BOUBYAN PETROCHEMICAL COMPANY K.S.C.P. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

30 April 2019

Ernst & Young
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BOUBYAN PETROCHEMICAL COMPANY K.S.C.P.

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Boubyan Petrochemical Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 30 April 2019, and the related consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 April 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the '*Auditor's responsibilities for the audit of the consolidated financial statements*' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BOUBYAN PETROCHEMICAL COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

a) Valuation of financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income (FVOCI) comprise of equity investments, which do not have a quoted price in an active market and are fair valued using other valuation techniques and are classified under level 3.

The valuation of the Group's financial assets at FVOCI involve the exercise of judgment by the management and the use of assumptions and estimates. Key judgments applied by management in valuation of these equity investments include determination of price to earnings and enterprise value multiples of comparable companies, discount rates, identification of recent sales transactions, calculated net asset value (NAV) and application of illiquidity discounts in certain cases. Due to these estimation uncertainties, this is considered a key audit matter.

As part of our audit procedures we evaluated the models and the assumptions used by the management and tested the source data used in the valuations, to the extent possible, to independent sources and externally available market data to evaluate the data's relevance, completeness and accuracy. We also involved our valuation specialists to assist us in evaluating the reasonableness of the methodology and the appropriateness of the valuation models and inputs used to value these equity investments, including comparing valuation models used with that used in the prior years. We also assessed the appropriateness of key inputs used in the valuation such as the cash flow projections and long-term growth rates used to extrapolate these cash flows and the discount rate and compared these to available external data.

The Group's policies on valuation of financial assets at FVOCI are presented in the accounting policies and in Note 12 of the consolidated financial statements. Additionally, we assessed the adequacy of the fair value disclosures in Note 28 to the consolidated financial statements.

b) Impairment of goodwill
The Group has goodwill of KD 15,596,604 million arising from acquisitions of subsidiaries which is assessed for impairment at each reporting date. Impairment testing of goodwill performed by the management was significant to our audit because the assessment of the recoverable amount of goodwill is complex and requires considerable judgment on the part of management. Estimates of future cash flows are based on management's views of variables such as the interest margins, discount rates, market share assumptions, projected growth rates and economic conditions such as the economic growth and expected inflation rates. Accordingly, we consider this to be a key audit matter.

As part of our audit procedures, we involved our valuation experts to assist us in evaluating the appropriateness of the valuation model and testing key assumptions used in the impairment analysis, such as the discount rate and terminal growth rate. We also evaluated the sensitivity analyses performed by management around key assumptions noted above and challenged the outcomes of the assessment.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BOUBYAN PETROCHEMICAL COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

b) Impairment of goodwill (continued)
Furthermore, we assessed the adequacy of the Group's disclosures included in Note 15 to the consolidated financial statements related to those assumptions. The Group's policy on impairment testing is disclosed in Note 2.5 to the consolidated financial statements.

c) Accounting for business combination
During the year, the Group has finalised purchase price allocation ("PPA") for the acquisition of 55.44% effective holding in Eyas for Higher and Technical Education Company K.S.C. (Closed) ("EYAS") which has been classified as investment in subsidiary and accounted for using the step acquisition method, as disclosed in Note 3 to the consolidated financial statements. Management determined the fair value of the identifiable assets and liabilities and has used external valuation specialist to support the valuation.

We have determined this to be a key audit matter based on the significant management judgment and estimates made on the PPA and quantitative materiality of the acquisition.

As part of our audit procedures on the accounting for the acquisition, we reviewed the share purchase agreement, obtained an understanding of the acquisition structure and assessed whether the accounting treatment in accordance with IFRS 3 has been appropriately applied. We tested the identification and fair valuation of the acquired assets including intangible assets, and the acquired liabilities by corroborating this identification based on our discussions with management and understanding of the businesses. We evaluated the quality and objectivity of the valuation process and the independence and expertise of the external valuation specialist. We have assessed the reasonableness of the assumptions used to determine the consideration and the purchase price allocation, and have evaluated the valuation methods used and have tested the valuation for mathematical accuracy.

We also assessed the adequacy of the related disclosures in Note 3 to the consolidated financial statements.

d) Impairment testing of investment in associates
The Group has interests in number of associates which are significant to the Group's consolidated financial statements. The Group's carrying value of its investments in associates are significantly higher than the proportion of equity attributable to Group's ownership interest in these associates. Significant management judgement is required in determining the investment's recoverable amount based on its value-in-use. The projected future cash flows and discount rates used by the Group in determining the investment's value-in-use are subject to estimation uncertainty and sensitivity. Therefore, we considered this as a key audit matter.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BOUBYAN PETROCHEMICAL COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

d) Impairment testing of investment in associates (continued)

As part of our audit procedures, we involved our valuation specialists to assist us in assessment of the Group's methodology and testing the key assumptions used by the Group to calculate value-in-use of the investments in associates. We evaluated the reasonableness of the cash flow projections and considered the appropriateness of key inputs such as long-term growth rates used to extrapolate these cash flows and the discount rate and compared these to available external data.

We also assessed the adequacy of the Group's disclosure in Note 13 of the consolidated financial statements.

Other information included in the Group's 2019 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2019 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditors' report.

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

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

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BOUBYAN PETROCHEMICAL COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BOUBYAN PETROCHEMICAL COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation, and Articles of Association that an inventory count was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, have occurred during the year ended 30 April 2019, that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

12 May 2019
Kuwait

CONSOLIDATED STATEMENT OF INCOME

For the year ended 30 April 2019

	Notes	*2019* *KD*	*2018* *KD*
Sale of goods		**31,523,135**	23,873,821
Tuition fees		**23,237,365**	4,423,355
Total revenue		**54,760,500**	28,297,176
Cost of goods sold		**(24,727,235)**	(20,481,530)
Tuition cost		**(13,358,901)**	(3,358,247)
Total cost of revenue		**(38,086,136)**	(23,839,777)
GROSS PROFIT		**16,674,364**	4,457,399
Dividend income	4	**44,867,787**	30,757,765
(Loss) gain on financial assets at fair value through profit or loss		**(662,072)**	8,765,312
Net realised gain on financial assets available for sale		**-**	18,471
Share of results from associates	13	**8,806,501**	8,833,107
Gain on acquisition of a subsidiary	3	**1,363,742**	-
Impairment of financial assets available for sale	12	**-**	(11,098,252)
Impairment of associates	13	**(21,067,511)**	(7,405,542)
Impairment of intangible assets	15	**(11,175,233)**	(9,807,834)
Impairment of property, plant and equipment	14	**(1,113,577)**	(5,672,695)
General and administrative expenses	6	**(16,262,969)**	(9,422,217)
Finance costs		**(8,157,601)**	(5,808,768)
Other income		**2,023,601**	639,925
Foreign exchange gain		**31,912**	466,064
PROFIT BEFORE TAXATION AND DIRECTORS' FEES		**15,328,944**	4,722,735
Taxation	8	**(150,650)**	(125,847)
Directors' fees		**(90,000)**	(75,000)
PROFIT FOR THE YEAR		**15,088,294**	4,521,888
Attributable to:			
Equity holders of the Parent Company		**10,549,006**	5,455,866
Non-controlling interests	23	**4,539,288**	(933,978)
		15,088,294	4,521,888
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	9	**20.31 fils**	10.59 fils

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 April 2019

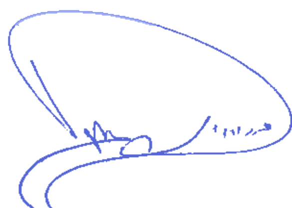
	Note	*2019 KD*	*2018 KD*
PROFIT FOR THE YEAR		15,088,294	4,521,888
Other comprehensive (loss) income			
Other comprehensive income to be reclassified to consolidated statement of income in subsequent periods:			
Unrealised gain on financial assets available for sale		-	17,743,329
Exchange differences on translation of foreign operations		249,070	(499,907)
Transfer to consolidated statement of income on impairment of financial assets available for sale		-	2,717,525
Share of other comprehensive loss of associates	13		(21,343)
Net other comprehensive income to be reclassified to consolidated statement of income in subsequent periods		249,070	19,939,604
Other comprehensive loss not to be reclassified to consolidated statement of income in subsequent periods:			
Change in fair values of financial assets at fair value through other comprehensive income		(1,808,821)	-
Other comprehensive loss not to be reclassified to consolidated statement of income in subsequent periods		(1,808,821)	-
Other comprehensive (loss) income for the year		(1,559,751)	19,939,604
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		13,528,543	24,461,492
Attributable to:			
Equity holders of the Parent Company		8,989,255	25,395,470
Non-controlling interest		4,539,288	(933,978)
		13,528,543	24,461,492

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2019

	Notes	***2019*** ***KD***	*2018* *KD*
ASSETS			
Cash and cash equivalents	5	**42,053,823**	18,070,399
Accounts receivable and prepayments	7	**29,393,839**	15,417,005
Inventories	10	**6,218,182**	5,738,708
Financial assets at fair value through profit or loss	11	**23,219,135**	133,590,313
Financial assets available for sale	12	**-**	198,861,589
Financial assets at fair value through other comprehensive income	12	**319,392,075**	-
Investment in associates	13	**58,015,630**	112,617,468
Property, plant and equipment	14	**43,745,043**	9,014,387
Intangible assets	15	**24,004,038**	-
TOTAL ASSETS		**546,041,765**	493,309,869
LIABILITIES AND EQUITY			
Liabilities			
Term loans	16	**60,770,869**	59,521,057
Payables under Islamic financing	17	**122,643,603**	116,507,904
Accounts payable and accruals	18	**39,718,831**	20,829,698
Total liabilities		**223,133,303**	196,858,659
Equity			
Share capital	19	**53,482,275**	53,482,275
Share premium		**2,400,000**	2,400,000
Treasury shares	20	**(7,451,647)**	(9,769,966)
Treasury shares reserve		**5,549,260**	1,274,579
Statutory reserve	21	**26,741,138**	26,741,138
Voluntary reserve	22	**25,467,750**	25,467,750
Foreign currency translation reserve		**1,018,505**	769,435
Other reserves		**(3,292,856)**	(3,010,861)
Fair value reserve		**144,958,235**	149,200,255
Retained earnings		**34,752,173**	45,135,980
Equity attributable to holders of the Parent Company		**283,624,833**	291,690,585
Non-controlling interests		**39,283,629**	4,760,625
Total equity		**322,908,462**	296,451,210
TOTAL LIABILITIES AND EQUITY		**546,041,765**	493,309,869



Dabbous M. Al-Dabbous
(Chairman)

Khaled A. Al-Ghanim
(Deputy Chairman)

The attached notes 1 to 30 form part of these consolidated financial statements.

Boubyan Petrochemical Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2019

	Attributable to equity holders of the Parent Company												
	Share capital KD	*Share premium* KD	*Treasury shares* KD	*Treasury shares reserve* KD	*Statutory reserve* KD	*Voluntary reserve* KD	*Foreign currency translation reserve* KD	*Other reserves* KD	*Fair value reserve* KD	*Retained earnings* KD	*Sub total* KD	*Non- controlling interests* KD	*Total* KD
At 1 May 2018 (as originally stated) *(Audited)*	53,482,275	2,400,000	(9,769,966)	1,274,579	26,741,138	25,467,750	769,435	(3,010,861)	149,200,255	45,135,980	291,690,585	4,760,625	296,451,210
Impact of adopting IFRS 9 as at 1 May 2018 (Note 2.2.1)	-	-	-	-	-	-	-	-	(2,433,199)	2,433,199	-	-	-
At 1 May 2018 *(restated)*	53,482,275	2,400,000	(9,769,966)	1,274,579	26,741,138	25,467,750	769,435	(3,010,861)	146,767,056	47,569,179	291,690,585	4,760,625	296,451,210
Profit for the year	-	-	-	-	-	-	-	-	-	10,549,006	10,549,006	4,539,288	15,088,294
Other comprehensive income (loss)	-	-	-	-	-	-	249,070	-	(1,808,821)	-	(1,559,751)	-	(1,559,751)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	249,070	-	(1,808,821)	10,549,006	8,989,255	4,539,288	13,528,543
Dividends (Note 19)	-	-	-	-	-	-	-	-	-	(23,366,012)	(23,366,012)	-	(23,366,012)
Net movement in treasury shares	-	-	2,318,319	-	-	-	-	-	-	-	2,318,319	-	2,318,319
Net movement in treasury share reserve	-	-	-	4,274,681	-	-	-	-	-	-	4,274,681	-	4,274,681
Acquisition of non-controlling interest without change in control (Note 3)	-	-	-	-	-	-	-	(281,995)	-	-	(281,995)	(297,564)	(579,559)
Acquisition of subsidiaries (Note 3)	-	-	-	-	-	-	-	-	-	-	-	30,281,280	30,281,280
At 30 April 2019	**53,482,275**	**2,400,000**	**(7,451,647)**	**5,549,260**	**26,741,138**	**25,467,750**	**1,018,505**	**(3,292,856)**	**144,958,235**	**34,752,173**	**283,624,833**	**39,283,629**	**322,908,462**

The attached notes 1 to 30 form part of these consolidated financial statements.

