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

CONSOLIDATED FINANCIAL STATEMENTS

30 APRIL 2022

Building a better working world

Building a better working world

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INDEPENDENT AUDITOR'S 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 2022, and the consolidated statement of profit or loss, 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 2022, 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 ("ISA"). 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (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 year. 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.

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Valuation of investment securities

The Group's investment securities represent 60% of the Group's total assets, which are measured at fair value and are classified either as financial assets at fair value through other comprehensive income (FVOCI) or as financial assets at fair value through profit or loss (FVPL) as disclosed in Note 11 to the consolidated financial statements.

Investment securities include equity securities, classified within Level 3 of the fair value hierarchy, which do not have a quoted price in an active market and are fair valued using other valuation techniques. The valuation of these unquoted equity securities involves the exercise of judgment by the management and the use of assumptions and estimates. Key judgments applied by management in valuation of these equity securities include forecasting cash flows of the investee companies, determination of enterprise value multiples of comparable peers, determination of discount rates, identification of recent sales transactions and application of illiquidity discounts.

Given the size and complexity of the valuation of investment securities, including the impact of the current pandemic of COVID-19 uncertainties on their valuations, we addressed this as a key audit matter.

Our audit procedures included, among others, the following:

- For valuations which used significant unobservable inputs, 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 internal 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 securities, including the consistency of the valuation models.

- We assessed the reasonableness of the key inputs considered in the valuation such as the cash flow projections and the long-term growth rates used to extrapolate these cash flows.

- We assessed the adequacy and the appropriateness the Group's disclosures concerning the fair value measurement of investment securities and the sensitivity to changes in key unobservable inputs in Note 27 to the consolidated financial statements.

The Group's policies on valuation of investment securities is disclosed in Note 2.5.13 and in Note 27 of the consolidated financial statements.

INDEPENDENT AUDITOR'S 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)

Annual impairment of goodwill and other indefinite-lived intangible assets

The Group has intangible assets with a carrying value of KD 9,726,686 as at 30 April 2022, which includes goodwill arising on acquisition of a subsidiary and other intangibles (i.e. brand) with an indefinite useful life, as disclosed in Note 14 to the consolidated financial statements.

The annual impairment testing of goodwill and indefinite-lived intangible assets is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount.

The recoverable amount of the cash generating units (CGUs), which is based on the higher of the value in use or fair value less costs of disposal, has been derived from discounted forecast cash flow models. These models use several key assumptions including estimates of future sales volumes and prices, operating costs, royalty rates, terminal value growth rates and the weighted-average cost of capital (discount rate). The Group also considered, amongst these factors, the negative outlook due to the impact of the ongoing COVID-19 pandemic, in the determination of the recoverable amount of the CGUs.

Our audit procedures included, among others, the following:

- We involved our specialists to assist us in evaluating the appropriateness of the valuation model and testing key assumptions used in the impairment assessment analysis, such as the discount rate, royalty rate and terminal growth rate.
- We evaluated the sensitivity analyses performed by management around the key assumptions noted above and challenged the outcomes of the assessment.
- We evaluated the adequacy of the Group's disclosures included in Note 14 to the consolidated financial statements related to those assumptions.

The Group's policy on impairment testing of goodwill and intangible assets is disclosed in Notes 2.5.1 and 2.5.12 respectively, to the consolidated financial statements.

Other information included in the Group's 2022 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's Annual Report for the year ended 30 April 2022, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

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

Report on the Audit of Consolidated Financial Statements (continued)

Other information included in the Group's 2022 Annual Report (continued)

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 auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF 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 (continued)

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.

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

INDEPENDENT AUDITOR'S 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 (continued)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current 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 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, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, have occurred during the year ended 30 April 2022, that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of the audit, we have not become aware of any violation of the provisions of law No.7 of 2010 concerning the Capital Markets Authority and its related regulations during the year ended 30 April 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

12 May 2022
Kuwait

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 30 April 2022

	Notes	***2022 KD***	*2021 KD*
Sale of goods		**47,940,149**	42,587,652
Tuition fees		**24,079,237**	24,281,184
Total revenue from contracts with customers	3	**72,019,386**	66,868,836
Cost of goods sold		**(36,767,734)**	(33,146,251)
Tuition costs		**(11,562,997)**	(11,262,174)
Total cost of revenue		**(48,330,731)**	(44,408,425)
GROSS PROFIT		**23,688,655**	22,460,411
Dividend income	4	**32,257,832**	11,243,136
Other income		**2,386,068**	2,667,170
Net gain (loss) on investment securities		**508,393**	(26,009)
Share of results of associates	12	**7,714,495**	7,512,792
Impairment of associates	12	**-**	(1,195,023)
Impairment of property, plant and equipment	13	**(8,263)**	(3,438,662)
Impairment of intangible assets	14	**-**	(4,250,000)
Reversal of expected credit losses on dividends receivable		**-**	8,711,955
General and administrative expenses	5	**(16,295,968)**	(15,762,507)
Finance costs		**(4,809,177)**	(5,171,986)
Foreign exchange differences		**(37,500)**	(48,739)
PROFIT BEFORE TAX AND DIRECTORS' FEES		**45,404,535**	22,702,538
Taxation	6	**(1,305,596)**	(429,708)
Directors' fees	24	**(90,000)**	(90,000)
PROFIT FOR THE YEAR		**44,008,939**	22,182,830
Attributable to:			
Equity holders of the Parent Company		**38,760,810**	18,525,913
Non-controlling interests		**5,248,129**	3,656,917
		44,008,939	22,182,830
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	7	**74.55 fils**	36.73 fils

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2022

	Notes	***2022*** ***KD***	*2021* *KD*
Profit for the year		**44,008,939**	22,182,830
Other comprehensive income			
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**305,704**	(471,088)
Share of other comprehensive (loss) income of associates	12	**(1,560)**	19,323
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods		**304,144**	(451,765)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Net gain on equity instruments designated at fair value through other comprehensive income		**20,468,262**	6,310,298
Exchange differences on effective portion of hedging instruments		**(3,610,421)**	5,142,266
Share of other comprehensive income (loss) of associates	12	**206,399**	(785,991)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**17,064,240**	10,666,573
Other comprehensive income for the year		**17,368,384**	10,214,808
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**61,377,323**	32,397,638
Attributable to:			
Equity holders of the Parent Company		**56,060,332**	28,713,730
Non-controlling interests		**5,316,991**	3,683,908
		61,377,323	32,397,638

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 April 2022

	Notes	***2022 KD***	*2021 KD*
ASSETS			
Cash and short-term deposits	8	**91,648,247**	38,731,615
Accounts receivable and prepayments	9	**30,710,782**	35,292,559
Inventories	10	**7,659,917**	8,569,177
Investment securities	11	**378,833,368**	353,434,259
Investment in associates	12	**56,332,324**	53,063,261
Property, plant and equipment	13	**50,639,222**	51,331,128
Intangible assets	14	**9,726,686**	10,036,782
TOTAL ASSETS		**625,550,546**	550,458,781
LIABILITIES AND EQUITY			
Liabilities			
Term loans	15	**98,990,451**	117,522,701
Islamic finance payables	16	**173,363,088**	118,788,249
Bank overdrafts	8	**-**	909,435
Accounts payable and accruals	17	**44,981,430**	46,669,337
Total liabilities		**317,334,969**	283,889,722
Equity			
Share capital	18	**53,482,275**	53,482,275
Share premium	18	**-**	2,400,000
Treasury shares	19	**(9,621,523)**	(21,543,798)
Treasury shares reserve	19	**9,419,688**	5,732,086
Statutory reserve	20	**26,741,138**	26,741,138
Foreign currency translation reserve	20	**773,679**	474,530
Fair value reserve	20	**139,927,170**	122,926,797
Other reserve	20	**(3,401,222)**	(3,391,646)
Retained earnings		**59,968,977**	47,487,345
Equity attributable to holders of the Parent Company		**277,290,182**	234,308,727
Non-controlling interests		**30,925,395**	32,260,332
Total equity		**308,215,577**	266,569,059
TOTAL LIABILITIES AND EQUITY		**625,550,546**	550,458,781

Dabbous M. Al-Dabbous
Chairman

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2022

	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***	***Fair value reserve KD***	***Other Reserve KD***	***Retained earnings KD***	***Sub-total KD***	***Non-controlling interests KD***	***Total equity KD***
As at 1 May 2021	53,482,275	2,400,000	(21,543,798)	5,732,086	26,741,138	-	474,530	122,926,797	(3,391,646)	47,487,345	234,308,727	32,260,332	266,569,059
Profit for the year	-	-	-	-	-	-	-	-	-	38,760,810	38,760,810	5,248,129	44,008,939
Other comprehensive income for the year	-	-	-	-	-	-	299,149	17,000,373	-	-	17,299,522	68,862	17,368,384
Total comprehensive income for the year	-	-	-	-	-	-	299,149	17,000,373	-	38,760,810	56,060,332	5,316,991	61,377,323
Dividends (Note 18.3)	-	(2,400,000)	-	-	-	-	-	-	-	(26,279,178)	(28,679,178)	-	(28,679,178)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,463,968)	(4,463,968)
Amounts paid to non-controlling interests on capital reduction in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,178,966)	(2,178,966)
Acquisition of non-controlling interests without change in control (Note 2.2)	-	-	-	-	-	-	-	-	(9,576)	-	(9,576)	(8,994)	(18,570)
Net sale of treasury shares (Note 19)	-	-	11,922,275	3,687,602	-	-	-	-	-	-	15,609,877	-	15,609,877
At 30 April 2022	**53,482,275**	**-**	**(9,621,523)**	**9,419,688**	**26,741,138**	**-**	**773,679**	**139,927,170**	**(3,401,222)**	**59,968,977**	**277,290,182**	**30,925,395**	**308,215,577**
As at 1 May 2020	53,482,275	2,400,000	(21,453,360)	5,732,086	26,741,138	25,467,750	925,854	112,287,656	(3,360,513)	21,146,009	223,368,895	38,384,558	261,753,453
Profit for the year	-	-	-	-	-	-			-	18,525,913	18,525,913	3,656,917	22,182,830
Other comprehensive (loss) income for the year	-	-	-	-	-	-	(451,324)	10,639,141	-	-	10,187,817	26,991	10,214,808
Total comprehensive (loss) income for the year	-	-	-	-	-	-	(451,324)	10,639,141	-	18,525,913	28,713,730	3,683,908	32,397,638
Transfer of voluntary reserve to retained earnings (Note 20.2)	-	-	-	-	-	(25,467,750)	-	-	-	25,467,750	-	-	-
Dividends (Note 18.3)	-	-	-	-	-	-	-	-	-	(17,652,327)	(17,652,327)	-	(17,652,327)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,819,434)	(4,819,434)
Amounts paid to non-controlling interests on capital reduction in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(4,963,608)	(4,963,608)
Acquisition of non-controlling interests without change in control (Note 2.2)	-	-	-	-	-	-	-	-	(31,133)	-	(31,133)	(25,092)	(56,225)
Purchase of treasury shares (Note 19)	-	-	(90,438)	-	-	-	-	-	-	-	(90,438)	-	(90,438)
At 30 April 2021	53,482,275	2,400,000	(21,543,798)	5,732,086	26,741,138	-	474,530	122,926,797	(3,391,646)	47,487,345	234,308,727	32,260,332	266,569,059

