been assessed by directors and management as a non-adjusting event. Given the level of uncertainty surrounding the event no financial estimate can be quantified. Directors and management have assessed the impact of this event subsequent to year end and best efforts have been made to ensure continuity of operations and business processes.

21 Approval of financial statements

The directors approved the financial statements on ___22 March 2023_____.