Boubyan Petrochemical Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 30 April 2019

	Attributable to equity holders of the Parent Company												
	Share capital	*Share premium*	*Treasury shares*	*Treasury shares reserve*	*Statutory reserve*	*Voluntary reserve*	*Foreign currency translation reserve*	*Other reserves*	*Fair value reserve*	*Retained earnings*	*Sub total*	*Non- controlling interests*	*Total*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*
At 1 May 2017	53,482,275	2,400,000	(9,806,151)	998,971	26,741,138	25,467,750	1,269,342	50,516	128,760,744	60,286,873	289,651,458	-	289,651,458
Profit for the year	-	-	-	-	-	-	-	-	-	5,455,866	5,455,866	(933,978)	4,521,888
Other comprehensive (loss) income	-	-	-	-	-	-	(499,907)	-	20,439,511	-	19,939,604	-	19,939,604
Total comprehensive (loss) income for the year	-	-	-	-	-	-	(499,907)	-	20,439,511	5,455,866	25,395,470	(933,978)	24,461,492
Acquisition of non-controlling interests without change in control	-	-	-	-	-	-	-	(3,061,377)	-	-	(3,061,377)	(19,537,971)	(22,599,348)
Dividends (Note 19)	-	-	-	-	-	-	-	-	-	(20,606,759)	(20,606,759)	-	(20,606,759)
Net movement in treasury shares	-	-	36,185	275,608	-	-	-	-	-	-	311,793	-	311,793
Acquisition of a subsidiary (Note 3)	-	-	-	-	-	-	-	-	-	-	-	25,232,574	25,232,574
At 30 April 2018	53,482,275	2,400,000	(9,769,966)	1,274,579	26,741,138	25,467,750	769,435	(3,010,861)	149,200,255	45,135,980	291,690,585	4,760,625	296,451,210

Fair value reserve consists of the following:

	2019	*2018*
	KD	*KD*
Unrealised gain relating to financial assets available for sale	-	148,994,131
Unrealised gain relating to financial assets at fair value through other comprehensive income	**144,752,111**	
Share of fair value reserve in the equity of associates	**206,124**	206,124
	144,958,235	149,200,255

The attached notes 1 to 30 form part of these consolidated financial statements.

Boubyan Petrochemical Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 April 2019

	Notes	*2019* *KD*	*2018* *KD*
OPERATING ACTIVITIES			
Profit before taxation and Directors' fees		15,328,944	4,722,735
Adjustments to reconcile profit before taxation and Directors' fees to net cash flows:			
Finance costs		8,157,601	5,808,768
Depreciation	14	3,320,656	1,394,420
Amortisation	15	310,096	-
Loss (gain) from financial assets at fair value through profit or loss		662,072	(8,765,312)
Dividend income		(44,867,787)	(414,191)
Realised gain on sale of financial assets available for sale		-	(18,471)
Gain on acquisition of a subsidiary		(1,363,742)	-
Gain on sale of property, plant and equipment		-	(3,470)
Impairment of financial assets available for sale	12	-	11,098,252
Share of results from associates	13	(8,806,501)	(8,833,107)
Impairment of intangible assets		11,175,233	9,807,834
Impairment of property, plant and equipment	14	1,113,577	5,672,695
Impairment of associates	13	21,067,511	7,405,542
Foreign exchange loss		-	304,796
		6,097,660	28,180,491
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		1,735,267	(227,991)
Inventories		2,456,071	2,200,434
Accounts payable and accruals		(153,309)	3,897,442
Taxation paid		(141,314)	(19,176)
Net cash flows from operating activities		9,994,375	34,031,200
INVESTING ACTIVITIES			
Additions to property, plant and equipment	14	(1,361,378)	(716,040)
Acquisition of subsidiaries net of cash	3	2,961,859	(35,298,468)
Acquisition of non-controlling interests without change in control		(579,559)	(22,599,348)
Proceeds from sale of property, plant and equipment		43,466	22,121
Additions to investment in associates	13	(7,679,208)	(16,798,098)
Cash proceeds due to capital reduction of an associate		-	6,787,143
Additions to financial assets available for sale		-	(13,698,745)
Additions to financial assets at fair value through profit or loss		(11,538,104)	-
Dividends received from associates		4,179,808	6,410,270
Dividend received		44,867,787	414,191
Proceeds from disposal of financial assets available for sale		-	18,471
Proceeds from disposal of financial assets at fair value through profit or loss		1,041,536	-
Net movement in term deposits		160,538	(880,000)
Net cash flows from (used in) investing activities		32,096,745	(76,338,503)
FINANCING ACTIVITIES			
Dividend paid		(23,366,012)	(20,609,621)
Net movement in term loans		(3,750,188)	(16,434,781)
Net movement in payables under Islamic financing		6,135,699	85,126,645
Finance cost paid		(8,157,601)	(5,808,768)
Net movement in treasury shares		6,593,000	311,793
Net cash flows (used in) from financing activities		(22,545,102)	42,585,268
NET INCREASE IN CASH AND CASH EQUIVALENTS		19,546,018	277,965
Foreign currency translation adjustment – net		97,944	287,916
Cash and cash equivalents as at 1 May		17,190,399	16,624,518
CASH AND CASH EQUIVALENTS AS AT 30 APRIL	5	36,834,361	17,190,399

The attached notes 1 to 30 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

The consolidated financial statements of Boubyan Petrochemical Company K.S.C.P. (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 April 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 8 May 2019 and are subject to the approval of the Annual General Assembly of the shareholders of the Parent Company. The Annual General Assembly of the shareholders has the power to amend the consolidated financial statements after issuance.

The consolidated financial statements for the year ended 30 April 2018 were approved by the Parent Company's shareholders at the Annual General Assembly held on 6 June 2018.

The Parent Company is a Kuwaiti Public Shareholding Company incorporated in the State of Kuwait on 12 February 1995. The Parent Company is listed on the Kuwait Stock Exchange. The Parent Company's registered office is at KIPCO Tower, Floor 35, Khalid bin Al Waleed St, P.O. Box 2383, 13024 Safat, Kuwait.

The principal objectives of the Parent Company include the following:

- To manufacture all kinds of petrochemical material and their derivatives.
- To sell, purchase, supply, distribute, export and store such materials and to participate in related activities including establishing and leasing the required services inside or outside Kuwait either as a principal or as an agent.
- Acquiring and developing industrial projects, industries estates, services and support industries. Provision of industries & financial support to projects under development.
- Participating in, acquiring or taking over companies of similar activities or those that would facilitate in achieving the Parent Company's objectives inside or outside Kuwait.
- Investing the surplus funds in investment portfolios.

The Parent Company's primary investments to date are in Equate Petrochemical Company K.S.C. (Closed) ("Equate") and The Kuwait Olefins Company K.S.C. (Closed) ("TKOC"). Equate and TKOC are both closed shareholding companies incorporated in the State of Kuwait to build and operate petrochemical plants in the Shuaiba Industrial Area of the State of Kuwait.

The percentage ownership of Equate and TKOC's share capital as at 30 April is as follows:

	2019	2018
Petrochemical Industries Company K.S.C.	**42.5%**	42.5%
Dow Chemical Company	**42.5%**	42.5%
Boubyan Petrochemical Company K.S.C.P.	**9%**	9%
Qurain Petrochemical Company K.S.C.P.	**6%**	6%

2.1 BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Basis of preparation
The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is also functional currency of the Parent Company.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year, except for the adoption of the new IFRSs effective during the year as mentioned below that are relevant to the Group:

IFRS 15 *Revenue from Contracts with Customers*
The Group has adopted IFRS 15 *Revenue from Contracts with Customers* effective with a date of initial application of annual periods on or after 1 May 2018. This standard supersedes IAS 11 *Construction Contracts* and IAS 18 *Revenue* along with related IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31.

This standard removes inconsistencies and weaknesses in previous revenue recognition requirements, provides a more robust framework for addressing revenue issues and improves comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The adoption of this standard did not have any material effect on the Group's consolidated financial statements for the year ended 30 April 2019.

IFRS 9 *Financial Instruments*
The Group has adopted IFRS 9 *Financial Instruments* issued in July 2014 with a date of initial application of annual periods on or after 1 May 2018. The requirements of IFRS 9 represent a significant change from IAS 39 *Financial Instruments: Recognition and Measurement.* The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

IFRS 9 introduces new requirements for a) the classification and measurement of financial assets, b) impairment for financial assets and c) general hedge accounting. Details of these new requirement as well as their impact on the Group's consolidated financial statements are described in Note 2.2.1.

a) Classification and measurement
Under IFRS 9, financial assets such as bank balances and cash, trade and other receivables and due from a related party that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Financial assets at fair value through other comprehensive (FVOCI) comprise equity instruments which the Group had irrevocably elected, at initial recognition or transition, to classify at fair value through other comprehensive income. Under IAS 39, the Group's equity securities were classified as Financial assets available-for-sale.

Financial assets at fair value through profit and loss (FVTPL) comprise certain equity securities that have been acquired principally for the purpose of selling or repurchasing in the near term and certain debt instruments that failed the SPPI test.

Financial liabilities previously measured at amortised cost under IAS 39 have been classified and measured under IFRS 9 at amortised cost using the effective interest rate method. There have been no changes in the classification and measurement of financial liabilities on the adoption of IFRS 9.

(b) Impairment of financial assets
The Group previously recognised impairment losses on financial assets based on incurred loss model, under IAS 39. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For the Group's financial assets, the management has applied the standard's simplified approach and has determined lifetime expected credit losses on these instruments.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

IFRS 9 *Financial Instruments (continued)*

(b) Impairment of financial assets (continued)
The management has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the counter parties and the economic environment.

The management considers a financial asset in default when the contractual payments are 90 days past due. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

(c) Hedge accounting
The general hedge accounting requirements of IFRS 9 aim to simplify hedge accounting, creating a stronger link with risk management strategy and permitting hedge accounting to be applied to a greater variety of hedging instruments and risks. The adoption of general hedge accounting requirements of IFRS 9 does not have any material effect on the Group's consolidated financial statements.

2.2.1 TRANSITION TO IFRS 9
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

a) Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 May 2018. Accordingly, the information presented for 30 April 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 30 April 2019.

b) The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

The impact of this change in accounting policy as at 1 May 2018 as described in the below table:

	Retained earnings KD	*Fair value reserve KD*
Closing balance under IAS 39 (30 April 2018)	45,135,980	149,200,255
Impact on reclassification and re-measurements:		
Equity investments from available-for-sale to FVTPL	2,433,199	(2,433,199)
Opening balance under IFRS 9 on date of initial application of 1 May 2018	47,569,179	146,767,056

2.2.1 TRANSITION TO IFRS 9 (continued)

The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at 1 May 2018.