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 April 2022

	Notes	***2022 KD***	*2021 KD*
OPERATING ACTIVITIES			
Profit before tax and directors' fees		**45,404,535**	22,702,538
Adjustments to reconcile profit before tax and directors' fees to net cash flows:			
Dividend income	4	**(32,257,832)**	(11,243,136)
Net (gain) loss on investment securities		**(508,393)**	26,009
Share of results of associates	12	**(7,714,495)**	(7,512,792)
Impairment of associates	12	**-**	1,195,023
Impairment of property, plant and equipment	13	**8,263**	3,438,662
Impairment of intangible assets	14	**-**	4,250,000
Reversal of expected credit losses on dividends receivable		**-**	(8,711,955)
Depreciation of property, plant and equipment	13	**5,220,764**	5,932,387
Depreciation of right-of-use assets	13	**858,441**	939,983
Amortisation of intangible assets	14	**310,096**	310,096
Government grants (included under 'other income')		**-**	(441,346)
Finance costs		**4,809,177**	5,171,986
		16,130,556	16,057,455
Working capital adjustments:			
Accounts receivable and prepayments		**4,581,777**	2,798,959
Inventories		**909,260**	(2,816,056)
Accounts payable and accruals		**(2,478,183)**	(354,857)
Cash flows from operating activities		**19,143,410**	15,685,501
Receipt of government grants		**-**	441,346
Taxes paid		**(516,219)**	(67,283)
Net cash flows from operating activities		**18,627,191**	16,059,564
INVESTING ACTIVITIES			
Acquisition of additional interest in associates	12	**-**	(75,095)
Dividends received from associates		**4,815,783**	3,855,034
Purchase of property, plant and equipment	13	**(4,697,125)**	(1,831,181)
Proceeds from disposal of property, plant and equipment		**218**	95,385
Purchase of investment securities		**(10,168,089)**	-
Proceeds from disposal of investment securities		**5,745,635**	923,373
Dividends received from investment securities		**32,257,832**	28,667,046
Net movement in short-term deposits		**(52,238,023)**	(5,000,000)
Acquisition of non-controlling interests	2.2	**(18,570)**	(56,225)
Net cash flows (used in) from investing activities		**(24,302,339)**	26,578,337
FINANCING ACTIVITIES			
Dividends paid to equity holders of the Parent Company		**(28,544,753)**	(17,256,568)
Dividends paid to non-controlling interests		**(4,463,968)**	(4,819,434)
Amounts paid to non-controlling interests on capital reduction in subsidiaries		**(2,178,966)**	(4,963,608)
Net repayment of term loans		**(19,626,400)**	(10,099,005)
Net proceeds from (repayment of) Islamic finance payables		**52,058,568**	(13,495,802)
Finance costs paid		**(4,665,419)**	(5,022,230)
Payment of principal portion of lease liabilities	17	**(981,846)**	(1,011,375)
Purchase of treasury shares	19	**(1,129,665)**	(90,438)
Proceeds from sale of treasury shares	19	**16,739,542**	-
Net cash flows from (used in) financing activities		**7,207,093**	(56,758,460)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,531,945**	(14,120,559)
Foreign currency translation adjustment – net		**56,099**	(37,196)
Cash and cash equivalents at the beginning of the year		**32,822,180**	46,979,935
CASH AND CASH EQUIVALENTS AS AT 30 APRIL	8	**34,410,224**	32,822,180

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS (continued)
For the year ended 30 April 2022

Non-cash items excluded from the consolidated statement of cash flows:

	Notes	***2022 KD***	*2021 KD*
Dividends received from an associate (adjusted with purchase of investment securities)		**-**	460,508
Purchase of investment securities (adjusted with dividends received from associates)		**-**	(460,508)
Rent concessions (adjusted with accounts payable and accruals)	17	**(31,705)**	(18,164)
Additions to lease liabilities (adjusted with accounts payable and accruals)	17	**519,750**	1,375,316
Additions to right-of-use assets (adjusted with property, plant and equipment)	13	**(510,781)**	(1,375,316)
Remeasurement of lease liabilities (adjusted with accounts payable and accruals)	17	**93,254**	-
Remeasurement of right-of-use assets (adjusted with property, plant and equipment)	13	**(93,254)**	-
Purchase of investment securities (adjusted with proceeds from disposal of investment securities)		**(890,657)**	-
Proceeds from disposal of investment securities (adjusted with purchase of investment securities)		**890,657**	-

1 CORPORATE INFORMATION

The consolidated financial statements of Boubyan Petrochemical Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the year ended 30 April 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 12 May 2022 and are subject to the approval of the annual general assembly meeting ("AGM") of the shareholders of the Parent Company. The AGM of the shareholders has the power to amend the consolidated financial statements after issuance.

The consolidated financial statements of the Group for the year ended 30 April 2021 were approved by the Parent Company's shareholders at the AGM held on 9 June 2021. Dividends declared and paid by the Parent Company for the year then ended are provided in Note 18.

The Parent Company is a public shareholding company incorporated and domiciled in Kuwait and listed on Boursa Kuwait. The Parent Company's head office is located at KIPCO Tower, 33rd Floor, Al Shuhada Street, Sharq and its registered postal address is P.O. Box 2383, Safat 13024, Kuwait.

The principal objectives of the Parent Company include the following:

- Manufacture all kinds of petrochemical material and their derivatives.
- Sell, purchase, supply, distribute, export and store such materials and to participate in related activities including establishing and leasing the necessary services. The Parent Company may in particular contribute or participate in establishing petrochemical industries companies or trade therein whether the current ones or those may arise in the future.
- Possess, develop and set up industrial projects, areas and services and supporting and contributing to all this, and to provide technical support and industrial maintenance, and to finance and develop projects after obtaining the approvals from all competent official authorities.
- Develop the industrial and craft projects raised by the State or the private sector and to contribute to the industrial companies and entities.
- Invest the surplus funds in investment portfolios inside the State of Kuwait or abroad as an original or by proxy.
- Participate in, acquire or take over companies of similar activities or those that would facilitate in achieving the Parent Company's objectives inside or outside the State of Kuwait.

The Parent Company's primary investments at the reporting date include 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 and domiciled in the State of Kuwait and are principally engaged into the manufacture and sale of petrochemical products.

The shareholding structure of Equate and TKOC as at 30 April is as follows:

	% shareholding stake	
	2022	*2021*
Petrochemical Industries Company K.S.C.	**42.5%**	42.5%
Dow Europe Holding B.V. (subsidiary of 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%

Information on the Group's structure is provided in Note 2.2. Information on other related party relationships of the Group is provided in Note 24.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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").

The consolidated financial statements have been prepared on a historical cost basis, except for investment securities that have been measured at fair value. The consolidated financial statements are presented in Kuwaiti Dinars ("KD").

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

The Group presents its consolidated statement of financial position in order of liquidity. An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 22.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 30 April 2022. 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
- 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(s) 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. 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-off 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 ("OCI") are attributed to the equity holders of the Parent 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 loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

The consolidated financial statements of the Group include:

Name of the company	*Country of incorporation*	*Principal activities*	*% effective equity interest*	
			2022	*2021*
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	Sultanate of Oman	Manufacturing and trading of plastic pipes	**80%**	80%
Jubail Integrated Packaging Company Limited LLC	Kingdom of Saudi Arabia	Manufacturing and trading of packaging material	**100%**	100%
Muna Noor Plastic Industries LLC	Sultanate of Oman	Manufacturing and trading of plastic pipes	**99.43%**	99.43%
Muna Noor LLC – Salalah	Sultanate of Oman	Manufacturing and trading of plastic pipes	**96.44%**	80%
Educational Holding Group K.S.C.P.	State of Kuwait	Educational services	**83.11%**	83.11%
Eyas for Higher and Technical Education Company K.S.C. (Closed)*	State of Kuwait	Educational services	**55.74%**	55.72%
Al Kout Industrial Projects Company K.S.C.P.	State of Kuwait	Production of chlorine, salt and other petrochemical products	**54.14%**	54.14%
Warba Capital Holding Company K.S.C.P.	State of Kuwait	Undertaking industrial investments	**50.26%**	50.26%
Indirectly held through BPIC:				
Muna Noor Manufacturing and Trading Company LLC	Sultanate of Oman	Manufacturing and trading of plastic pipes	**20%**	20%
Muna Noor Plastic Industries LLC	Sultanate of Oman	Manufacturing and trading of plastic pipes	**0.57%**	0.57%
Muna Noor LLC - Salalah	Sultanate of Oman	Manufacturing and trading of plastic pipes	**3.56%**	20%

***Acquisition of additional interest in Eyas for Higher and Technical Education Company K.S.C. (Closed) (“Eyas”)**

During the current year, the Group acquired an additional 0.02% (2021: 0.08%) effective interest in Eyas, increasing its effective ownership interest from 55.72% to 55.74% (2021: 55.64% to 55.72%). Cash consideration of KD 18,570 (2021: KD 56,225) was paid to the non-controlling shareholders. The carrying value of the net assets of Eyas (excluding goodwill on the original acquisition) on the date of acquisition was KD 8,994 (2021: KD 25,092). Following is a schedule of additional interest acquired in Eyas:

	2022 KD	*2021 KD*
Cash consideration paid to NCI	**18,570**	56,225
Carrying value of the NCI acquired	**(8,994)**	(25,092)
Difference recognised in other reserve	**9,576**	31,133

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
The Group applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

COVID-19-Related Rent Concessions beyond 30 June 2021 *Amendments to IFRS 16*
On 28 May 2020, the IASB issued *COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases*. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. The Group has applied the practical expedient to the COVID-19-related rent concessions received within the allowed period of application.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 17 *Insurance Contracts*
In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Group.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IAS 1: ***Classification of Liabilities as Current or Non-current***
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – ***Amendments to IFRS 3***
In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements*, issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the *Framework for the Preparation and Presentation of Financial Statements*.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – ***Amendments to IAS 16***
In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – ***Amendments to IAS 37***
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

IFRS 9 *Financial Instruments* – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

IAS 41 *Agriculture* – Taxation in fair value measurements
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 *Agriculture*. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.5.1 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, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and 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 profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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 reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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 (CGU) and part of the operation within that unit is disposed-off, 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.