	Original classification under IAS 39	*Original carrying amount under IAS 39 KD*	*New classification under IFRS 9*	*Re-measurement /ECL / others KD*	*New carrying amount under IFRS 9 KD*
Cash and cash equivalents	Loans and receivables	18,070,399	Amortised cost	-	18,070,399
Accounts receivable and prepayments	Loans and receivables	15,417,005	Amortised cost	-	15,417,005
Quoted equity investments	Available for sale	2,277,137	FVTPL	-	2,277,137
Unquoted equity investments	Available for sale	9,975,380	FVTPL	-	9,975,380
Unquoted equity investments	Available for sale	186,609,072	FVOCI	-	186,609,072
Unquoted equity investments	FVTPL	133,590,313	FVOCI	-	133,590,313

Adoption of IFRS 9 did not result in any change in classification or measurement of financial liabilities.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 May 2018 did not have any material impact on the accounting policies, financial position or performance of the Group.

2.3 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

The standards and interpretations those are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Group will adopt IFRS 16 when effective i.e. 1 May 2019 and will quantify the impact upon adoption.

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (collectively the "Group") as at 30 April 2019.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Group and in case of different reporting date of subsidiary, which are not more than three months, from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

If the Group losses control over a subsidiary, it

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in consolidated income statement
- Reclassifies the parent's share of components previously recognised in OCI to consolidated statement of income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.4 BASIS OF CONSOLIDATION (continued)

Details of the subsidiary companies included in the consolidated financial statements are set out below:

Name of the company	*Country of incorporation*	*Principal activity*	*Effective interest at 30 April*	
			2019	*2018*
Directly held:				
Boubyan Plastic Industries Company K.S.C. (Closed) ["BPIC"] *	State of Kuwait	Manufacturing and trading of packaging material	**100%**	100%
Muna Noor Manufacturing and Trading Company LLC ("MNMT")	Sultanate of Oman	Manufacturing and trading of plastic pipes	**80%**	80%
Jubail Integrated Packaging Company Limited (A Limited Liability Company) ["JIPC"]	Kingdom of Saudi Arabia	Manufacturing and trading of packaging material	**60%**	60%
Muna Noor Plastic Industries LLC ("MNPI")	Sultanate of Oman	Manufacturing and trading of plastic pipes	**80%**	80%
Muna Noor LLC - Salalah ("MN- S")	Sultanate of Oman	Manufacturing and trading of plastic pipes	**80%**	80%
Educational Holding Group K.S.C.P. ("EDU") (Note 3)	State of Kuwait	Educational services	**82.99%**	82.7%
Eyas for Higher and Technical Education Company K.S.C. (Closed) ["EYAS"]** (Note 3)	State of Kuwait	Educational services	**55.44%**	34.76%
Al Kout Industrial Projects K.S.C ("Al Kout") *** (Note 3)	State of Kuwait	Production of chlorine, salt and other petrochemical products	**54.14%**	46.46%
Held through BPIC:				
Muna Noor Manufacturing and Trading Co. LLC ("MNMT")	Sultanate of Oman	Manufacturing and trading of plastic pipes	**20%**	20%
Jubail Integrated Packaging Company Limited (A Limited Liability Company) ["JIPC"]	Kingdom of Saudi Arabia	Manufacturing and trading of packaging material	**40%**	40%
Muna Noor Plastic Industries LLC ("MNPI")	Sultanate of Oman	Manufacturing and trading of plastic pipes	**20%**	20%
Muna Noor LLC - Salalah ("MN- S")	Sultanate of Oman	Manufacturing and trading of plastic pipes	**20%**	20%

*1% equity interest is held by a related party for the benefit of the Parent Company. The related party has confirmed that the Parent Company is the beneficial owner of this 1% equity interest.

2.4 BASIS OF CONSOLIDATION (continued)

** On 28 May 2018, the Group acquired additional 20.684% equity interest in EYAS which was previously held as investment in associate with an effective equity holding of 34.76%. The Group from the date of acquiring control has consolidated EYAS considering an effective holding of 55.44%.

*** On 30 October 2018, the Group acquired additional 7.24% equity interest in Al Kout, which was previously held as investment in associate with an effective equity holding of 46.46%. The Group from the date of acquiring control has consolidated Al Kout. Further, during the year, the Group has acquired additional 0.44% equity interest in Al Kout, which increased the effective ownership from 53.7% to 54.14%.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of income.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Revenue recognition
Policy applicable from 1 May 2018

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)
Policy applicable from 1 May 2018 (continued)

The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods
Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Tuition fees
Revenue from rendering of educational services is recognised over time when the related educational services are provided to the customer.

Policy applicable before 1 May 2018

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements since is the primary obligor in all the revenue arrangements and has a pricing latitude and is also exposed to inventory and credit risks. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods
Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Tuition fees
Tuition fees are recognised at gross amounts, adjusted by allowable discounts, on a time apportionment basis for the financial year to which they relate.

Interest income
Interest income is recognised on a time proportion basis, using the effective interest rate method.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Taxation
Zakat
Zakat is calculated at 1% of the taxable profit for the year in accordance with the Ministry of Finance Resolution No. 58/2007.

Kuwait Foundation for the Advancement of Sciences (KFAS)
Contribution to Kuwait Foundation for the Advancement of Sciences is calculated at 1% of the profit of the Parent Company after deducting its share of income from shareholding subsidiaries and associates and transfer to statutory reserve and Board of directors' remuneration, and accumulated losses brought forward.

National Labour Support Tax (NLST)
National Labor Support Tax is calculated at 2.5% on the consolidated profit of the Parent Company after deducting its share of profit from associates and subsidiaries listed in Kuwait Stock Exchange, its share of NLST paid by subsidiaries listed in Kuwait Stock Exchange, and cash dividends received from companies listed in Kuwait Stock Exchange in accordance with law No. 19 for year 2000 and Ministerial Resolution No. 24 for year 2006 and their executive regulations.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)
Taxation on overseas subsidiaries
Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate. Income tax payable on taxable profit is recognised as an expense in the period in which the profits arise in accordance with the fiscal regulations of the respective countries in which the Group operates. Deferred tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent it is probable that future taxable profits will be available to utilise this.

Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets and liabilities are measured using tax rates and applicable legislation at the reporting date.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets
Initial recognition and measurement
Policy applicable from 1 May 2018

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cashflow characteristics of the financial assets. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Assessment of whether the contractual cashflows are solely payments of principal and interest (SPPI test)
In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

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

The Group's financial assets includes cash and cash equivalents, account receivables, financial assets at FVTPL and financial assets at FVOCI.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
i) Financial assets (continued)
Initial recognition and measurement (continued)
Policy applicable before 1 May 2018

Financial assets within the scope of IAS 39 are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, financial assets available for sale, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All regular way purchases and sales of financial assets are recognised on the settlement date, i.e. the date the asset is received from or delivered to the counterparty. Changes in fair value between the trade date and settlement date are recognised in the consolidated statement of income or in consolidated statement of comprehensive income through fair value reserve in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

The Group's financial assets include cash and cash equivalents, accounts receivable, financial assets at fair value through profit or loss and financial assets available for sale.

Subsequent measurement
Policy applicable from 1 May 2018

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at amortised cost
The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes cash and cash equivalents and accounts receivable.

Financial assets at fair value through other comprehensive income (equity instruments)
Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Equity instruments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange gains and losses are recognised in OCI. Dividends are recognised in the consolidated statement of income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. On derecognition, cumulative gains or losses will be reclassified from fair value reserve to retained earnings in the consolidated statement of changes in equity.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
i) Financial assets (continued)
Subsequent measurement (continued)
Policy applicable from 1 May 2018 (continued)

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of income.

As at the reporting date, the Group does not have any financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments).

Policy applicable before 1 May 2018
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss includes, financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of income.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied.

The Group evaluates its investments held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these investments due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification to loans and receivables, financial assets available for sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Financial assets available for sale
Financial assets available for sale include equity securities. Equity investments classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, financial assets available for sale are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income until the investment is derecognised, at which time the cumulative gain or loss is recognised in the consolidated statement of income, or determined to be impaired, at which time the cumulative loss is reclassified to the consolidated statement of income. Financial assets available for sale whose fair value cannot be reliably measured are carried at cost less impairment losses, if any

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
i) Financial assets (continued)
Subsequent measurement (continued)
Policy applicable before 1 May 2018 (continued)

Financial assets available for sale (continued)
The Group evaluates whether the ability and intention to sell its financial assets available for sale in the near term is still appropriate. When the Group is unable to trade these investments due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these investments in rare circumstances. Reclassification to loans and receivables is permitted when the investments meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available for sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to consolidated statement of income over the remaining life of the investment using the effective interest rate method. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of income.

Accounts receivable
Accounts receivable are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Cash and cash equivalents
Cash and cash equivalents consist of cash and bank balances and deposits that are readily convertible to known amounts of cash with an original maturity of three months or less and which are subject to insignificant risks of changes in value.

For the purpose of consolidated statement of cash flows, cash and cash equivalent consist of cash and bank balances as defined above.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
i) Financial assets (continued)
Impairment of financial assets
Policy applicable from 1 May 2018

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. Equity instruments at FVOCI are not subject to an impairment assessment. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Credit-impaired financial assets at amortised cost
A financial asset is credit-impaired when one or more events, constituting an event of default for internal credit risk management purposes as historical experience indicates, that have a detrimental impact on the estimated future cash flows of that financial asset have occurred that meet below criteria. Evidence that a financial asset is credit-impaired includes observable data about the following events:

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

Write-off of financial assets at amortised cost
The Group writes off a financial asset at amortised cost when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of income.

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
i) Financial assets (continued)
Impairment of financial assets (continued)
Policy applicable before 1 May 2018

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets available for sale
For financial assets available for sale, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity financial assets classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of income, is removed from other comprehensive income and recognised in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income; increases in their fair value after impairment are recognised in other comprehensive income.

The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

ii) Financial liabilities
Initial recognition and measurement
The accounting for financial liabilities remains largely the same as it was under IAS 39.

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities comprise of term loans, payables under Islamic financing and accounts payable and accruals.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Term loans
Term loans are carried at their principal amounts. Interest is charged as an expense as it accrues, with unpaid amounts included in 'accounts payable and accruals'.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
ii) Financial liabilities (continued)
Subsequent measurement (continued)

Payables under Islamic financing
Murabaha
Murabaha is an Islamic agreement which represents the amount payable, on a deferred settlement basis, for assets purchased under Murabaha arrangements. Murabaha payables are stated at the gross amount of the payable, net of deferred profit payable. Profit payable is expensed on a time apportionment basis taking account of the profit rate attributable and the balance outstanding.

Tawarruq
Tawarruq is an Islamic agreement which represent amounts payable on a deferred settlement basis for commodities purchased under Tawarruq arrangements. Tawarruq payables are stated at the gross amount of the payables, less deferred profit payables.

Ijara
Ijara is an Islamic agreement which represent amounts payable on a deferred settlement basis for assets purchased under ijara arrangements. Ijara payables are stated at the gross amount of the payables, less deferred profit payables.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

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

Hedge accounting
The Group uses financial instruments to hedge its exposure to fluctuations in foreign exchange rates relating to the fair values of certain investments classified as financial assets at fair value through other comprehensive income. For the purpose of hedge accounting, hedges of the Group are classified as fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Hedge accounting (continued)
The fair value hedges that meet all the qualifying criteria for hedge accounting are accounted for, as below:

The change in the fair value of a hedging instrument is usually recognised in the consolidated statement of income as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the consolidated statement of income as other expense. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the consolidated statement of income.

However, in cases when an entity is hedging an investment in equity instruments for which it has elected to present changes in fair value in OCI, as permitted by IFRS 9, the fair value change of the hedging instrument is recognised in OCI. Ineffectiveness is also recognised in OCI. On sale of the investment, gains or losses accumulated in OCI are not reclassified to the consolidated statement of income.

Cash and cash equivalents
Cash and cash equivalents consist of cash and bank balances and deposits that are readily convertible to known amounts of cash with an original maturity of three months or less and which are subject to insignificant risks of changes in value.