2.5.2 Investment in associates

An associate is an entity 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.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.2 Investment in associates (continued)
Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. 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 aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Impairment of associates' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained 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 retained investment and proceeds from disposal is recognised in profit or loss.

2.5.3 Fair value measurement
The Group measures financial instruments such as investment securities at fair value at each balance sheet date.

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:

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.3 Fair value measurement (continued)

- 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

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

2.5.4 Revenue from contracts with customers

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 generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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).

Rendering of educational services (tuition fees)

These services represent a single performance obligation comprised of a series of distinct services that are substantially the same and have the same pattern of transfer over the contract period. As the benefit to the customer of the services is transferred evenly over the service period, these fees are recognised as revenue evenly over the period, based on time elapsed. Payment of these fees is due and received periodically in advance.

2.5.5 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.5.6 Taxes

Zakat

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.6 Taxes (continued)

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)
Contribution to KFAS 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 listed in Boursa Kuwait, its share of NLST paid by subsidiaries listed in Boursa Kuwait, and cash dividends received from companies listed in Boursa Kuwait in accordance with Law No. 19 for year 2000 and Ministerial Resolution No. 24 for year 2006 and their executive regulations.

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.

2.5.7 Foreign currencies
The Group's consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i) Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed-off, at which time, the cumulative amount is reclassified to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.7 Foreign currencies (continued)

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.5.8 Cash dividend
The Parent Company recognises a liability to pay a dividend when the distribution is no longer at the discretion of the Parent Company. As per the Companies Law, a distribution is authorised when it is approved by the shareholders at the AGM. A corresponding amount is recognised directly in equity.

2.5.9 Property, plant and equipment
Construction in progress is stated at cost, net of accumulated impairment losses, if any. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated 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 subsidiaries is calculated on the units of production method based on expected output over the useful life of the assets. Lands are not depreciated.

For accounting policy relating to recognition and depreciation of right-of-use assets, refer to Note 2.5.10 'Leases' accounting policy.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

2.5.10 Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.10 Leases (continued)

Group as a lessee (continued)

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are presented under ‘property, plant and equipment’ in the consolidated statement of financial position and are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets (i.e. 20 years).

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to 2.5.16 ‘Impairment of non-financial assets’ accounting policy.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group’s lease liabilities are included in ‘accounts payable and accruals’ in the consolidated statement of financial position.

iii) Short-term leases and leases of low-value assets

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.11 Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.5.12 Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Amortisation of intangible assets with finite useful life is calculated on a straight-line basis over the estimated useful lives of assets, as follows:

- Student relationships 5 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables and tuition fees receivable 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 and tuition fees receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.13 Financial instruments - initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Initial recognition and measurement (continued)
In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, 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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- 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

As at the reporting date, the Group has no debt instruments at fair value through OCI.

a) Financial assets at amortised cost (debt instruments)
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.

Since the Group's financial assets (trade and other receivables, cash and short-term deposits) meet these conditions, they are subsequently measured at amortised cost.

b) Financial assets designated at FVOCI (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.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably certain equity investments under this category.

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

This category includes equity investments, which the Group had not irrevocably elected to classify at FVOCI and unquoted funds. Dividends on equity investments are recognised in the consolidated statement of profit or loss when the right of payment has been established.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.13 Financial instruments - initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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.

Impairment
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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 and tuition fees receivable, 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.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group 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 before taking into account any credit enhancements held by the Group. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.13 Financial instruments - initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Initial recognition and measurement (continued)
The Group's financial liabilities include trade and other payables including lease liabilities and loans and borrowings including bank overdrafts. Refer to Note 2.5.10 'Leases' accounting policy for the initial recognition and measurement of lease liabilities, as this is not in the scope of IFRS 9.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

The Group has not designated any financial liability as at fair value through profit or loss and financial liabilities at amortised cost is more relevant to the Group.

Financial liabilities at amortised cost
This is the category most relevant to the Group and generally applies to interest-bearing loans and borrowings (including Islamic finance payables) and trade and other payables.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

Accounts payable and accruals
Accounts payable and accruals are recognised for amounts to be paid in the future for 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

iii) 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 there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.5.14 Hedge accounting

Initial recognition and subsequent measurement
The Group uses financial instruments to hedge its exposure to fluctuations in foreign exchange rates relating to the fair values of certain investments securities classified as financial assets at FVOCI.

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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.14 Hedge accounting (continued)

Initial recognition and subsequent measurement (continued)
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.

Fair value hedges
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 recognised in the consolidated statement of profit or loss 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 profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

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 profit or loss.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the consolidated statement of profit or loss.

2.5.15 Inventories
Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials and spare parts : purchase cost on a weighted average basis.
- Work in progress and finished goods : cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.
- Goods held for resale : purchase cost on a weighted average basis.
- Goods in transit : purchase cost incurred up to the reporting date.

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.16 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's) fair value less costs of disposal and its value-in-use. The recoverable amount 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. When 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 of disposal, recent market transactions are taken into account. 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 companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the consolidated statement of profit or loss in as a separate line item.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 30 April and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 April at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.5.17 Cash and short-term deposits
Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.18 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.

2.5.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that 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, for example, under an insurance contract, 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 profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.5.20 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.

2.5.21 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.

2.5.22 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.

2.5.23 Other reserve

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.24 Events after the reporting period
If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's consolidated financial statements. The Group will adjust the amounts recognised in its consolidated financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

2.6.1 Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of financial assets
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.

Determining the lease term of contracts with renewal and termination options – Group as a lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has some lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases of certain assets with shorter non-cancellable period (i.e., three to five years), due to the significance of these assets to its operations and there will be a significant negative effect on operations if a replacement is not readily available.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the consolidated financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

2.6.2 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 described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

2.6.2 Estimates and assumptions (continued)

Impairment of financial assets at amortised cost
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 and tuition fees receivable, 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.

Business combinations
Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, gain on acquisition of a subsidiary, depreciation and amortisation reported.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 2.5.12. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

2.6.2 Estimates and assumptions (continued)

Impairment of associates
Investment in associates are accounted for under the equity method of accounting for associates, whereby these investments are initially stated at cost, and are adjusted thereafter for the post-acquisition change in the Group's share of the net assets of the associates less any impairment losses. The Group is required to assess, at each reporting date, whether there are indications of impairment. If such indications exist, the management estimates the recoverable amount of the associate in order to determine the extent of the impairment loss (if any). The identification of impairment indicators and determination of the recoverable amounts require management to make significant judgements, estimates and assumptions.

Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. The Group has considered potential impacts of the current market volatility in determination of the fair values and this represents management's best assessment based on observable available information as at the reporting date. Given the impact of COVID-19, the Group is closely monitoring whether the fair values of the financial instruments represent the price that would be achieved for transactions between market participants in the current scenario. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information
Set out below is the disaggregation of the Group's revenue:

	2022 KD	*2021 KD*
Type of goods or service		
Sale of goods		
Sale of Chlor Alkai and petrochemicals	**32,270,991**	28,019,388
Sale of form-fill-seal (FFS) packaging bags and related products	**2,467,065**	2,658,526
Sale of polyethylene (PE) and polyvinyl chloride (PVC) pipes and fittings	**12,574,053**	11,656,440
Others	**628,040**	253,298
	47,940,149	42,587,652
Rendering of services (tuition fees)		
Educational services	**24,079,237**	24,281,184
Total revenue from contracts with customers	**72,019,386**	66,868,836
Geographical markets		
Kuwait and GCC	**72,019,386**	66,868,836
Total revenue from contracts with customers	**72,019,386**	66,868,836

3 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Disaggregated revenue information (continued)

	2022 KD	*2021 KD*
Timing of revenue recognition		
Goods transferred at a point in time	**47,940,149**	42,587,652
Services transferred over time	**24,079,237**	24,281,184
Total revenue from contracts with customers	**72,019,386**	66,868,836

4 DIVIDEND INCOME

	2022 KD	*2021 KD*
Dividend income from equity instruments at FVOCI	**31,687,237**	10,430,300
Dividend income from equity instruments at FVTPL	**570,595**	812,836
	32,257,832	11,243,136

Dividend income for the year includes dividends declared by Equate and TKOC (the "investees") amounting to KD 20,227,117 (2021: KD 4,980,004) and KD 10,018,320 (2021: KD 4,688,296) respectively.

5 GENERAL AND ADMINISTRATIVE EXPENSES

	2022 KD	*2021 KD*
Staff costs	**6,692,077**	6,583,071
Depreciation of property, plant and equipment and right-of-use assets (Note 13)	**2,636,478**	2,493,080
Amortisation of intangible assets (Note 14)	**310,096**	310,096
Allowance for expected credit losses on trade receivables and tuition fees receivable (Note 9)	**1,792,794**	1,989,415
Other administrative expenses	**4,864,523**	4,386,845
	16,295,968	15,762,507

6 TAXATION

	2022 KD	*2021 KD*
National Labour Support Tax (NLST)	**1,064,194**	356,349
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)	**241,402**	73,359
	1,305,596	429,708

7 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

7 EARNINGS PER SHARE (EPS) (continued)

	2022	*2021*
Profit for the year attributable to the equity holders of the Parent Company (KD)	**38,760,810**	18,525,913
Weighted average number of ordinary shares outstanding (shares)*	**519,963,199**	504,373,737
Basic and diluted EPS (fils)	**74.55**	36.73

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year as follows:

	2022	*2021*
Weighted average number of ordinary shares outstanding during the year	**534,822,750**	534,822,750
Less: Weighted average number of treasury shares outstanding during the year	**(14,859,551)**	(30,449,013)
	519,963,199	504,373,737

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of these consolidated financial statements which would require the restatement of EPS.