For the purpose of consolidated statement of cash flows, cash and cash equivalent consist of cash and bank balances as defined above.

Finance costs
Interests on borrowings are calculated on the accrual basis and are recognised in the consolidated statement of income in the period in which they are incurred.

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

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value (continued)

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition and, are accounted for as follows:

Raw materials	:	purchase cost on a weighted average basis.
Work in progress and finished goods	:	cost of direct materials and labor plus attributable overheads based on a normal level of activity.
Goods in transit	:	purchase cost incurred up to the reporting date.

Net realisable value is based on estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Investment in associates

An associate is one over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies, generally accompanying directly or indirectly, a shareholding of between 20% and 50% of the equity share capital and are accounted for by the equity method.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the other comprehensive income of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of results of associates is shown on the face of the consolidated statement of income. This is the profit or loss attributable to equity holders of the associate and therefore is profit or loss after tax and non-controlling interest in the subsidiaries of the associates.

The financial statements of the associates are prepared for the same reporting period as the Group and in case of different reporting date of associate, which are not more than three months, from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in associates (continued)
After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in consolidated statement of income.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line over useful lives of assets as follows:

▸ Buildings	20 years
▸ Plant and equipment	10-20 years or units of production
▸ Furniture and office equipment	4-5 years
▸ Motor vehicles	5 years

Depreciation for property, plant and equipment of certain of the Group's subsidiaries is calculated on the units of production method based on expected output over the useful life of the assets. Land is not depreciated.

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

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off.

Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

During the year, the Group reassessed its accounting policy for the subsequent measurement of property, plant and equipment relating to its land, buildings and plant and equipment, after initial recognition. Until last year, the Group had measured its land, buildings and plant and equipment using revaluation model whereby after initial recognition of these assets, these were subsequently measured at fair value at each reporting date. The Group has elected and changed the subsequent measurement policy for land, buildings and plant and equipment classified under property, plant and equipment to cost model and applied this change retrospectively as required by IAS 8. The Group believes that the cost model better represents their business and also aligns with the market practice in such industry.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of income in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Treasury shares
Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Parent Company and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in the shareholders' equity. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity, ("treasury shares reserve"), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares.

The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Part of the reserves created or appropriated and retained earnings equivalent to the cost of treasury shares is not available for distribution throughout the holding period.

Other reserve
Other reserve is used to record the effect of changes in ownership interest in subsidiaries, without loss of control.

End of service benefits
The Group provides end of service benefits to its employees as per employee contracts and applicable labour laws in the countries where the Group operate. The entitlement of these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

Further, with respect to its national employees, the Group also makes contributions to the applicable Government defined contribution plans calculated as a percentage of the employees' salaries in accordance with the legal requirements of the countries where the Group operates. The Group's obligations are limited to these contributions, which are expensed when due.

Foreign currencies
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances
Foreign currency transactions are initially recorded in Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions.

Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated to Kuwaiti Dinars at rates of exchange prevailing on that date. Any resultant gains or losses are recognised in the consolidated statement of income for the year.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Kuwaiti Dinars at the foreign exchange rates ruling at the dates that the fair values were determined.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Transactions and balances (continued)

In case of non-monetary assets and liabilities whose change in fair values are recognised directly in other comprehensive income, foreign exchange differences are recognised directly in other comprehensive income and for non-monetary assets and liabilities whose change in fair value are recognised in the consolidated statement of income for the year, foreign exchange differences are recognised in the consolidated statement of income.

Group companies

Assets (including goodwill) and liabilities, both monetary and non-monetary, of foreign entities are translated at the exchange rates prevailing at the reporting date. Operating results of such entities are translated at average rates of exchange for the entities' period of operations. The resulting exchange differences are taken to other comprehensive income and are accumulated in the shareholder's equity within fair value reserve until the disposal of the respective entities.

Segment information

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Parent Company's shareholders.

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

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income net of any reimbursement.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

2.6 SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of income.

Judgements

The management has not made critical judgements in applying the Group's accounting policies which may have a significant effect on the amounts recognised in the consolidated financial statements.

Classification of financial assets - applicable from 1 May 2018

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Classification of financial assets - applicable before 1 May 2018

The Group decides on acquisition of investments whether they should be classified as financial assets carried at fair value through profit or loss or financial assets available for sale.

The management classifies investments carried at fair value through profit or loss if they are acquired primarily for the purpose of short term profit making and the fair value of those investments can be reliably determined.

Classification of investments carried at fair value through profit or loss depends on how management monitor the performance of these investments when they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of consolidated statement of income in the management accounts, they are classified at fair value through profit or loss.

The management classifies investments as held to maturity if they are non-derivative financial assets which carry fixed or determinable payments and fixed maturities and which the management has the positive intention and ability to hold to maturity. All other financial assets are classified as available for sale.

Estimates and assumptions

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

Expected credit losses on financial assets at amortised cost – applicable from 1 May 2018

The Group assesses on a forward-looking basis the ECLs associated with its debt instruments carried at amortised cost. The ECLs are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

For trade receivables, the Group uses a provision matrix to calculate ECLs. The provision rates are based on days past due for segmentation of customers with similar loss patterns (i.e., product type, customer type, etc.). The provision matrix is initially based on Group's historical observed default rates. The Group adjusts the historically observed loss rates with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the co-relation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast economic conditions may also not be a representative of customer's actual default in the future.

2.6 SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and assumptions (continued)

Impairment of accounts receivable – applicable before 1 May 2018
An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Useful lives of property, plant and equipment
The Group's management determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation or amortization. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation or amortisation charge would be adjusted where management believes the useful lives differ from previous estimates.

Impairment of property, plant and equipment
A decline in the value of property, plant and equipment and intangible assets could have a significant effect on the amounts recognised in the consolidated financial statements. Management assesses the impairment of property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:
- significant changes in the technology and regulatory environments.
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

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

Impairment of investment in associates
After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired.

If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.

Impairment of goodwill
The Group's management tests whether goodwill has suffered any impairment at least on an annual basis. This requires an estimation of recoverable amounts of the cash-generating units to which the goodwill is allocated. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Valuation of unquoted financial assets
Where the fair value of financial assets recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The determination of the cash flows and discount factors for unquoted equity financial assets requires significant estimation.

Material non-controlling interests
The Group's management considers any non-controlling interests which accounts for over 5% of the total equity of the Group as material.

3 BUSINESS COMBINATION

3.1 Acquisition of Al Kout

On 30 October 2018, the Group acquired additional 7.24% equity interest in Al Kout Industrial Projects K.S.C and its subsidiaries, which was previously held as investment in associate with an effective equity holding of 46.46%.

As this transaction met the criteria of IFRS 3 *Business Combination* for the business combination achieved in stages, the Group reclassified its investment in Al Kout from investment in associate to investment in subsidiary and consolidated Al Kout from the effective date of control. The Group elected to measure the non-controlling interest in the acquirees at the proportionate share of its interest in the acquirees' identifiable net assets. The consideration paid and the provisional values of the identifiable assets and liabilities assumed were initially determined as stated in the table below.

	Provisional values KD
Assets	
Cash and cash equivalents	2,220,834
Accounts receivable and prepayments	9,400,704
Financial assets at fair value through profit or loss	1,132,122
Inventories	2,803,500
Property, property and equipment	14,691,169
Intangible asset	336,300
Investment in an associate	7,144,311
	37,728,940
Liabilities	
Employees' end of service benefits	2,257,729
Term loans	5,000,000
Accounts payable and accruals	5,445,393
Net assets acquired	12,703,122
	25,025,818
Non-controlling interest	(11,586,981)
Proportionate share of fair value of acquirer's previously held interest*	(35,909,005)
Provisional goodwill**	28,066,310
Purchase consideration paid	5,596,142

	Cash flow on acquisition KD
Consideration paid by cash	5,596,142
Less: cash and cash equivalents in subsidiary acquired	(2,220,834)
Net cash outflow on acquisition	3,375,308

*Upon acquisition of the additional stake, the Group fair valued its previously held interest in Al Kout leading to a gain of KD 13,605,212.

**As at the reporting date, management performed an impairment assessment of the provisional goodwill by estimating the recoverable amount of the cash-generating unit ("CGU") i.e. Al Kout, using the discounted cash flow method. As a result of this exercise, management has impaired goodwill amounting to KD 12,469,706 during the current period. Accordingly, goodwill relating to the above is KD 15,596,604 as at the reporting date.

The Group has recorded the aforementioned gain on fair valuation of its previously held equity interest in Al Kout, net of the goodwill impairment, amounting to KD 1,135,506, in the consolidated statement of income.

3 BUSINESS COMBINATION (continued)

3.1 Acquisition of Al Kout (continued)

Had the business combinations taken place at the beginning of the year, revenue of the Group and profit attributable to the shareholders of the Parent Company, would have been higher by KD 7,825,085 and KD 1,556,739 respectively.

During the current year, the Group has acquired additional equity interest in Al Kout Industrial Projects K.S.C. As a result, the Group's ownership interest in Al Kout has increased to 54.14% from 53.7% as at the reporting date. The difference between the consideration paid and book value is recorded as other reserves amounting to KD 281,995.

3.2 Acquisition of EYAS

On 28 May 2018, the Group acquired additional 20.684% equity interest in Eyas for Higher and Technical Education Company K.S.C. (Closed) ("EYAS') which was previously held as investment in associate with an effective equity holding of 34.76%.

As this transaction met the criteria of IFRS 3 *Business Combination* for the business combination achieved in stages, the Group reclassified its investment in EYAS from investment in associate to investment in subsidiary and consolidated EYAS from the effective date of control. The Group has completed the finalisation of the PPA and accordingly the values have been adjusted, as at the date of acquisition, as below:

	Before adjustment KD	*Adjustment*	*After adjustment KD*
Assets			
Cash and cash equivalents	21,627,541	-	21,627,541
Fixed deposit	4,500,000	-	4,500,000
Accounts receivable and prepayments	6,321,176	-	6,321,176
Financial assets at fair value through other comprehensive Income	210,699	-	210,699
Inventories	132,045	-	132,045
Property, property and equipment	14,517,081	9,262,756	23,779,837
Brand	-	7,167,050	7,167,050
Student relationships	-	1,550,480	1,550,480
	47,308,542	17,980,286	65,288,828
Liabilities			
Employees' end of service benefits	4,952,643	-	4,952,643
Accounts payable and accruals	6,609,891	-	6,609,891
	11,562,534	-	11,562,534
Net assets acquired	35,746,008	17,980,286	53,726,294
Non-controlling interest*	(15,927,346)	(8,011,296)	(23,938,642)
Proportionate share of fair value of acquirer's previously held interest**	(25,672,511)	-	(25,672,511)
Provisional goodwill***	21,144,223	(9,968,990)	11,175,233
Purchase consideration paid	15,290,374	-	15,290,374

	Cash flow on acquisition KD
Consideration paid by cash	15,290,374
Less: cash and cash equivalents in subsidiary acquired	(21,627,541)
Net cash outflow on acquisition	(6,337,167)

*The carrying value of EYAS on date of acquisition amounted to KD 30,765,905, of which KD 5,244,343 pertains to non-controlling interest, on account of the Parent Company's holding of 82.7% in EDU, which directly owns 42.03% in EYAS. Accordingly, the non-controlling interest on acquisition amounting to KD 15,927,346 has been adjusted by KD 5,244,343 on derecognition of the investment in associate, on acquiring control.

3 BUSINESS COMBINATION (continued)

3.2 Acquisition of EYAS (continued)

**During the year, the effective ownership of the Group in EYAS increased from 34.76% to 55.44%. Upon acquisition of the additional stake, the Group has fair valued its previously held interest in EYAS and recorded a gain of KD 228,236 in the consolidated statement of income.

***As at the reporting date, management performed an impairment assessment of the provisional goodwill by estimating the recoverable amount of the cash-generating unit ("CGU") i.e. EYAS, using the discounted cash flow method. As a result of this exercise, management has impaired goodwill amounting to KD 11,175,233 during the current period. Accordingly, goodwill relating to the above is Nil as at the reporting date.