8 CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	2022 KD	*2021 KD*
Cash at banks and in hand	**12,940,224**	12,304,124
Short-term deposits	**78,708,023**	26,427,491
Total cash and short-term deposits	**91,648,247**	38,731,615
Less: Short-term deposits with original maturity of more than three months	**(57,238,023)**	(5,000,000)
Less: Bank overdrafts	**-**	(909,435)
Total cash and cash equivalents	**34,410,224**	32,822,180

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of one to twelve months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

9 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2022 KD	*2021 KD*
Trade receivables and tuition fees receivable, gross	**33,169,613**	37,971,039
Less: Allowance for expected credit losses	**(8,427,251)**	(7,319,171)
Trade receivables and tuition fees receivable, net	**24,742,362**	30,651,868
Advance to suppliers and prepayments	**3,353,941**	2,602,170
Margin deposits and other refundable deposits	**200,713**	572,419
Other receivables	**2,413,766**	1,466,102
	30,710,782	35,292,559

9 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

Set out below is the movement in the allowance for expected credit losses on trade receivables and tuition fees receivable:

	2022	*2021*
	KD	*KD*
As at the beginning of the year	**7,319,171**	5,385,717
Provision for expected credit losses (Note 5)	**1,792,794**	1,989,415
Write-off	**(644,500)**	-
Foreign exchange movement	**(40,214)**	(55,961)
As at 30 April	**8,427,251**	7,319,171

The net carrying value of accounts receivable is considered a reasonable approximation of fair value. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

Note 26.1 includes disclosures relating to the credit risk exposures of the Group's trade and other receivables.

10 INVENTORIES

	2022	*2021*
	KD	*KD*
Raw materials (at cost)	**3,880,523**	2,957,740
Spare parts (at cost)	**814,941**	1,649,228
Work in progress (at cost)	**31,961**	36,056
Finished goods and goods held for resale (at lower of cost or net realisable value)	**2,932,492**	2,070,662
Goods in transit (at cost)	**-**	1,855,491
Total inventories at the lower of cost and net realisable value	**7,659,917**	8,569,177

11 INVESTMENT SECURITIES

	2022	*2021*
	KD	*KD*
Financial assets at FVTPL		
Quoted equity securities	**862,118**	883,185
Unquoted equity securities	**6,808,141**	6,858,030
Unquoted funds	**96,555**	345,788
	7,766,814	8,087,003
Financial assets at FVOCI		
Quoted equity securities	**52,646,580**	33,070,800
Unquoted equity securities		
– Equate	**181,613,795**	173,312,558
– TKOC	**119,125,900**	121,035,604
– Others	**17,680,279**	17,928,294
	371,066,554	345,347,256
	378,833,368	353,434,259

11 INVESTMENT SECURITIES (continued)

- The fair value of the 9% equity interest in Equate and TKOC has been determined using a weighted average of a mix of valuation techniques: free cash flow model, dividend discount model, PE multiple method and EBIDTA multiple method. These valuations require management to make certain assumptions about the model inputs, including projected cash flows, discount rates, 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 unquoted equity securities.

  As a result of this exercise, the Group recognised an unrealised fair value gain in OCI amounting to KD 8,301,237 from Equate (2021: KD 10,202,501) and an unrealised fair value loss of KD 1,909,704 from TKOC (2021: KD 3,617,200).

  Further, the Group has recognised unrealised fair value gain of KD 19,575,780 during the year (2021: KD 1,066,800) from a quoted equity security designated as at FVOCI.

  The fair value hierarchy disclosure and the basis of valuation is further detailed in Note 27.

- Investment in Equate and TKOC denominated in US Dollars with an aggregate carrying value of KD 300,739,695 (2021: KD 294,348,162), are designated as hedging instruments in fair value hedges towards loans and borrowings. The hedging gain or loss remains in OCI to match that of the hedging instrument.

12 INVESTMENT IN ASSOCIATES

Set out below are the associates of the Group as at 30 April:

Name	*Country of incorporation*	*Principal activities*	*% equity interest*		*Quoted fair value*		*Carrying amount*	
			2022	*2021*	***2022***	*2021*	***2022***	*2021*
					KD	*KD*	***KD***	*KD*
Arabian Waterproofing Industries Company Limited	Kingdom of Saudi Arabia	Engaged in manufacture of waterproofing products and heat insulation materials	**20.78%**	20.78%	**-***	-*	**3,362,033**	3,974,953
Al Borg Medical Laboratories Company Limited	Kingdom of Saudi Arabia	Engaged in medical laboratories and environmental and scientific tests	**25.13%**	25.13%	**-***	-*	**7,197,560**	5,501,095
Nafais Holding Company K.S.C. (Closed) ("Nafais")	State of Kuwait	To invest in stakes mainly in educational and medical companies	**21.12%**	21.12%	**-***	-*	**9,970,813**	10,396,575
Sama Educational Company K.S.C. (Closed) ("Sama") [1]	State of Kuwait	Educational activities	**41.70%**	41.70%	**-***	-*	**31,221,032**	28,437,210
Kuwait Foundry Company K.S.C.P.	State of Kuwait	Casting of iron and related metals, asbestos, water drains and manufacture of sanitary tools and electric equipment related to casting industry	**23.03%**	23.03%	**5,362,353**	4,562,996	**1,674,909**	1,414,528
Al Dorra Petroleum Services Company K.S.C. (Closed) ("Al Dorra") [2]	State of Kuwait	Petroleum services to oil and gas sector	**37.99%**	37.99%	**-***	-*	**2,640,075**	3,000,000
Al Dhow for Environmental Projects Company K.S.C. (Closed) ("Al Dhow") [3]	State of Kuwait	Manufacture and trading of environmental related products	**20%**	20%	**-***	-*	**265,902**	338,900
Total equity-accounted investments							**56,332,324**	53,063,261

* Private entity – no quoted price available

[1] Indirectly held through Educational Holding Group K.S.C.P.
[2] Indirectly held through Al Kout Industrial Projects Company K.S.C.P.
[3] Indirectly held through Warba Capital Holding Company K.S.C.P.

12 INVESTMENT IN ASSOCIATES (continued)

Set out below is the movement in the carrying amount of investment in associates during the year:

	2022 KD	*2021 KD*
At the beginning of the year	**53,063,261**	51,952,763
Acquisition of additional interests	**-**	75,095
Share of results	**7,714,495**	7,512,792
Share of other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods	**(1,560)**	19,323
Share of other comprehensive income (loss) that will not be reclassified to profit or loss in the subsequent periods	**206,399**	(785,991)
Impairment losses	**-**	(1,195,023)
Dividends received	**(4,815,783)**	(4,315,542)
Exchange differences	**165,512**	(200,156)
At 30 April	**56,332,324**	53,063,261

Impairment losses

As at 30 April 2022, the management has not identified any indicators of impairment for investment in associates and therefore no impairment testing was required. During the prior year ended 30 April 2021, the Group reviewed the carrying values of its investment in associates and had recognised an impairment loss of KD 1,195,023 in the consolidated statement of profit or loss, in respect of following associates. The impairment assessment was performed using discounted free cash flow model covering a five-year period.

	2022 KD	*2021 KD*
Al Dorra	**-**	195,023
Al Dhow	**-**	1,000,000
	-	1,195,023

Reasonable change in significant inputs used in determining the recoverable amount is not expected to have a material impact on the amount of impairment loss assessed.

The tables below provide summarised financial information for those associates that are material to the Group:

	Nafais		***Sama***	
Summarised statement of financial position	***2022 KD***	*2021 KD*	***2022 KD***	*2021 KD*
Assets	**71,515,550**	73,171,124	**54,846,910**	45,748,408
Liabilities	**(16,590,789)**	(16,739,680)	**(8,491,960)**	(6,069,445)
Non-controlling interests	**(7,714,472)**	(7,205,237)	**-**	-
Equity	**47,210,289**	49,226,207	**46,354,950**	39,678,963
Group's share in equity %	**21.12%**	21.12%	**41.70%**	41.70%
Group's share in equity	**9,970,813**	10,396,575	**19,329,561**	16,545,739
PPA adjustment	**-**	-	**11,891,471**	11,891,471
Group's carrying amount	**9,970,813**	10,396,575	**31,221,032**	28,437,210

12 INVESTMENT IN ASSOCIATES (continued)

	Nafais		***Sama***	
Summarised statement of profit or loss	***2022 KD***	*2021 KD*	***2022 KD***	*2021 KD*
Revenue	**47,544,224**	44,525,194	**18,490,497**	15,915,276
Cost of revenue	**(30,538,014)**	(29,715,440)	**(8,558,394)**	(6,909,458)
Administrative and other expenses	**(5,955,745)**	(5,277,753)	**(1,344,557)**	(1,322,643)
Non-controlling interests	**(1,014,774)**	(659,548)	**-**	-
Profit for the year	**10,035,691**	8,872,453	**8,587,546**	7,683,175
Group's share in equity %	**21.12%**	21.12%	**41.70%**	41.70%
Group's share of profit	**2,119,538**	1,873,862	**3,580,923**	3,203,809

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold lands KD	*Buildings KD*	*Plant and equipment KD*	*Furniture and office equipment KD*	*Motor vehicles KD*	*Right-of-use assets KD*	*Construction in progress KD*	*Total KD*
Cost:								
At 1 May 2020	11,741,400	33,352,925	29,165,091	2,840,211	2,163,928	2,840,046	4,534,101	86,637,702
Additions	-	47,897	46,529	109,910	12,443	1,375,316	1,614,402	3,206,497
Disposals	-	-	(115,427)	(654)	(25,806)	-	-	(141,887)
Transfers	-	33,519	-	-	-	-	(33,519)	-
Exchange differences	-	(164,101)	(446,183)	(18,291)	(25,857)	(16,324)	(1,426)	(672,182)
At 30 April 2021	**11,741,400**	**33,270,240**	**28,650,010**	**2,931,176**	**2,124,708**	**4,199,038**	**6,113,558**	**89,030,130**
Additions	-	-	290,277	103,477	46,318	510,781	4,257,053	5,207,906
Remeasurement of right-of-use assets	-	-	-	-	-	93,254	-	93,254
Disposals	-	-	(18,457)	(91,078)	(47,425)	-	-	(156,960)
Transfers	-	-	680,148	-	-	-	(680,148)	-
Exchange differences	-	162,837	243,608	15,354	6,922	11,864	(70,984)	369,601
At 30 April 2022	**11,741,400**	**33,433,077**	**29,845,586**	**2,958,929**	**2,130,523**	**4,814,937**	**9,619,479**	**94,543,931**
Depreciation and impairment:								
At 1 May 2020	-	10,657,867	13,460,924	2,258,594	939,905	565,176	-	27,882,466
Depreciation charge for the year	-	2,207,523	3,104,826	272,290	347,748	939,983	-	6,872,370
Depreciation relating to disposals	-	-	(20,075)	(621)	(25,806)	-	-	(46,502)
Impairment	-	-	-	-	-	-	3,438,662	3,438,662
Exchange differences	-	(82,402)	(328,433)	(12,546)	(23,401)	(1,212)	-	(447,994)
At 30 April 2021	**-**	**12,782,988**	**16,217,242**	**2,517,717**	**1,238,446**	**1,503,947**	**3,438,662**	**37,699,002**
Depreciation charge for the year	-	2,395,941	2,363,130	169,911	291,782	858,441	-	6,079,205
Depreciation relating to disposals	-	-	(18,436)	(90,881)	(47,425)	-	-	(156,742)
Impairment	-	-	-	-	-	-	8,263	8,263
Exchange differences	-	41,147	211,595	9,781	10,337	2,121	-	274,981
At 30 April 2022	**-**	**15,220,076**	**18,773,531**	**2,606,528**	**1,493,140**	**2,364,509**	**3,446,925**	**43,904,709**
Net book value:								
At 30 April 2022	**11,741,400**	**18,213,001**	**11,072,055**	**352,401**	**637,383**	**2,450,428**	**6,172,554**	**50,639,222**
At 30 April 2021	11,741,400	20,487,252	12,432,768	413,459	886,262	2,695,091	2,674,896	51,331,128

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Construction in progress

Construction in progress relate to the costs incurred on the construction of new facilities in the subsidiaries.