Had the business combinations taken place at the beginning of the year, revenue of the Group and profit attributable to the shareholders of the Parent Company, would have been higher by KD 1,855,140 and KD 102,672 respectively.

3.3 Acquisition of EDU

On 18 May 2017, the Parent Company acquired 53.373% interest in Education Holding Group K.S.C.P ("EDU") whose primary activity is providing educational services. The Group elected to measure non-controlling interest in the acquirees at the proportionate share of its interest in the acquirees' identifiable net assets. The consideration paid and the provisional values of the identifiable assets and liabilities assumed determined initially are as stated in the table below. The Group has completed the finalisation of the PPA and accordingly the values have been adjusted, as at the date of acquisition, as below:

	Before adjustment KD	*Adjustment KD*	*After adjustment KD*
Assets			
Cash and cash equivalents	3,995,199	-	3,995,199
Accounts receivable and prepayments	4,108,183	-	4,108,183
Inventories	445,418	-	445,418
Investment in associate*	30,274,072	21,116,603	51,390,675
Property and equipment	3,017,450	-	3,017,450
	41,840,322	21,116,603	62,956,925
Liabilities			
Accounts payable and accruals	3,387,320	-	3,387,320
Net assets acquired	38,453,002	21,116,603	59,569,605
Non-controlling interest	(21,579,402)	(3,653,172)	(25,232,574)
Provisional goodwill	22,420,067	(17,463,431)	4,956,636**
Purchase consideration paid	39,293,667	-	

Accordingly, the consolidated financial statements of the Group for the year ended 30 April 2018 has been adjusted to reflect above adjustments of PPA exercise.

*Investment in associate comprises of EYAS and Sama Educational Company K.S.C. (Closed) ("Sama") with an effective equity interest of 42.03% and 41.69% respectively.

** During the prior year, goodwill amounting to KD 4,956,636 was impaired based on an impairment assessment performed by the management. Accordingly, goodwill relating to the above business combination is Nil as at the reporting date.

During the current year, the Group has acquired additional equity interest in Educational Holding KSCP. As a result, the Group's ownership interest in EDU has increased to 82.99% from 82.7% as at the reporting date. The difference between the consideration paid and book value is recorded as other reserves amounting to KD 39,799.

4 DIVIDEND INCOME

Dividend income for the year includes dividend received from Equate and TKOC amounting to KD 28,065,212 (2018: KD 20,694,629) and KD 14,383,682 (2018: KD 9,648,945) respectively.

5 CASH AND CASH EQUIVALENTS

	2019 KD	*2018 KD*
Cash and bank balances	**36,834,361**	16,982,899
Term deposits	**5,219,462**	1,087,500
Cash and cash equivalents for the purpose of consolidated statement of financial position	**42,053,823**	18,070,399
Less: Term deposits whose original maturity is more than three months	**(5,219,462)**	(880,000)
	36,834,361	17,190,399

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2019 KD	*2018 KD*
Staff costs	**3,381,267**	3,473,239
Depreciation (Note 14)	**2,006,596**	457,602
Impairment of accounts receivable and inventories	**3,153,327**	2,491,151
Other administrative expenses	**7,721,779**	3,000,225
	16,262,969	9,422,217

7 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2019 KD	*2018 KD*
Trade receivables, gross	**25,890,451**	13,827,386
Less: Expected credit losses / allowance for impairment	**(2,011,132)**	(908,450)
Trade receivables, net	**23,879,319**	12,918,936
Accrued income	**1,285,494**	807,335
Other receivables	**4,229,026**	1,690,734
	29,393,839	15,417,005

The above comparative for impairment provisions refers to IAS 39 measurement basis which was applied on an incurred loss model, whereas the current year applies IFRS 9 which is on an expected loss model.

Unimpaired receivables are expected on the basis of past experiences, to be fully recoverable. It is not the practice of the Group to obtain collateral over trade receivables.

8 TAXATION

	2019 KD	*2018 KD*
Contribution to NLST	**42,755**	99,640
Contribution to KFAS	**107,895**	26,207
	150,650	125,847

9 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year after adjusting for treasury shares as follows:

	2019 *KD*	*2018* *KD*
Profit for the year attributable to equity holders of the Parent Company	**10,549,006**	5,455,866
	Shares	*Shares*
Weighted average number of shares outstanding	**534,822,750**	534,822,750
Weighted average number of treasury shares	**(15,319,372)**	(19,712,193)
Weighted average number of outstanding shares	**519,503,378**	515,110,557
Basic and diluted earnings per share attributable to equity holders of the Parent Company	**20.31 fils**	10.59 fils

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

10 INVENTORIES

	2019 *KD*	*2018* *KD*
Raw materials	**2,308,587**	3,062,733
Spare parts	**962,104**	-
Work in progress	**31,051**	31,051
Finished goods	**2,640,847**	1,776,255
Goods in transit	**275,593**	868,669
	6,218,182	5,738,708

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 *KD*	*2018* *KD*
Quoted investments	**14,955,565**	-
Unquoted investments	**8,263,570**	133,590,313
	23,219,135	133,590,313

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019 *KD*	*2018* *KD*
Financial assets at fair value through other comprehensive income (IFRS 9):		
- Unquoted equity investments – Equate	**173,429,398**	-
- Unquoted equity investments – TKOC	**131,822,654**	-
- Unquoted equity investments – Others	**14,140,023**	-
Financial assets available for sale (IAS 39):		
- Quoted equity investments	-	2,277,137
- Unquoted equity investments – Equate	-	172,959,075
- Unquoted equity investments – Others	-	23,625,377
	319,392,075	198,861,589

The fair value of the 9% equity interest in Equate Petrochemicals Company K.S.C. (Closed) ("Equate") and The Kuwait Olefins Company K.S.C. (Closed) ("TKOC") has been estimated using a weighted average of four valuation models: dividend discount model, free cash flow model, PE multiple method and EBIDTA multiple method. The valuation requires management to make certain assumptions about the models inputs, including projected cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of the fair value for this unquoted equity investment.

As a result of this exercise, an unrealised gain of KD 470,323 (2018: KD 19,833,779) from Equate and unrealised loss of KD 1,767,659 was recognised in the other comprehensive income. In 2018, an unrealised gain of KD 8,765,312 was recognized in the consolidated statement of income.

Investment in Equate and TKOC is designated as a hedged item in fair value relationship with amounts borrowed from banks as term loans and payables under Islamic financing (Note 16 and 17).

At 30 April 2018, the Group's financial assets available for sale included certain unquoted equity investments amounting to KD 21,664,872 that were carried at cost less impairment due to lack of reliable measures of their fair values.

At 30 April 2018, the management had carried out a detailed review of the financial assets available for sale, to assess whether there was any objective evidence that these investments were impaired. As a result, the Group recorded an impairment loss amounting to KD 11,098,252 during the year then ended.

Certain financial assets at fair value through other comprehensive income denominated in US Dollars with a carrying value of KD 2,216,714 (2018: financial assets available for sale amounting to KD 424,265) are designated as hedged items in fair value hedging relationships with amounts borrowed from banks as term loans and payables under Islamic financing (Note 16 and 17).

The fair value hierarchy and basis of valuation is disclosed in Note 28.

13 INVESTMENT IN ASSOCIATES

The Parent Company has the following investment in associates:

	Country of incorporation	*Ownership*		*Carrying amount*		*Principal activity*
		2019	*2018*	*2019*	*2018*	
Al-Kout Industrial Projects Company K.S.C P. ("Al-Kout")[1]	State of Kuwait	**54.14%**	46.46%	**-**	23,300,319	Involved in manufacturing activities
Warba Capital Holding Company K.S.C.P. (Formerly Boubyan International Industries Holding Company K.S.C.P.) ("Warba Capital")[2]	State of Kuwait	**29.16%**	20.00%	**1,377,880**	954,000	To undertake industrial investments
Arabian Waterproofing Industries Company ("Awazel")	Kingdom of Saudi Arabia	**20.80%**	20.80%	**4,109,840**	10,725,706	Engaged in manufacture of waterproofing products and heat insulation materials
Al Borg Medical Laboratories Company Limited ("Al Borg")	Kingdom of Saudi Arabia	**24%**	24%	**3,407,595**	14,379,353	Engaged in medical laboratories and environmental and scientific tests
Nafais Holding Company K.S.C.P ("Nafais")	State of Kuwait	**21.12%**	21.12%	**9,551,469**	10,268,319	To invest in stakes mainly in educational and medical companies
EYAS for Higher and Technical Education Company K.S.C. (Closed) ("EYAS")[3]	State of Kuwait	**55.44%**	34.76%	**-**	28,749,940	Educational activities
Sama Educational Company K.S.C. (Closed) ("SEC")[4]	State of Kuwait	**41.69%**	41.69%	**25,250,778**	24,239,831	Educational activities
Kuwait Foundry Company K.P.S.C. ("KFOUC")[5]	State of Kuwait	**22.17%**	-	**7,255,328**	-	Engaged in casting of iron and related metals, asbestos, water drains and manufacture of sanitary tools and electric equipment related to casting industry
Al Dorra Petroleum Services Company K.S.C. (Closed) ("Al Dorra")[6]	State of Kuwait	**37.99%**	-	**7,062,740**	-	Petroleum services to oil and gas sector
				58,015,630	112,617,468	

13 INVESTMENT IN ASSOCIATES (continued)

[1] On 30 October 2018, the Group acquired additional 7.24% equity interest in Al Kout Industrial Projects K.S.C and its subsidiaries, which was previously held as investment in associate with an effective equity holding of 46.46%, thereby acquiring control. The Group from the date of acquiring control has consolidated Al Kout (Note 3.1).

[2] During the year, the Group has acquired additional stake of 9.16% in Warba Capital Holding Company K.S.C.P (formerly known as Boubyan International Industries Holding Company K.S.C.P.) for a consideration of KD 423,880, thereby increasing their stake in the associate to 29.16%.

[3] On 28 May 2018, the Group acquired additional 20.684% equity interest in Eyas for Higher and Technical Education Company K.S.C. (Closed) ("EYAS') which was previously held as investment in associate with an effective equity holding of 34.76%, thereby acquiring control. The Group from the date of acquiring control has consolidated EYAS (Note 3.2).

[4] Held through Educational Holding Group K.S.C.P.

[5] During the year, the Group has acquired a 22.17% stake in Kuwait Foundry Company K.P.S.C. ("KFOUC") for a consideration of KD 7,255,328.

[6] Held through Al-Kout Industrial Projects Company K.S.C P.

The movement in the carrying amount of investment in associates during the year is as follows:

	2019 *KD*	*2018* *KD*
As at 1 May	**112,617,468**	56,502,844
Derecognisation of associates on acquiring controlling stake	**(53,069,697)**	-
Additions	**7,679,208**	16,798,098
Arising on business combination (Note 3)	**7,144,311**	51,390,675
Share of results	**8,806,501**	8,833,107
Impairment*	**(21,067,511)**	(7,405,542)
Capital reduction	**-**	(6,787,143)
Dividends received	**(4,179,808)**	(6,410,270)
Foreign currency translation	**85,158**	(282,958)
Share of other comprehensive loss	**-**	(21,343)
As at 30 April	**58,015,630**	112,617,468

* During the year, the Group reviewed the carrying values of its investment in associates to determine whether any impairment has occurred. Based on their assessment, the management has recorded an impairment loss of KD 21,067,511 (2018: KD 7,405,542) in the consolidated statement of income for the year of which KD 11,738,345 pertains to Al Borg, KD 6,556,596 pertains to Awazel and KD 2,772,570 pertains to Nafais. The impairment assessment was performed using discounted cash flow model covering a five-year period.

13 INVESTMENT IN ASSOCIATES (continued)

The following table summarises the financial information of the material investments in associates. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in material associates.

2019	*Nafais Holding Company K.S.C. (Closed) ("Nafais")*	*Sama Educational Company K.S.C. (Closed) ("SEC")*
	KD	***KD***
Assets	**61,483,252**	**40,042,573**
Liabilities	**(16,267,484)**	**(7,998,182)**
Net assets	**45,215,768**	**32,044,391**
	21.12%	**41.69%**
Group's share of net assets	**9,551,469**	**13,359,307**
PPA adjustment	**-**	**11,891,471**
	9,551,469	**25,250,778**

2019	*Nafais Holding Company K.S.C. (Closed) ("Nafais")*	*Sama Educational Company K.S.C. (Closed) ("SEC")*
	KD	***KD***
Revenue	**45,803,009**	**9,295,789**
Profit for the year	**9,731,587**	**4,191,491**
Group's share of profit	**2,055,720**	**1,747,433**

13 INVESTMENT IN ASSOCIATES (continued)

2018	*Al-Kout Industrial Projects Company K.S.C.P. ("Al-Kout")*	*Nafais Holding Company K.S.C. (Closed) ("Nafais")*	*EYAS for Higher and Technical Education Company K.S.C. (Closed) ("EYAS")*	*Sama Educational Company K.S.C. (Closed) ("SEC")*
	KD	*KD*	*KD*	*KD*
Assets	42,940,578	50,935,235	54,046,505	50,489,767
Liabilities	(11,077,213)	(15,451,047)	(9,926,257)	(7,645,146)
Net assets	31,863,365	35,484,188	44,120,248	42,844,621
	46.46%	21.12%	42.03%	41.69%
Group's share of net assets	14,803,719	7,494,261	18,543,740	17,861,922
Goodwill	6,013,392	2,774,058	4,488,395	-
Others	2,483,208	-	-	(183,841)
	23,300,319	10,268,319	23,032,135	17,678,081
Fair value of the Group's quoted associates	31,877,445	-	-	-
Revenue	23,799,302	13,144,694	12,988,058	8,759,770
Profit for the year	6,002,097	6,840,817	3,506,023	3,902,845
Group's share of profit	1,485,519	1,445,068	2,032,597	2,377,698

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings KD	Plant and equipment KD	Furniture and office equipment KD	Motor vehicles KD	Capital work in progress KD	Total KD
Cost:						
As at 1 May 2018	7,791,091	14,148,519	1,996,314	572,399	516,246	25,024,569
Additions	42,894	224,517	33,029	-	1,060,938	1,361,378
Arising on business combination (Note 3)	24,714,026	8,921,852	613,121	1,370,024	2,161,986	37,781,009
Disposals	-	(139,034)	(1,493)	(67,467)	(22,626)	(230,620)
Impairment	(928,307)	(185,270)	-	-	-	(1,113,577)
Foreign currency translation	12,289	12,030	36,469	1,246	3,934	65,968
As at 30 April 2019	**31,631,993**	**22,982,614**	**2,677,440**	**1,876,202**	**3,720,478**	**62,888,727**
Accumulated depreciation:						
As at 1 May 2018	3,782,782	10,758,785	1,024,693	430,254	13,668	16,010,182
Charge for the current year	1,046,771	1,672,233	464,890	136,762	-	3,320,656
Relating to disposals	-	(124,764)	(1,493)	(60,897)	-	(187,154)
As at 30 April 2019	**4,829,553**	**12,306,254**	**1,488,090**	**506,119**	**13,668**	**19,143,684**
Net carrying amount:						
As at 30 April 2019	**26,802,440**	**10,676,360**	**1,189,350**	**1,370,083**	**3,706,810**	**43,745,043**

The capital work in progress relate to the costs incurred on the construction of new facilities of subsidiaries.

Management has performed a valuation of plant and equipment to assess whether impairment has occurred in the value of these assets. Based on the valuations performed, management has recorded an impairment loss of KD 1,113,577 (2018: KD 5,672,695) in the consolidated statement of income for the year in respect of these assets.

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land *KD*	*Buildings* *KD*	*Plant and equipment* *KD*	*Furniture and office equipment* *KD*	*Motor vehicles* *KD*	*Capital work in progress* *KD*	*Total* *KD*
Cost:							
As at 1 May 2017	-	8,505,240	16,334,219	1,644,964	548,132	164,758	27,197,313
Additions	-	136,517	156,479	176,686	39,237	207,121	716,040
Arising on business combination	1,100,265	1,427,537	-	328,044	1,603	160,001	3,017,450
Disposals	-	-	-	-	(8,307)	(13,917)	(22,224)
Impairment	(1,098,987)	(2,211,289)	(2,213,994)	(144,204)	(4,221)	-	(5,672,695)
Foreign currency translation	(1,278)	(66,914)	(128,185)	(9,176)	(4,045)	(1,717)	(211,315)
As at 30 April 2018	-	7,791,091	14,148,519	1,996,314	572,399	516,246	25,024,569
Accumulated depreciation:							
As at 1 May 2017	-	3,451,539	9,975,853	827,076	351,199	13,668	14,619,335
Charge for the current year	-	331,243	782,932	197,617	82,628	-	1,394,420
Relating to disposals	-	-	-	-	(3,573)	-	(3,573)
As at 30 April 2018	-	3,782,782	10,758,785	1,024,693	430,254	13,668	16,010,182
Net carrying amount:							
As at 30 April 2018	-	4,008,309	3,389,734	971,621	142,145	502,578	9,014,387

Depreciation has been allocated to the cost of goods sold and general and administrative expenses as follows:

	2019 *KD*	*2018* *KD*
Cost of goods sold	1,314,060	936,818
General and administrative expenses (Note 6)	2,006,596	457,602
	3,320,656	1,394,420

15 INTANGIBLE ASSETS

	Goodwill *KD*	*Brand* *KD*	*Student relationship* *KD*	*Total* *KD*
Cost:				
Arising on business combination	39,241,543	7,167,050	1,550,480	47,959,073
Impairment *	(23,644,939)	-	-	(23,644,939)
As at 30 April 2019	**15,596,604**	**7,167,050**	**1,550,480**	**24,314,134**
Accumulated amortisation:				
Charge for the current year	-	-	310,096	310,096
As at 30 April 2019	-	-	**310,096**	**310,096**
Net carrying amount:				
As at 30 April 2019	**15,596,604**	**7,167,050**	**1,240,384**	**24,004,038**

* A portion of the impairment charge relating to the goodwill recognised on acquisition of Al Kout, has been adjusted against the gain on fair valuation of its previously held equity interest in Al Kout (Note 3.1).

The Group performed its impairment test as at 30 April 2019. The recoverable amount of the cash-generating unit has been determined based on the higher of fair value less costs to sell or value in use calculation. The value in use is based on cash flow projections approved by management covering a five-year period. The discount rate applied to cash flow projections for EYAS is 16.7% (2018: 11.01%) and for Al Kout is 12.11% over a five years period. Cash flows beyond the five-year period are extrapolated using a projected growth rate of 3.5% (2018: 2%) per annum.

The calculation of value in use is sensitive to the following assumptions:

- Discount rates;
- Projected growth rates used to extrapolate cash flows beyond the budget period and
- Local inflation rates.

Discount rates
Discount rates reflect management's estimate of return on capital employed (ROCE) required in each business. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. Discount rates are calculated by using the weighted average cost of capital (WACC).

Projected growth rates used to extrapolate cash flows beyond the budget period
Assumptions related to these are important because, as well as using industry data for growth rates, management assess how the cash generating unit's relative position to its competitors might change over the forecast period.

As a result of the above analysis, impairment amounting to KD 11,175,233 against EYAS was recorded by the Group during the year ended 30 April 2019 (2018: KD 5,144,748 against MNMT and KD 4,663,086 against EDU) based on the above assessment. Accordingly, the goodwill balance as at 30 April 2019 amounting to KD 15,596,604 relates to goodwill on acquisition of Al Kout Industrial Projects Company K.S.C.P.

Sensitivity to changes in assumptions
With regard to the assessment of value in use of the cash generating units, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

16 TERM LOANS

	2019 KD	*2018 KD*
Foreign currency		
US Dollars	**12,470,150**	32,411,200
Others	**10,854,659**	11,109,857
Local currency	**37,446,060**	16,000,000
	60,770,869	59,521,057

Terms loans are unsecured and carries interest at commercial rates.

17 PAYABLES UNDER ISLAMIC FINANCING

Payables under Islamic financing represents Murabaha, Tawarruq and Ijara agreement entered with local banks and is carried at their principal amount net of deferred profit.

2019	*Foreign currency KD*	*Local currency KD*	*Total KD*
Murabaha:			
Gross amount	9,009,672	52,140,345	61,150,017
Less: deferred profit	(37,247)	(192,966)	(230,213)
	8,972,425	51,947,379	60,919,804
Tawarruq:			
Gross amount	24,249,475	33,995,608	58,245,083
Less: deferred profit	(246,769)	(274,515)	(521,284)
	24,002,706	33,721,093	57,723,799
Ijara:			
Gross amount	-	4,040,329	4,040,329
Less: deferred profit	-	(40,329)	(40,329)
	-	4,000,000	4,000,000
	32,975,131	89,668,472	122,643,603

17 PAYABLES UNDER ISLAMIC FINANCING (continued)

2018	*Foreign currency KD*	*Local currency KD*	*Total KD*
Gross amount	4,490,195	36,061,868	40,552,063
Less: deferred profit	(15,795)	(148,251)	(164,046)
	4,474,400	35,913,617	40,388,017
Tawarruq:			
Gross amount	27,560,573	27,213,005	54,773,578
Less: deferred profit	(133,654)	(101,836)	(235,490)
	27,426,919	27,111,169	54,538,088
Ijara:			
Gross amount	-	21,707,654	21,707,654
Less: deferred profit	-	(125,855)	(125,855)
	-	21,581,799	21,581,799
	31,901,319	84,606,585	116,507,904

The average profit rate attributable to Murabaha payables, Tawaruq payables and Ijara payables is at commercial rates.

The US Dollar foreign currency borrowings (Note 16 and 17) have been designated as fair value hedging instruments to manage the exposure to fluctuations in foreign currency rates of certain financial assets at fair value through other comprehensive income (Note 12).

18 ACCOUNTS PAYABLE AND ACCRUALS

	2019 KD	*2018 KD*
Accounts payable	**18,871,011**	12,060,682
Dividend payable	**3,957,051**	3,629,558
Accrued charges on credit facilities	**764,662**	444,844
Provision for taxation	**272,739**	212,295
Directors' fees payable	**75,000**	75,000
Other payables	**15,778,368**	4,407,319
	39,718,831	20,829,698

19 SHARE CAPITAL AND DIVIDENDS

Share capital

Authorised, issued and paid-up capital consists of 534,822,750 shares (2018: 534,822,750 shares) of 100 fils per share (2018: 100 fils per share). This is comprised of 400,000,000 shares (2018: 400,000,000 shares) which are fully paid up in cash whereas 134,822,750 shares (2018: 134,822,750 shares) were issued as bonus shares.

Dividend

The Board of Directors of the Parent Company has proposed a cash dividend of 50 fils per share (2018: 45 fils per share) on outstanding shares (excluding treasury shares) amounting to KD 26,135,618 (2018: KD 23,207,602) for the year ended 30 April 2019, subject to being approved by the shareholders' Annual General Assembly. The dividend shall be payable to the shareholders registered in the Parent Company's records as of the date of the shareholders' Annual General Assembly meeting.

19 SHARE CAPITAL AND DIVIDENDS (continued)

Dividend (continued)
On 6 June 2018, the shareholders at the Annual General Assembly of the Parent Company approved the consolidated financial statements for the year ended 30 April 2018 and approved a cash dividend of 45 fils per share (30 April 2017: 40 fils per share) on outstanding shares (excluding treasury shares) amounting to KD 23,366,012 for the year ended 30 April 2018 (30 April 2017: KD 20,606,759).

20 TREASURY SHARES

	2019	*2018*
Number of treasury shares	**12,110,387**	19,098,257
Percentage of issued shares	**2.26%**	3.57%
Cost of treasury shares in KD	**7,451,647**	9,769,966
Market value in KD	**11,141,557**	16,023,438

Reserves equivalent to the cost of the treasury shares held are not available for distribution.