Impairment

As at 30 April 2022, the management has performed an impairment assessment for property, plant and equipment and as a result of this analysis, the management has recognised an impairment charge of KD 8,263 (2021: KD 3,438,662). The impairment charge for the year ended 30 April 2021 represented the write-down of construction work (comprising fixtures and fitting and machinery and equipment) related to a new production line ("Ferric Chloride CGU") of one of the subsidiaries. The impairment charge arose following management's decision to cease the project due to non-profitability of the production line. The impairment charge is recorded and presented as a separate line item in the consolidated statement of profit or loss.

Depreciation charge for the year

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

	2022 KD	*2021 KD*
Cost of goods sold	**3,442,727**	4,379,290
General and administrative expenses (Note 5)	**2,636,478**	2,493,080
	6,079,205	6,872,370

14 INTANGIBLE ASSETS

	Goodwill KD	***Brand KD***	***Student relationships KD***	***Total KD***
Cost				
At 1 May 2020, 30 April 2021 and 30 April 2022	**33,421,970**	**7,167,050**	**1,550,480**	**42,139,500**
Amortisation and impairment				
At 1 May 2020	26,922,430	-	620,192	27,542,622
Amortisation charge for the year	-	-	310,096	310,096
Impairment	4,250,000	-	-	4,250,000
At 30 April 2021	**31,172,430**	**-**	**930,288**	**32,102,718**
Amortisation charge for the year	-	-	310,096	310,096
At 30 April 2022	**31,172,430**	**-**	**1,240,384**	**32,412,814**
Net book value				
At 30 April 2022	**2,249,540**	**7,167,050**	**310,096**	**9,726,686**
At 30 April 2021	2,249,540	7,167,050	620,192	10,036,782

Amortisation charge for the year

Amortisation charge for the year is included in general and administrative expenses in the consolidated statement of profit or loss (Note 5).

14 INTANGIBLE ASSETS (continued)

Impairment assessment
For impairment testing, goodwill acquired through business combinations and brand with indefinite useful life, are allocated to following CGUs:

	Goodwill		***Brand***	
	2022	*2021*	***2022***	*2021*
	KD	*KD*	***KD***	*KD*
CGUs				
Al Kout	**2,249,540**	2,249,540	**-**	-
GUST	**-**	-	**7,167,050**	7,167,050
	2,249,540	2,249,540	**7,167,050**	7,167,050

a) Goodwill

Al Kout CGU
The Group performed its impairment test as at 30 April 2022. The recoverable amount of Al Kout CGU as at 30 April 2022 has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The discount rate applied to cash flow projections is 10.74% (2021: 10.28%) and cash flows beyond the five-year period are extrapolated using a 2% (2021: 2%) growth rate. Based on its assessment, the management has not recognised any impairment during the current year (2021: impairment charge of KD 4,250,000) against goodwill.

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions
The calculation of value-in-use is most 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. 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 are based on industry research by the management. Further, the management assesses how the CGUs relative position to its competitors might change over the forecast period.

▶ *Local inflation rates*
Estimates are obtained from published indices for the countries where the CGU operate, as well as data relating to specific commodities.

Sensitivity to changes in assumptions
With regard to the assessment of value-in-use of the CGU, 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.

b) Brand

Gulf University for Science and Technology ("GUST") CGU
The management has estimated the recoverable amount of brand based on Relief from Royalty ("RFR") method by estimating the present value of the notional savings of royalty payments because of owning the brands, over the budgeted period of five years.

14 INTANGIBLE ASSETS (continued)

Impairment assessment (continued)

b) Brand (continued)

Gulf University for Science and Technology ("GUST") CGU (continued)

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions
The calculation of recoverable amount is most sensitive to the following assumptions used:

	Estimates	
	2022	*2021*
▸ Growth rate (CAGR)	**2.32%**	2%
▸ Royalty rate	**5.75%**	5.75%
▸ Discount rate	**17.15%**	17.39%
▸ Projected growth rates used to extrapolate royalty-savings beyond the budget period	**2%**	2%

▸ *Net notional savings of royalty payments*
The net notional savings of royalty payments are arrived at by estimating the future growth of revenue and the royalty rate, which are based on industry research by the management.

▸ *Discount rates*
Discount rates reflect management's estimate of return on capital employed (ROCE) required. 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).

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

15 TERM LOANS

	2022	*2021*
	KD	*KD*
Local currency	**45,326,701**	43,476,701
Foreign currency (USD)	**53,663,750**	74,046,000
	98,990,451	117,522,701

The Group has the following principal bank loans, which are unsecured:
- Revolving term loan of KD 44,950,000 (2021: KD 42,950,000), denominated in local currency, carries interest at CBK discount rate plus a spread of 0.75% (2021: 0.75%) per annum, which will be rolled over on an annual basis.
- Revolving term loans of KD 9,812,800 (2021: KD 6,622,000), denominated in USD, carrying interest thereon at LIBOR plus a spread of 1.5% (2021: 1.5%) per annum, which will be rolled over on an annual basis.
- Term loans of KD 43,850,950 (2021: KD 67,424,000), denominated in USD, carrying interest thereon at LIBOR plus 1.5% (2021: 1.5% to 1.75%) per annum. These term loans have maturity date of 31 May 2023.

During the year, the Group did not breach any of its financial covenants, nor did it default on any other obligations under its loan agreements.

At 30 April 2022, the Group had available KD 72,921,237 (2021: KD 37,000,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

16 ISLAMIC FINANCE PAYABLES

Islamic finance payables represent payables under Murabaha and Tawarruq agreements entered with local banks and are carried at their principal amount net of deferred finance cost.

2022	***Foreign currency (USD) KD***	***Local currency KD***	***Total KD***
Murabaha:			
Gross amount	**91,627,070**	**31,804,236**	**123,431,306**
Less: deferred finance cost	**(27,923)**	**(2,343,029)**	**(2,370,952)**
	91,599,147	**29,461,207**	**121,060,354**
Tawarruq:			
Gross amount	**52,552,843**	**-**	**52,552,843**
Less: deferred finance cost	**(250,109)**	**-**	**(250,109)**
	52,302,734	**-**	**52,302,734**
	143,901,881	**29,461,207**	**173,363,088**

2021	*Foreign currency (USD) KD*	*Local currency KD*	*Total KD*
Murabaha:			
Gross amount	56,018,262	5,598,265	61,616,527
Less: deferred finance cost	(213,126)	(35,439)	(248,565)
	55,805,136	5,562,826	61,367,962
Tawarruq:			
Gross amount	57,574,484	-	57,574,484
Less: deferred finance cost	(154,197)	-	(154,197)
	57,420,287	-	57,420,287
	113,225,423	5,562,826	118,788,249

- Murabaha payables and Tawaruq payables bear finance cost at commercial rates.
- During the year, the Group did not breach any of its financial covenants, nor did it default on any other obligations under its financing agreements.
- The USD borrowings (Note 15 and 16) have been designated as fair value hedging instruments to manage the exposure to fluctuations in foreign currency rates of certain financial assets at FVOCI (Note 11).

17 ACCOUNTS PAYABLE AND ACCRUALS

	2022 KD	*2021 KD*
Accounts payable	**6,825,979**	7,572,223
Dividends payable	**4,583,227**	4,448,802
Employees' end of service benefits	**8,629,633**	8,485,976
Tuition fees received in advance and advance from customers	**7,522,189**	8,788,382
Lease liabilities	**2,609,868**	2,856,130
Accrued charges on credit facilities	**320,446**	249,334
Provision for taxation	**1,615,627**	758,967
Directors' fees payable	**90,000**	90,000
Accrued expenses	**3,651,148**	3,672,229
Other accruals and payables	**9,133,313**	9,747,294
	44,981,430	46,669,337

17 ACCOUNTS PAYABLE AND ACCRUALS (continued)

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022 ***KD***	*2021* *KD*
At the beginning of the year	**2,856,130**	2,351,049
Additions	**519,750**	1,375,316
Remeasurement	**93,254**	-
Accretion of interest	**143,758**	149,756
Payments	**(981,846)**	(1,011,375)
Rent concessions	**(31,705)**	(18,164)
Exchange differences	**10,527**	9,548
At 30 April	**2,609,868**	2,856,130

For explanations on the Group's liquidity risk management processes, refer to Note 26.2.

18 SHARE CAPITAL, SHARE PREMIUM AND DISTRIBUTIONS

18.1 Share capital
Authorised, issued and paid-up share capital of the Parent Company consists of 534,822,750 (2021: 534,822,750) shares of 100 (2021: 100) fils per share. These are comprised of 400,000,000 (2021: 400,000,000) fully paid-up shares and 134,822,750 (2021: 134,822,750) bonus shares.

18.2 Share premium
This represents the of excess of the issue price of a share over its nominal value.

18.3 Distributions made and proposed
The Board of Directors of the Parent Company proposed cash dividends of 60 fils per share (2021: 55 fils per share) on outstanding shares (excluding treasury shares) amounting to KD 31,286,823 (2021: KD 28,679,178) for the year ended 30 April 2022. This proposal is subject to the approval of the shareholders at the AGM of the Parent Company.

On 9 June 2021, the shareholders at the AGM of the Parent Company approved cash dividends of 55 fils per share for the year ended 30 April 2021 (30 April 2020: 35 fils per share) on outstanding shares (excluding treasury shares) aggregating to KD 28,679,178 (30 April 2020: KD 17,652,327) by utilising the full share premium amounting to KD 2,400,000 (30 April 2020: Nil) and part of the retained earnings amounting to KD 26,279,178 (30 April 2020: KD 17,652,327).