21 STATUTORY RESERVE

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year attributable to equity holders of the Parent Company (before tax and board of directors' remuneration) shall be transferred to the statutory reserve. The Annual General Assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital.

The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital. For the current year no such transfer has been made as the statutory reserve has reached 50% of the paid-up share capital.

22 VOLUNTARY RESERVE

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association a maximum of 10% of the profit for the year attributable to the equity holders of the Parent Company before contribution to KFAS, NLST, Zakat and directors' remuneration is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the annual general assembly of the Parent Company upon a recommendation by the Board of Directors. There is no restriction on distribution of the voluntary reserve. For the current year, no such transfer has been made upon the recommendation of the Board of Directors.

23 MATERIAL PARTLY-OWNED SUBSIDIARY

Financial information of the subsidiary that has material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	*Country of incorporation*	*2019*	*2018*
Educational Holding Group K.S.C.P. ("EDU")	State of Kuwait	**17.01%**	17.3%
Eyas for Higher and Technical Education Company K.S.C. (Closed) ["EYAS"]	State of Kuwait	**44.56%**	-*
Al Kout Industrial Projects K.S.C ("Al Kout")	State of Kuwait	**45.86%**	-*

* These subsidiaries were previously accounted as investment in associates.

23 MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

Accumulated balance of material non-controlling interest:

Name	*2019 KD*	*2018 KD*
Educational Holding Group K.S.C.P. ("EDU")	11,762,109	7,216,198
Eyas for Higher and Technical Education Company K.S.C. (Closed) ["EYAS"]	14,595,782	-
Al Kout Industrial Projects K.S.C ("Al Kout")	12,925,738	-
	39,283,629	7,216,198

Profit (loss) allocated to material non-controlling interest:

Name	*2019 KD*	*2018 KD*
Educational Holding Group K.S.C.P. ("EDU")	1,081,172	(933,978)
Eyas for Higher and Technical Education Company K.S.C. (Closed) ["EYAS"]	2,010,228	-
Al Kout Industrial Projects K.S.C ("Al Kout")	1,447,888	-
	4,539,288	(933,978)

The summarised financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of income:

	EDU	*EYAS*	*Al Kout*
	Year ended 28 February 2019 KD	*From date of acquisition to 28 February 2019 KD*	*From date of acquisition to 31 March 2019 KD*
Tuition fees	5,705,136	17,532,229	-
Sale of goods	59,145	-	14,403,188
Other income	319,804	797,451	124,163
Share of results of associates	6,225,384	-	51,134
Net income from financial assets at fair value through profit or loss	-	-	398,624
Tuition costs	(4,214,744)	(9,144,157)	(9,516,363)
Cost of goods sold	(44,165)	-	-
General and administrative expenses	(1,192,496)	(4,485,251)	(2,303,829)
Impairment of intangible assets	(322,550)	-	-
Total profit for the year/period	6,535,514	4,700,272	3,156,917
Attributable to non-controlling interests	1,081,172	2,010,228	1,447,888

23 MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

Summarised statement of income (continued):

	EDU From date of acquisition to 28 February 2018 KD
Tuition fees	4,423,355
Sale of goods	192,615
Other income	106,204
Share of results of associates	4,410,293
Tuition costs	(3,358,247)
Cost of goods sold	(118,691)
General and administrative expenses	(946,235)
Impairment of intangible assets	(4,663,086)
Impairment of plant, property and equipment	(2,959,746)
Total loss for the period ended 28 February 2018	(2,913,538)
Attributable to non-controlling interests	(933,978)
Dividends paid to non-controlling interests	-

Summarised statement of financial position as at:

	EDU 28 February 2019 KD	*EYAS 28 February 2019 KD*	*Al Kout 31 March 2019 KD*
Cash and cash equivalents	**7,523,294**	**30,291,104**	**733,241**
Accounts receivable and prepayments	**4,327,867**	**7,673,775**	**10,188,133**
Inventories	**78,255**	**84,863**	**2,722,798**
Investment in associates	**34,900,081**	**431,411**	**7,062,740**
Financial assets at fair value through profit or loss	**-**	**-**	**1,438,285**
Property and equipment and intangible assets	**10,750**	**13,068,068**	**15,145,115**
Accounts payable and accruals	**(7,681,566)**	**(10,528,105)**	**(9,496,630)**
Total equity	**39,158,681**	**41,021,116**	**27,793,682**
Attributable to:			
Equity holders of the Parent Company	**27,396,572**	**26,425,334**	**14,867,944**
Non-controlling interests	**11,762,109**	**14,595,782**	**12,925,738**

	EDU 28 February 2018 KD
Cash and cash equivalents	5,887,372
Accounts receivable and prepayments	5,964,672
Inventories	266,876
Investment in associates	31,873,168
Property and equipment and intangible assets	217,206
Accounts payable and accruals	(7,405,417)
Total equity	36,803,877
Attributable to:	
Equity holders of the Parent Company	29,587,679
Non-controlling interests	7,216,198

23 MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

Summarised cash flow information:

	EDU *Year ended 28 February 2019* *KD*	*EYAS* *From date of acquisition to 28 February 2019* *KD*	*Al Kout* *From date of acquisition to 31 March 2019* *KD*
Operating	551,577	2,168,576	2,445,072
Investing	3,673,378	(491,814)	(5,860,212)
Financing	(179,105)	-	4,490,009
Net increase in cash and cash equivalents	4,045,850	1,676,762	1,074,869

	EDU *From date of acquisition to 28 February 2018* *KD*
Operating	3,450,294
Investing	2,883,852
Financing	(3,733,684)
Net increase in cash and cash equivalents	2,600,462

24 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturity profile of cash and cash equivalents, term loans and payables under Islamic financing at the year-end is based on contractual repayment arrangements. The maturity profile for the remaining assets and liabilities is determined based on the management estimate of liquidation of those financial assets. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of assets and liabilities is as follows:

2019 ASSETS	*Within 3 months* *KD*	*3 to 12 months* *KD*	*1 to 5 years* *KD*	*Over five years* *KD*	*Total* *KD*
Cash and cash equivalents	36,834,361	5,219,462	-	-	42,053,823
Accounts receivable and prepayments	7,348,461	22,045,378	-	-	29,393,839
Inventories	1,554,546	4,663,636	-	-	6,218,182
Financial assets at fair value through profit or loss	-	23,219,135	-	-	23,219,135
Financial assets at fair value through other comprehensive income	-	-	-	319,392,075	319,392,075
Investment in associates	-	-	-	58,015,630	58,015,630
Property, plant and equipment	-	-	-	43,745,043	43,745,043
Intangible assets	-	-	-	24,004,038	24,004,038
TOTAL ASSETS	45,737,368	55,147,611	-	445,156,786	546,041,765

24 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

LIABILITIES	***Within 3 months KD***	***3 to 12 months KD***	***1 to 5 years KD***	***Over five years KD***	***Total KD***
Term loans	**1,987,616**	**29,350,598**	**29,432,655**	**-**	**60,770,869**
Payables under Islamic financing	**12,155,011**	**4,104,543**	**106,384,049**	**-**	**122,643,603**
Accounts payable and accruals	**8,940,443**	**21,617,572**	**9,160,816**	**-**	**39,718,831**
TOTAL LIABILITIES	**23,083,070**	**55,072,713**	**144,977,520**	**-**	**223,133,303**
NET LIQUIDITY GAP	**22,654,298**	**74,898**	**(144,977,520)**	**445,156,786**	**322,908,462**

2018 ASSETS	*Within 3 months KD*	*3 to 12 months KD*	*1 to 5 years KD*	*Over five years KD*	*Total KD*
Cash and cash equivalents	17,190,399	880,000	-	-	18,070,399
Accounts receivable and prepayments	3,272,232	12,144,773	-	-	15,417,005
Inventories	5,738,708		-	-	5,738,708
Financial assets at fair value through profit or loss	-	133,590,313	-	-	133,590,313
Financial assets available for sale	-	2,277,137	23,625,377	172,959,075	198,861,589
Investment in associates	-	-	-	112,617,468	112,617,468
Property, plant and equipment	-	-	-	9,014,387	9,014,387
TOTAL ASSETS	26,201,339	148,892,223	23,625,377	294,590,930	493,309,869
LIABILITIES					
Term loans	371,183	10,121,550	49,028,324	-	59,521,057
Payables under Islamic financing	7,889,200	23,337,074	85,281,630	-	116,507,904
Accounts payable and accruals	7,878,834	12,195,464	755,400	-	20,829,698
TOTAL LIABILITIES	16,139,217	45,654,088	135,065,354	-	196,858,659
NET LIQUIDITY GAP	10,062,122	103,238,135	(111,439,977)	294,590,930	296,451,210

25 SEGMENTAL INFORMATION

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment.

For management purposes, the Group is organised into two major business segments. The Group does not have material inter-segment transactions. The principal activities and services under these segments are as follows:

Energy and Petrochemicals	:	Direct investment stakes in this sector comprising of basic materials (Equate, TKOC, Banagas and others), manufacturing activities of subsidiaries: Muna Noor Manufacturing & Trading Co L.L.C., Oman, Muna Noor L.L.C. (Salalah), Oman, Jubail Integrated Packaging Company Limited (A Limited Liability Company), KSA, ("JPIC"), Muna Noor Plastic Industries L.L.C., Oman, Boubyan Plastics Industries Company K.S.C. (Closed) and Al Kout Industrial Projects K.S.C. ("Al Kout").
Services	:	Tuition fees and revenue generated from providing educational and medical services.
Others	:	Investing directly and through portfolios into shipping, services, funds etc.

25 SEGMENTAL INFORMATION (continued)

Year ended 30 April 2019	*Energy and Petrochemical KD*	*Services KD*	*Others KD*	*Total KD*
Revenue				
Dividend income	44,415,596	-	452,191	44,867,787
Share of results of associates	1,663,259	7,143,242	-	8,806,501
Sale of goods	31,523,135	-	-	31,523,135
Tuition fee	-	23,237,365	-	23,237,365
Segment revenue	77,601,990	30,380,607	452,191	108,434,788
Segment profit	31,088,597	(15,790,422)	(209,881)	15,088,294
Segment assets	411,731,424	98,389,468	35,920,873	546,041,765
Segment liabilities	121,534,420	98,670,177	2,928,706	223,133,303
Other information:				
Finance costs	(6,980,621)	(1,176,980)	-	(8,157,601)
Impairment of associates	(6,556,596)	(14,510,915)	-	(21,067,511)
Impairment of property, plant and equipment	(1,113,577)	-	-	(1,113,577)
Impairment of intangible assets	-	(11,175,233)	-	(11,175,233)
Investment in associates	21,835,503	34,802,247	1,377,880	58,015,630

Year ended 30 April 2018	*Energy and Petrochemical KD*	*Services KD*	*Others KD*	*Total KD*
Revenue				
Dividend income	30,343,574	-	414,191	30,757,765
Investment income	8,765,312	-	18,471	8,783,783
Share of results of associates	1,946,681	6,886,426	-	8,833,107
Sale of goods	23,681,206	192,615	-	23,873,821
Tuition fee	-	4,423,355	-	4,423,355
Segment revenue	64,736,773	11,502,396	432,662	76,671,831
Segment profit	19,164,660	(8,508,263)	(6,134,509)	4,521,888
Segment assets	401,741,674	85,594,532	5,973,663	493,309,869
Segment liabilities	109,279,953	84,650,000	2,928,706	196,858,659
Other information:				
Finance costs	(4,632,679)	(1,176,089)	-	(5,808,768)
Impairment loss on financial assets available for sale	-	-	(11,098,252)	(11,098,252)
Impairment of associates	(5,469,542)	(1,600,000)	(336,000)	(7,405,542)
Impairment of property, plant and equipment	(2,712,949)	(2,959,746)	-	(5,672,695)
Impairment of intangible assets	(5,144,748)	(4,663,086)	-	(9,807,834)
Investment in associates	10,725,706	100,937,762	954,000	112,617,468

26 RELATED PARTY DISCLOSURES

These represent transactions with related parties i.e. associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Significant related party transactions and balances are as follows:

	Entities under common control	
	2019	*2018*
	KD	*KD*
Consolidated statement of financial position:		
Accounts receivable and prepayments	**667,183**	667,183
Accounts payable and accruals	**152**	7,148
Consolidated statement of income:		
Sales	**1,170,018**	1,011,639
Purchases	**501,449**	905,835
Other income	**48,928**	445,834

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

	2019	*2018*
	KD	*KD*
Short-term benefits	**874,575**	659,878
Employees' end of service benefits	**36,710**	24,062
	911,285	683,940

Directors' fees of KD 90,000 for the year ended 30 April 2019 is subject to approval by the Annual General Meeting of the shareholders of the Parent Company. The Directors' fees of KD 75,000 for the year ended 30 April 2018 was approved by the Annual General Meeting of the shareholders held on 6 June 2018.