19 TREASURY SHARES AND TREASURY SHARES RESERVE

	2022	*2021*
Number of treasury shares	**13,375,698**	30,463,091
Percentage of share capital	**2.50%**	5.70%
Cost of treasury shares – KD	**9,621,523**	21,543,798
Market value – KD	**13,589,709**	28,026,044
Weighted average market price – fils	**920.4**	651.5

- Reserves equivalent to the cost of treasury shares held are not available for distribution during the holding period of such shares as per CMA guidelines.
- During the current year, the Parent Company purchased 1,253,736 (2021: 165,760) shares for a total consideration of KD 1,129,665 (2021: KD 90,438).
- During the current year, the Parent Company sold 18,341,129 shares for a total consideration of KD 16,739,542 (30 April 2021: Nil). The resultant gain on sale of treasury shares amounted to KD 3,687,602 (30 April 2021: Nil) and was recognised in the treasury shares reserve.
- Treasury shares as at the reporting date include certain number of shares lent to a 'Market Maker' by virtue of an agreement.

20 RESERVES

20.1 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 directors' fees) 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 transfer has been made as the statutory reserve has reached 50% of the paid-up share capital and the shareholders of the Parent Company had resolved to discontinue such transfers.

20.2 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 tax and directors' fees) 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.

On 15 July 2020, the shareholders at the AGM of the Parent Company approved the Board of Directors' recommendation to transfer the entire amount of voluntary reserve as at 30 April 2020 of KD 25,467,750 to the retained earnings.

During the year, no transfer has been made to the voluntary reserve upon the recommendation of the Board of Directors.

20.3 Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in OCI and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the profit or loss when the net investment is disposed-off.

20.4 Fair value reserve

Changes in the fair value and exchange differences arising on translation of investments that are classified as financial assets at fair value through other comprehensive income (e.g. equities) and share of changes in fair value reserve of associates, are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are not reclassified to the profit or loss when the associated assets are sold or impaired.

As at 30 April, fair value reserve consists of the following

	2022	*2021*
	KD	*KD*
Unrealised gain relating to financial assets at FVOCI	**139,852,253**	123,035,930
Share of fair value reserve in the equity of associates	**74,917**	(109,133)
	139,927,170	122,926,797

20.5 Other reserve

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

21 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of the subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	*Country of incorporation and operation*	***2022***	*2021*
Educational Holding Group K.S.C.P. ("EDU Holding")	State of Kuwait	**16.89%**	16.89%
Eyas for Higher and Technical Education Company K.S.C. (Closed) ("EYAS")	State of Kuwait	**44.26%**	44.28%
Al Kout Industrial Projects Company K.S.C.P. ("Al Kout")	State of Kuwait	**45.86%**	45.86%

Accumulated balances of material non-controlling interest:

	2022 ***KD***	*2021* *KD*
EDU Holding	**6,511,875**	9,407,881
EYAS	**4,895,049**	5,074,414
Al Kout	**15,889,694**	14,164,142

Profit allocated to material non-controlling interest:

	2022 ***KD***	*2021* *KD*
EDU Holding	**1,184,495**	1,061,078
EYAS	**1,464,593**	3,159,272
Al Kout	**2,624,901**	239,205

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

Summarised statement of profit or loss for 2022:	***EDU Holding Year ended 28 February 2022 KD***	***EYAS Year ended 28 February 2022 KD***	***Al Kout Year ended 31 March 2022 KD***
Sale of goods	**-**	**-**	**32,270,991**
Tuition fees	**3,767,671**	**20,311,566**	**-**
Cost of goods sold	**-**	**-**	**(22,164,794)**
Tuition costs	**(2,621,624)**	**(8,941,373)**	**-**
Other income	**502,763**	**435,455**	**237,121**
Net loss on investment securities	**-**	**-**	**(21,067)**
Share of results of associates	**5,744,254**	**-**	**(406,944)**
General and administrative expenses and finance costs	**(1,021,456)**	**(7,107,017)**	**(4,191,982)**
PROFIT FOR THE YEAR	**6,371,608**	**4,698,631**	**5,723,325**
Attributable to non-controlling interests	**1,184,495**	**1,464,593**	**2,624,901**
Dividends paid to non-controlling interests	**1,903,477**	**1,634,964**	**925,527**
Amounts paid to non-controlling interests on capital reduction	**2,178,966**	**-**	**-**

21 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

Summarised statement of profit or loss for 2021:	*EDU Holding Year ended 28 February 2021 KD*	*EYAS Year ended 28 February 2021 KD*	*Al Kout Year ended 31 March 2021 KD*
Sale of goods	-	-	28,019,388
Tuition fees	2,630,405	21,650,779	-
Cost of goods sold	-	-	(19,849,281)
Tuition costs	(2,780,274)	(8,481,900)	-
Other income	406,180	1,520,771	190,962
Net loss on investment securities	-	-	(279,082)
Share of results of associates	6,766,769	21,314	(490,304)
Impairment losses	-	-	(3,633,685)
General and administrative expenses and finance costs	(677,435)	(6,233,044)	(3,436,436)
PROFIT FOR THE YEAR	6,345,645	8,477,920	521,562
Attributable to non-controlling interests	1,061,078	3,159,272	239,205
Dividends paid to non-controlling interests	239,772	2,446,430	2,313,818
Amounts paid to non-controlling interests on capital reduction	1,609,784	3,353,824	-

Summarised statement of financial position as at 2022:	***EDU 28 February 2022 KD***	***EYAS 28 February 2022 KD***	***Al Kout 31 March 2022 KD***
Cash and short-term deposits	**6,318,662**	**7,807,267**	**3,376,442**
Accounts receivable and prepayments	**2,925,480**	**11,882,204**	**12,313,841**
Inventories	**-**	**110,413**	**2,883,378**
Investment securities	**-**	**-**	**862,118**
Investment in associates	**51,543,424**	**201,900**	**2,640,075**
Property, plant and equipment and intangible assets	**514,685**	**25,213,021**	**24,942,002**
Islamic finance payables	**(24,182,565)**	**-**	**(5,278,642)**
Accounts payable and accruals	**(5,370,154)**	**(13,875,856)**	**(7,288,084)**
Total equity	**31,749,532**	**31,338,949**	**34,451,130**
Attributable to:			
Equity holders of the Parent Company	**25,237,657**	**26,443,900**	**18,561,436**
Non-controlling interests	**6,511,875**	**4,895,049**	**15,889,694**

Summarised statement of financial position as at 2021:	*EDU 28 February 2021 KD*	*EYAS 28 February 2021 KD*	*Al Kout 31 March 2021 KD*
Cash and short-term deposits	3,698,606	2,265,853	2,220,081
Accounts receivable and prepayments	2,629,434	18,060,021	11,480,610
Inventories	-	71,626	3,173,889
Investment securities	-	-	883,185
Investment in associates	48,445,430	201,900	3,000,000
Property, plant and equipment and intangible assets	687,879	26,479,761	23,643,469
Islamic finance payables	-	-	(5,562,826)
Bank overdrafts	-	-	(909,435)
Accounts payable and accruals	(5,991,571)	(15,714,535)	(7,240,230)
Total equity	49,469,778	31,364,626	30,688,743
Attributable to:			
Equity holders of the Parent Company	40,061,897	26,290,212	16,524,601
Non-controlling interests	9,407,881	5,074,414	14,164,142

21 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

Summarised cash flow information for 2022:	***EDU Year ended 28 February 2022 KD***	***EYAS Year ended 28 February 2022 KD***	***Al Kout Year ended 31 March 2022 KD***
Operating	**661,283**	**10,817,625**	**6,968,027**
Investing	**6,428,633**	**(4,839,771)**	**(2,140,520)**
Financing	**(10,217,790)**	**(13,436,440)**	**(2,762,413)**
Net (decrease) increase in cash and cash equivalents	**(3,127,874)**	**(7,458,586)**	**2,065,094**

Summarised cash flow information for 2021:	*EDU Year ended 28 February 2021 KD*	*EYAS Year ended 28 February 2021 KD*	*Al Kout Year ended 31 March 2021 KD*
Operating	1,913,774	7,425,317	3,230,902
Investing	3,581,028	317,642	(1,558,679)
Financing	(1,317,819)	(6,766,043)	(1,201,691)
Net increase in cash and cash equivalents	4,176,983	976,916	470,532

22 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 short-term deposits, term loans, Islamic finance payables and bank overdrafts at the reporting date 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:

As at 30 April 2022	***Within 12 months KD***	***After 1 year KD***	***Total KD***
ASSETS			
Cash and short-term deposits	**91,648,247**	-	**91,648,247**
Accounts receivable and prepayments	**30,710,782**	-	**30,710,782**
Inventories	**7,659,917**	-	**7,659,917**
Investment securities	**7,766,814**	**371,066,554**	**378,833,368**
Investment in associates	**-**	**56,332,324**	**56,332,324**
Property, plant and equipment	**-**	**50,639,222**	**50,639,222**
Intangible assets	**-**	**9,726,686**	**9,726,686**
TOTAL ASSETS	**137,785,760**	**487,764,786**	**625,550,546**
LIABILITIES			
Term loans	**3,443,201**	**95,547,250**	**98,990,451**
Islamic finance payables	**22,380,904**	**150,982,184**	**173,363,088**
Accounts payable and accruals	**34,938,406**	**10,043,024**	**44,981,430**
TOTAL LIABILITIES	**60,762,511**	**256,572,458**	**317,334,969**
NET LIQUIDITY GAP	**77,023,249**	**231,192,328**	**308,215,577**

22 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

As at 30 April 2021	*Within 12 months*	*After 1 year*	*Total*
ASSETS	*KD*	*KD*	*KD*
Cash and short-term deposits	38,731,615	-	38,731,615
Accounts receivable and prepayments	35,292,559	-	35,292,559
Inventories	8,569,177	-	8,569,177
Investment securities	8,087,003	345,347,256	353,434,259
Investment in associates	-	53,063,261	53,063,261
Property, plant and equipment	-	51,331,128	51,331,128
Intangible assets	-	10,036,782	10,036,782
TOTAL ASSETS	90,680,354	459,778,427	550,458,781
LIABILITIES			
Term loans	4,089,701	113,433,000	117,522,701
Islamic finance payables	15,826,219	102,962,030	118,788,249
Bank overdrafts	909,435	-	909,435
Accounts payable and accruals	35,866,412	10,802,925	46,669,337
TOTAL LIABILITIES	56,691,767	227,197,955	283,889,722
NET LIQUIDITY GAP	33,988,587	232,580,472	266,569,059

23 SEGMENT INFORMATION

For management purposes, the Group is organised into two major business segments. The principal activities and services under these segments are as follows:

- Energy, manufacturing and petrochemical sector : Direct investment stakes in this sector comprising of basic materials (Equate, TKOC, Banagas and others), manufacturing activities of subsidiaries: Muna Noor Manufacturing and Trading Company LLC, Oman, Muna Noor Plastic Industries LLC, Oman, Muna Noor LLC - Salalah, Oman, Jubail Integrated Packaging Company Limited LLC, KSA, Boubyan Plastics Industries Company K.S.C. (Closed), Al Kout Industrial Projects Company K.S.C.P. and Warba Capital Holding Company K.S.C.P.
- Services and education : Tuition fees and revenue generated from providing educational and medical services.
- Others : Investing directly and through portfolios into financial institutions, funds, etc.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments. The Group does not have material inter-segment transactions.