During the prior year, the Parent Company purchased 32.8% shares of EDU from an associate namely Nafais Holding Company K.S.C.P. for a cash consideration of KD 24,162,132.

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The Group's principal financial liabilities comprise term loans, payables under Islamic financing and accounts payables and accruals. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group also holds financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk, credit risk and equity risk. It is also subject to operating risks. The independent risk control process does not include business risks such as changes in the environment technology and industry. They are monitored through the Group's strategic planning process.

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management structure
The Board of Directors of the Group are ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

Risk mitigation
As part of its overall risk management, the Group uses or may choose to use derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, credit risks, liquidity risks and equity risks.

The main risks to which the Group's assets and liabilities are exposed and the principal methods of risk management are as follows:

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk on its interest-bearing assets and liabilities (mainly cash equivalents, term loans and payables under Islamic financing). The Group negotiates interest rates and obtains commercial rates for term loans.

The sensitivity of the Group's consolidated statement of income for the year is the effect of the assumed changes in interest rates on the Group's profit before taxation and directors' fees based on floating rate financial assets and financial liabilities held at 30 April 2019 and 2018. There is no impact on equity.

The following table demonstrates the sensitivity of the consolidated statement of income for the year to reasonably possible changes in interest rates, with all other variables held constant:

	Increase in basis points	*Effect on results for the year KD*
2019 KD	**25**	**(456,984)**
2018 KD	25	(438,691)

The decrease will have an opposite effect on the consolidated statement of income for the year.

Credit risk
Credit risk is the risk that a counter party will not meet its obligations under a financial instrument leading to financial loss.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

The Group's largest customer accounts for 64% (2018: 35%) of outstanding trade receivables at 30 April 2019.

Risk concentration of maximum exposure to credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Risk concentration of maximum exposure to credit risk (continued)

The Group's gross maximum exposure to credit risk, before taking into account any collateral held or credit enhancements, can be analysed by the geographical regions as follows:

	Kuwait *KD*	*Rest of GCC and Middle East* *KD*	*Total* *KD*
As at 30 April 2019			
Cash and cash equivalents	**40,869,546**	**1,184,277**	**42,053,823**
Accounts receivable	**24,359,036**	**5,034,803**	**29,393,839**
Maximum exposure to credit risk assets	**65,228,582**	**6,219,080**	**71,447,662**

	Kuwait *KD*	*Rest of GCC and Middle East* *KD*	*Total* *KD*
As at 30 April 2018			
Cash and cash equivalents	16,334,278	1,736,121	18,070,399
Accounts receivable	7,681,145	7,735,860	15,417,005
Maximum exposure to credit risk assets	24,015,423	9,471,981	33,487,404

The Group's gross maximum exposure to credit risk can be analysed by the following industry sectors as:

	2019 ***KD***	*2018* *KD*
Manufacturing	**15,936,389**	9,452,333
Banks	**42,053,823**	18,070,399
Services and education	**13,457,450**	5,964,672
	71,447,662	33,487,404

Expected credit losses

Trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Group applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 24 month before 30 April 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. There was no impact of expected credit loss as on 1 May 2018.

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Expected credit losses (continued)
Trade receivables (continued)

Set out below is the information about the credit risk exposure as at 30 April 2019 (on adoption of IFRS 9) on the Group's trade receivables using a provision matrix:

		Days past due				
30 April 2019	*Current KD*	*0-180 days KD*	*181-270 days KD*	*270-365 days KD*	*>365 days KD*	*Total KD*
Expected credit loss Rate	141,876	106,130	266,489	286,700	1,209,937	2,011,132
Estimated total gross carrying amount at default	19,911,748	1,321,645	2,389,999	992,599	1,274,460	25,890,451
Expected credit loss	0.7%	8.0%	11.2%	28.9%	94.94%	

Other receivables

As at the reporting date, the majority of the Group's counterparty exposure has a low risk of default and does not include any past-due amounts. Accordingly, management identified impairment loss to be immaterial.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group limits its liquidity risks by ensuring bank facilities are available. The Group's terms of sales require amounts to be paid within 90 days of the date of sale. Trade payables are normally settled within 90 days of the date of purchase.

The table below summarises the maturity profile of the Group's liabilities based on undiscounted contractual repayment obligations.

2019	*Within 3 months KD*	*3 to 12 months KD*	*1 to 5 years KD*	*Total KD*
Accounts payable and accruals	8,875,667	30,843,164	-	39,718,831
Payables under Islamic financing	13,348,183	7,223,994	113,973,382	134,545,559
Term loans	2,598,343	31,182,778	32,040,026	65,821,147
Total liabilities	24,822,193	69,249,936	146,013,408	240,085,537

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

2018	*Within 3 months KD*	*3 to 12 months KD*	*1 to 5 years KD*	*Total KD*
Accounts payable and accruals	4,249,276	15,825,022	755,400	20,829,698
Term loans	932,110	11,639,266	52,081,151	64,652,527
Payables under Islamic financing	8,936,409	25,235,957	92,282,777	126,455,143
Total liabilities	14,117,795	52,700,245	145,119,328	211,937,368

Foreign currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group's investments are mainly denominated in US Dollars and Pound Sterling. These investments are financed by borrowings in foreign currencies; consequently, management believes that there is no significant risk due to fluctuations in currency rates. The management also manages these rates by entering into hedging transactions.

The effect on results before taxation and directors' fees (due to change in the fair value of monetary assets and liabilities), as a result of change in currency rate, with all other variables held constant is shown below:

	Change in currency rates by 5%			
	Effect on consolidated statement of income before taxation and directors' fees		*Effect on other comprehensive income*	
	2019 KD	*2018 KD*	***2019 KD***	*2018 KD*
USD	-	(2,256,013)	**5,808,658**	-

Equity price risk
Equity price risk arises from the change in fair values of quoted equity investments. The Group manages this risk through diversification of investments in various industrial sectors.

The effect on consolidated statement of comprehensive income (as a result of a change in the fair value of financial assets available for sale at 30 April due to a reasonably possible change in market indices, with all other variables held constant is as follows:

	Change in equity price %	*Effect on consolidated statement of income/ comprehensive income*	
		2019 KD	*2018 KD*
Financial assets at fair value through profit or loss	5	**747,778**	-
Financial assets available for sale	5	-	108,980

The decrease in equity price percentage will have the opposite effect on other comprehensive income and consolidated statement of income for the year.

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

For financial instruments where there is no active market, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair values of financial instruments are not materially different from their carrying values.

2019	***Level of hierarchy***	***Valuation technique used and key inputs***	***Significant unobservable inputs***	***Fair value at 30 April***
Financial assets at fair value through profit or loss:				
Quoted investments	Level 1	Bid price	Not applicable	14,955,565
Unquoted investments	Level 3	Market multiples approach	Market multiples such as price to book value and economic value to EBITDA	8,263,570
				23,219,135
Financial assets at fair value through other comprehensive income:				
Unquoted investments	Level 3	Discounted cash flows	Discount rate, terminal growth rate, revenue and profit estimates.	**319,392,075**

2018	*Level of hierarchy*	*Valuation technique used and key inputs*	*Significant unobservable inputs*	*Fair value at 30 April*
Financial assets at fair value through profit or loss:				
Unquoted investments	Level 3	Discounted cash flows	Discount rate, terminal growth rate, revenue and profit estimates.	133,590,313
Financial assets available-for-sale:				
Quoted investments	Level 1	Bid price	Not applicable	2,277,137
Unquoted investments	Level 3	Discounted cash flows and market multiples approach	Market multiples, discount rate, terminal growth rate, revenue and profit estimates.	174,919,580
				177,196,717

During the year, there have been no transfers between the hierarchies.

The methodologies and assumptions used to determine fair values of assets is described in fair value section of Note 2.5.

28 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair values as most of these assets and liabilities are of short term maturity or re-priced immediately based on market movement in profit rates.

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets and financial liabilities which are recorded at fair value.

2019	*At 1 May 2018 KD*	*Fair valued first time on adoption of IFRS 9* KD*	*Net reclassifications on adoption of IFRS 9 KD*	*Loss recorded in consolidated statement of income for the year KD*	*Loss recorded in other comprehensive income KD*	*Net purchases, sales and settlements KD*	*At 30 April 2019 KD*
Unquoted financial assets at fair value through other comprehensive income	**174,919,580**	**21,664,875**	**123,614,933**	**-**	**(807,313)**	**-**	**319,392,075**
Unquoted financial assets at fair value through profit or loss	**133,590,313**	**-**	**(123,614,933)**	**(2,111,808)**	**-**	**399,998**	**8,263,570**

2018	*At 1 May 2017 KD*	*Gain (loss) recorded in consolidated statement of income for the year KD*	*Gain recorded in other comprehensive income KD*	*Net purchases, sales and settlements KD*	*Impairment recorded during the year KD*	*At 30 April 2018 KD*
Unquoted financial assets available for sale	157,974,030	(305,412)	19,968,487	-	(2,717,525)	174,919,580
Unquoted financial assets at fair value through profit or loss	124,825,001	8,765,312	-	-	-	133,590,313

Valuation of unquoted equity instruments

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation (Note 11 and 12).

*Certain investment in unquoted securities amounting to KD 21,664,872 were previously accounted at cost less impairment (in accordance with IAS 39). At the date of initial application of IFRS 9, the Group measured the investment at fair value. As a result, the fair value measurement of these unquoted equity securities was recognised in Level 3 for the first time.

28 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The table below illustrates the effect other comprehensive income due to a reasonable change of each significant input, separately, with all other variables held constant.

	Increase of 50 basis points	
	Effect on other comprehensive income	
	2019	*2018*
	KD	*KD*
Weighted average cost of capital	**(5,235,602)**	(5,942,033)
Cost of equity	**(5,959,456)**	(2,759,425)
Terminal growth rate	**7,848,248**	7,541,241

The impact on consolidated statement of profit or loss would be immaterial due to movement of 50 basis points in any of the significant input used for the valuation of the Group's unquoted equity instruments.

29 CONTINGENCIES AND CAPITAL COMMITMENTS

	2019	*2018*
	KD	*KD*
Acquisition of investments	**793,345**	784,607

During the year, the Parent Company has given corporate guarantees amounting to KD 34,402,662 (2018: KD 31,600,043) to Banks on behalf of its subsidiaries.

30 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 30 April 2019 and 30 April 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, term loans and payables under Islamic financing less cash and cash equivalents. Total capital represents total equity attributable to shareholders of the Parent Company as presented in the consolidated statement of financial position.

	2019	*2018*
	KD	*KD*
Term loans	**60,770,869**	59,521,057
Payables under Islamic financing	**122,643,603**	116,507,904
Less: cash and cash equivalents	**(42,053,823)**	(18,070,399)
Net debt	**141,360,649**	157,958,562
Total equity attributable to holders of the Parent Company	**283,624,833**	290,706,896
Gearing (debt to equity) ratio	**50%**	54%