23 SEGMENT INFORMATION (continued)

The following tables present revenue and profit information for the Group's operating segments for the years ended 30 April 2022 and 2021:

Year ended 30 April 2022	***Energy, manufacturing and petrochemical sector KD***	***Services and education KD***	***Others KD***	***Total KD***
Sale of goods	**47,940,149**	**-**	-	**47,940,149**
Tuition fees	**-**	**24,079,237**	-	**24,079,237**
Dividend income	**31,157,400**	**-**	**1,100,432**	**32,257,832**
Share of results of associates	**(583,688)**	**8,369,621**	**(71,438)**	**7,714,495**
Segment revenue	**78,513,861**	**32,448,858**	**1,028,994**	**111,991,713**
Segment profit	**30,558,000**	**12,903,210**	**547,729**	**44,008,939**
Other disclosures:				
Depreciation	**3,912,586**	**2,166,619**	**-**	**6,079,205**
Amortisation	**-**	**310,096**	**-**	**310,096**
Impairment of property, plant and equipment	**8,263**	**-**	**-**	**8,263**
Finance costs	**3,425,905**	**902,007**	**481,265**	**4,809,177**
Purchase of property, plant and equipment	**4,170,907**	**1,036,999**	**-**	**5,207,906**
Acquisition of non-controlling interests	**-**	**8,994**	**-**	**8,994**

Year ended 30 April 2021	*Energy, manufacturing and petrochemical sector KD*	*Services and education KD*	*Others KD*	*Total KD*
Sale of goods	42,587,652	-	-	42,587,652
Tuition fees	-	24,281,184	-	24,281,184
Dividend income	10,447,504	-	795,632	11,243,136
Share of results of associates	(444,815)	8,249,364	(291,757)	7,512,792
Segment revenue	52,590,341	32,530,548	503,875	85,624,764
Segment profit	5,394,110	16,284,845	503,875	22,182,830
Other disclosures:				
Depreciation	4,634,324	2,238,046	-	6,872,370
Amortisation	-	310,096	-	310,096
Impairment of associates	195,023	-	1,000,000	1,195,023
Impairment of property, plant and equipment	3,438,662	-	-	3,438,662
Impairment of intangible assets	4,250,000	-	-	4,250,000
Reversal of expected credit losses on dividends receivable	8,711,955	-	-	8,711,955
Finance costs	3,856,315	885,237	430,434	5,171,986
Purchase of property, plant and equipment	2,084,826	1,121,671	-	3,206,497
Acquisition of additional interests in associates	75,095	-	-	75,095
Acquisition of non-controlling interests	-	25,092	-	25,092

23 SEGMENT INFORMATION (continued)

The following table presents assets and liabilities information for the Group's operating segments as at 30 April 2022 and 30 April 2021:

As at 30 April 2022	*Energy, manufacturing and petrochemical sector KD*	*Services and education KD*	*Others KD*	*Total KD*
Segment assets	**447,715,582**	**110,638,283**	**67,196,681**	**625,550,546**
Segment liabilities	**204,962,711**	**86,321,213**	**26,051,045**	**317,334,969**
Other disclosures:				
Investment in associates	**7,677,017**	**48,389,405**	**265,902**	**56,332,324**
Goodwill	**2,249,540**	**-**	**-**	**2,249,540**

As at 30 April 2021	*Energy, manufacturing and petrochemical sector KD*	*Services and education KD*	*Others KD*	*Total KD*
Segment assets	404,356,017	97,815,945	48,286,819	550,458,781
Segment liabilities	201,078,248	62,616,210	20,195,264	283,889,722
Other disclosures:				
Investment in associates	8,389,481	44,334,880	338,900	53,063,261
Goodwill	2,249,540	-	-	2,249,540

24 RELATED PARTY DISCLOSURES

Related parties represent major shareholders, associates, directors and key management personnel of the Parent Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

The following tables provides the total amount of transactions that have been entered into with related parties during the years ended 30 April 2022 and 2021, as well as balances with related parties as at 30 April 2022 and 2021.

	2022 KD	*2021 KD*
Consolidated statement of profit or loss:		
Sales	**571,404**	1,046,364
Purchases	**629,763**	515,491

	2022 KD	*2021 KD*
Consolidated statement of financial position:		
Accounts receivable and prepayments	**115,389**	184,287

Terms and conditions of transactions with related parties

Transactions with related parties are made on terms approved by the Group's management. Outstanding balances at the year-end are unsecured and interest free and have no fixed repayment schedule. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 April 2022, the Group has not recognised any provision for expected credit losses relating to amounts owed by related parties (2021: Nil).

24 RELATED PARTY DISCLOSURES (continued)

Compensation of key management personnel:
Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The aggregate value of transactions and balances outstanding related to key management personnel were as follows:

	Transaction values for the year ended 30 April		*Balance outstanding as at 30 April*	
	2022	*2021*	***2022***	*2021*
	KD	*KD*	***KD***	*KD*
Short-term benefits	**407,855**	435,476	**39,216**	53,639
Employees' end of service benefits	**15,000**	21,389	**71,769**	56,769
	422,855	456,865	**110,985**	110,408

The Board of Directors in their meeting held on 12 May 2022 proposed directors' fees of KD 90,000 for the year ended 30 April 2022. This proposal is subject to the approval of the shareholders at the AGM of the Parent Company.

The directors' fees of KD 90,000 for the year ended 30 April 2021 were approved by the AGM of the shareholders held on 9 June 2021.

25 COMMITMENTS AND CONTINGENCIES

25.1 Commitments
At 30 April 2022, the Group had following commitments:

	2022	*2021*
	KD	*KD*
Relating to construction in progress	**3,453,656**	-
Relating to acquisition of investments	**799,866**	785,128
	4,253,522	785,128

25.2 Contingencies
The Parent Company has provided corporate guarantees of KD 37,218,098 (2021: KD 8,695,731) to local and foreign banks on behalf of its subsidiaries. No material liabilities are expected to arise.

26 FINANCIAL INSTRUMENTS 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 management is monitoring and reassessing the risk management objectives and policies based on the current updates on COVID-19. For the year ended 30 April 2022, there were no significant changes to the risk management objectives and policies.

The Group's principal financial liabilities comprise term loans, Islamic finance payables, bank overdrafts and accounts payable and accruals (including lease liabilities). The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has accounts receivable and cash and short-term deposits that arrive directly from its operations.

The Group also holds financial assets at FVOCI and financial assets at FVTPL.

26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 credit risk, liquidity risk and market risk, which is subdivided into interest rate risk, foreign currency risk and equity risk. It is also subject to operational 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.

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:

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

The Group is mainly exposed to credit risk on its trade receivables and tuition fees receivable. As at 30 April 2022, the Group has considered the impact of COVID-19 on the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. There were no changes to the payment period given to customers during the period, however, the Group will continue to individually assess the situation as more reliable data becomes available and accordingly may change the payment period for certain customers in the subsequent reporting periods. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

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.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets is disclosed below. The Group does not hold collateral as security.

The Group's gross maximum exposure to credit risk segmented by geographic region is as follows:

30 April 2022	*Kuwait KD*	*MENA KD*	*Total KD*
Cash and short-term deposits	**87,553,818**	**4,094,429**	**91,648,247**
Trade receivables and tuition fees receivable	**23,575,670**	**1,166,692**	**24,742,362**
Other receivables	**5,544,685**	**423,735**	**5,968,420**
Maximum exposure to credit risk	**116,674,173**	**5,684,856**	**122,359,029**

26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

26.1 Credit risk (continued)

Risk concentration of maximum exposure to credit risk (continued)

30 April 2021	*Kuwait* *KD*	*MENA* *KD*	*Total* *KD*
Cash and short-term deposits	35,773,128	2,958,487	38,731,615
Trade receivables and tuition fees receivable	28,983,164	1,668,704	30,651,868
Other receivables	4,174,752	465,939	4,640,691
Maximum exposure to credit risk	68,931,044	5,093,130	74,024,174

The Group's gross maximum exposure to credit risk segmented by industry classification is as follows:

	2022 ***KD***	*2021* *KD*
Manufacturing	**15,903,098**	14,603,104
Banks	**91,648,247**	38,731,615
Services and education	**14,807,684**	20,689,455
	122,359,029	74,024,174

Expected credit loss assessment

Trade receivables and tuition fees receivable
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 and tuition fees receivable.

The expected loss rates are based on the payment profiles of sales and collection of tuition fees over a period of 36 months before 30 April 2022 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.

Set out below is the information about the credit risk exposure as at 30 April on the Group's trade receivables and tuition fees receivable using a provision matrix:

		Days past due				
30 April 2022	***Current*** ***KD***	***0-180 days*** ***KD***	***181-270 days*** ***KD***	***271-365 days*** ***KD***	***>365 days*** ***KD***	***Total*** ***KD***
Expected credit loss rate	**11.0%**	**7.2%**	**55.1%**	**83.4%**	**73.5%**	**25.4%**
Estimated total gross carrying amount at default	**7,882,173**	**16,489,892**	**993,971**	**972,591**	**6,830,986**	**33,169,613**
Expected credit loss	**866,682**	**1,182,308**	**548,124**	**810,996**	**5,019,141**	**8,427,251**

26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

26.1 Credit risk (continued)

Expected credit loss assessment (continued)

Trade receivables and tuition fees receivable (continued)

		Days past due				
30 April 2021	*Current KD*	*0-180 days KD*	*181-270 days KD*	*271-365 days KD*	*>365 days KD*	*Total KD*
Expected credit loss rate	5.3%	7.2%	22.8%	70.6%	58.5%	19.3%
Estimated total gross carrying amount at default	8,795,814	17,909,247	3,336,360	1,324,219	6,605,399	37,971,039
Expected credit loss	469,521	1,290,612	761,167	934,355	3,863,516	7,319,171

Other receivables
The Group performs an impairment analysis on its receivables from related parties and other receivables at each reporting date based on general approach given in IFRS 9, to measure expected credit losses (ECLs). The Group regularly monitors the receivables in order to determine whether these are subject to 12 months ECL or life time ECL. This is based on Group's assessment whether there has been a significant increase in credit risk since initial recognition of these instruments.

The Group estimates the elements of ECL (i.e. probability of default, loss given default and exposure at default) using appropriate credit risk assumptions with relevant forward-looking adjustments. The Group adjusts the probability of default with relevant forward-looking adjustments relating to the forecast market conditions that could impact the extent of defaults by the counter parties.

Cash and short-term deposits
Credit risk from cash and short-term deposits is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies. Further, the principal amounts of deposits in local banks (including saving accounts and current accounts) are guaranteed by the Central Bank of Kuwait in accordance with Law No. 30 of 2008 Concerning Guarantee of Deposits at Local Banks in the State of Kuwait which came into effect on 3 November 2008.

The Group considers that its cash and short-term deposits have low credit risk based on the external credit ratings of the counterparties. Accordingly, management identified impairment loss to be immaterial.

26.2 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 and by efficiently managing the working capital.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

26.2 Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

30 April 2022	***Within 12 months KD***	***1 to 5 years KD***	***Total KD***
Term loans	**5,717,333**	**104,626,827**	**110,344,160**
Islamic finance payables	**26,751,990**	**168,466,529**	**195,218,519**
Trade and other payables	**26,219,740**	**8,629,633**	**34,849,373**
Lease liabilities	**1,250,021**	**1,520,559**	**2,770,580**
Total undiscounted financial liabilities	**59,939,084**	**283,243,548**	**343,182,632**

30 April 2021	*Within 12 months KD*	*1 to 5 years KD*	*Total KD*
Term loans	6,301,251	119,765,777	126,067,028
Islamic finance payables	17,733,722	106,518,092	124,251,814
Bank overdrafts	909,435	-	909,435
Trade and other payables	26,538,849	8,485,976	35,024,825
Lease liabilities	528,788	2,629,400	3,158,188
Total undiscounted financial liabilities	52,012,045	237,399,245	289,411,290

26.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in market prices. Market risks arise for open positions in interest rate, currency and equity product, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

26.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

At the reporting date, the Group's borrowings at variable rate were mainly denominated in US dollars (USD).

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	2022 KD	*2021 KD*
Fixed-rate instruments		
Financial assets	**78,708,023**	26,427,491
Financial liabilities	**(173,363,088)**	(118,788,249)
	(94,655,065)	(92,360,758)
Variable-rate instruments		
Financial liabilities	**(98,990,451)**	(117,522,701)
	(193,645,516)	(209,883,459)

26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

26.3 Market risk (continued)

26.3.1 Interest rate risk (continued)

Fair value sensitivity analysis for fixed-rate instruments
The Group does not account for any fixed-rate financial assets or financial liabilities, at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments
A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased or decreased profit before tax by KD 989,905 (2021: KD 1,175,227). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

26.3.2 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 (USD). 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.

Foreign currency sensitivity
The following tables demonstrate the sensitivity to a reasonably possible change (5%) in USD exchange rate, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

	Effect on OCI	
	2022	*2021*
	KD	*KD*
USD	**5,164,481**	5,360,435

26.3.3 Equity price risk
The Group's exposure to equity securities price risk arises from investments held by the Group and classified as at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL). The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments.

At the reporting date, the exposure to non-listed equity investments at fair value was KD 325,228,115 (2021: KD 319,134,486). Sensitivity analyses of these investments have been provided in Note 27.

The Group's listed equity investments are publicly traded and are included either in the Kuwait Stock Exchange ("Boursa Kuwait") and other markets.

At the reporting date, the exposure to equity investments at fair value listed on Boursa Kuwait and other markets was KD 52,646,580 and KD 862,118 (2021: KD 33,070,800 and KD 883,185), respectively. Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the market indices, the Group has determined that an increase/(decrease) of 5% on the respective market index could have an impact of approximately KD 2,974,532 and KD 43,106 (2021: KD 1,868,500 and KD 44,159) increase/(decrease) on the OCI and profit for the year, respectively.

26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

26.3.4 Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit and practical application of technology.

The recent and rapid development of the coronavirus outbreak across the world have required entities to limit or suspend business operations, implement travel restrictions and quarantine measures that have significantly disrupted (or are expected to disrupt) its activities. In an attempt to manage such events, the Group implements its contingency plans which include preventive safety measures, compliance with legal and regulatory guidelines and instructions, and maximises the use of technology and resource management to meet the day-to-day operational requirements that are required for continuity of the business.

27 FAIR VALUE MEASUREMENT

Set out below that are a summary of financial instruments measured at fair value on a recurring basis, other than those with carrying amounts that are reasonable approximations of fair values. As at 30 April 2022 and 2021, the Group does not have any non-financial asset measured at fair value.

Financial instruments	***2022 KD***	*2021 KD*
Investment securities (at fair value)		
Quoted equity securities	**53,508,698**	33,953,985
Unquoted equity securities	**325,228,115**	319,134,486
Unquoted funds	**96,555**	345,788
	378,833,368	353,434,259

Management assessed that the fair value of the following financial assets and liabilities approximate their carrying amounts:

- Cash and short-term deposits
- Accounts receivable
- Term loans
- Islamic finance payables
- Bank overdrafts
- Accounts payable and accruals

Valuation methods and assumptions
The following methods and assumptions were used to estimate the fair values:

Listed investment in equity securities
Fair values of publicly traded equity securities are based on quoted market prices in an active market for identical assets without any adjustments. The Group classifies the fair value of these investments as Level 1 of the hierarchy.

Unlisted equity investments
The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group uses a market-based valuation technique for the majority of these positions. The Group determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value. Specific approach relating to Group’s primary investments Equate and TKOC are detailed in Note 11. The Group classifies the fair value of these investments as Level 3.

27 FAIR VALUE MEASUREMENT (continued)

Valuation methods and assumptions (continued)

Unlisted funds

The Group invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods. The management considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the NAV of these investee funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the investee fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the investee fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the investee fund, the Group classifies these funds as either Level 2 or Level 3.

Fair value hierarchy

The following tables provide the fair value measurement hierarchy of the Group's financial instruments measured at fair value:

		Fair value measurement using		
30 April 2022	***Total KD***	***Quoted prices in active markets (Level 1) KD***	***Significant observable inputs (Level 2) KD***	***Significant unobservable inputs (Level 3) KD***
Financial assets at FVTPL:				
Quoted equity securities	**862,118**	**862,118**	**-**	**-**
Unquoted equity securities	**6,808,141**	**-**	**-**	**6,808,141**
Unquoted funds	**96,555**	**-**	**96,555**	**-**
	7,766,814	**862,118**	**96,555**	**6,808,141**
Financial assets at FVOCI				
Quoted equity securities	**52,646,580**	**52,646,580**	**-**	**-**
Unquoted equity securities	**318,419,974**	**-**	**-**	**318,419,974**
	371,066,554	**52,646,580**	**-**	**318,419,974**
Investment securities (at fair value)	**378,833,368**	**53,508,698**	**96,555**	**325,228,115**
30 April 2021				
Financial assets at FVTPL:				
Quoted equity securities	883,185	883,185	-	-
Unquoted equity securities	6,858,030	-	-	6,858,030
Unquoted funds	345,788	-	345,788	-
	8,087,003	883,185	345,788	6,858,030
Financial assets at FVOCI				
Quoted equity securities	33,070,800	33,070,800	-	-
Unquoted equity securities	312,276,456	-	-	312,276,456
	345,347,256	33,070,800	-	312,276,456
Investment securities (at fair value)	353,434,259	33,953,985	345,788	319,134,486

There were no transfers between any levels of the fair value hierarchy during the years ended 30 April 2022 or 2021.

27 FAIR VALUE MEASUREMENT (continued)

Reconciliation of Level 3 fair values
The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

30 April 2022	*Financial assets at FVTPL KD*	*Financial assets at FVOCI KD*	*Total KD*
As at 1 May 2021	**6,858,030**	**312,276,456**	**319,134,486**
Remeasurement recognised in OCI	**-**	**892,482**	**892,482**
Remeasurement recognised in profit or loss	**(940,546)**	**-**	**(940,546)**
Purchases / sales (net)	**890,657**	**5,251,036**	**6,141,693**
As at 30 April 2022	**6,808,141**	**318,419,974**	**325,228,115**

30 April 2021	*Financial assets at FVTPL KD*	*Financial assets at FVOCI KD*	*Total KD*
As at 1 May 2020	6,915,101	307,012,013	313,927,114
Remeasurement recognised in OCI	-	5,264,443	5,264,443
Remeasurement recognised in profit or loss	(517,579)	-	(517,579)
Purchases / sales (net)	460,508	-	460,508
As at 30 April 2021	6,858,030	312,276,456	319,134,486

Description of significant unobservable inputs to valuation:
The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, are as shown below:

Category	**Significant unobservable valuation inputs**
▸ Financial assets at FVTPL	Market multiples including price to earnings (PE) multiple, price to book value (P/BV) multiple, dividend yield and DLOM.
▸ Financial assets at FVOCI	Cash flow projections, discount rate, terminal growth rates, dividend payouts, market multiples including PE multiple and EBIDTA multiple and DLOM

The discount for lack of marketability (DLOM) represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

Sensitivity analysis:
The table below illustrates the effect on OCI due to a reasonable change of each significant input, separately, with all other variables held constant.

	Increase (decrease) by	***Effect on OCI***	
		2022 KD	*2021 KD*
Discount rate	***50 basis points***	**(21,153,636)**	(15,616,914)
Terminal growth rate	***(50 basis points)***	**(13,541,100)**	(14,719,000)
DLOM	***5%***	**(20,910,964)**	(12,434,946)

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.

28 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 shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at acceptable levels. The Group includes within net debt, interest bearing loans and borrowings, Islamic finance payables, bank overdrafts less cash and short-term deposits. Capital represents equity attributable to the Parent Company.

	2022	*2021*
	KD	*KD*
Term loans	**98,990,451**	117,522,701
Islamic financing payables	**173,363,088**	118,788,249
Bank overdrafts	**-**	909,435
Less: cash and short-term deposits	**(91,648,247)**	(38,731,615)
Net debt	**180,705,292**	198,488,770
Equity attributable to holders of the Parent Company	**277,290,182**	234,308,727
Capital and net debt	**457,995,474**	432,797,497
Gearing ratio	**39%**	46%

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies, or processes for managing capital during the years ended 30 April 2022 and 2021.

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