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

CONSOLIDATED FINANCIAL STATEMENTS

30 April 2020

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 2020, 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 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *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.

Emphasis of Matter

We draw attention to Note 30 to the consolidated financial statements, which describes the uncertainty related to the impacts of the COVID-19 outbreak. Our opinion is not modified in respect of this matter.

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.

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)

a) Valuation of investment securities

The Group's investment securities represent 61% 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 (FVPTL) as disclosed in Note 12 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, 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 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 28 to the consolidated financial statements.

The Group's policies on valuation of investment securities is disclosed in Note 2.5.12 and in Note 28 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)

b) Impairment of intangible assets

The Group has intangible assets with a carrying value of KD 14,596,878 as at 30 April 2020, which includes goodwill arising from the acquisition of a subsidiary, and brand having an indefinite useful life, as detailed in Note 15 to the consolidated financial statements.

The impairment assessment exercise performed by the management involves estimating the recoverable amount of the cash generating units (CGUs), which is the higher of value in use and fair value less cost to sell. The value in use has been determined based on the discounted forecast cash flow model and, in case of brand, using the relief from royalty model. Forecast of future cash flows and royalty savings are based on management's views of variables such as discount rates, market share assumptions, projected growth rates, royalty rates and economic factors such as the economic growth and expected inflation rates.

Given the complexity of the accounting requirements and the significant judgment required in determining the assumptions to be used to estimate the recoverable amount, we consider this to be a key audit matter.

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 15 to the consolidated financial statements related to those assumptions.

The Group's policy on impairment testing of the intangible assets is disclosed in Note 2.5.11 to 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)

c) Accounting for business combinations

During the year, the Group has finalised the purchase price allocation ("PPA") for the acquisition of 53.7% effective holding in Al Kout Industrial Projects Company K.S.C.P. ("Al Kout"), which has been classified as investment in subsidiary and accounted for using the step acquisition method, as disclosed in Note 3 to the consolidated financial statements. Management determined the fair value of the identifiable assets and liabilities and has used external valuation expert to support the valuation.

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

Our audit procedures included, among others, the following:

- We reviewed the share purchase agreement, obtained an understanding of the acquisition structure and assessed whether the accounting treatment in accordance with IFRS 3 *Business Combinations* has been appropriately applied.
- We evaluated whether the external management expert has the necessary competency, capabilities and objectivity for audit purposes.
- We tested the identification and fair valuation of the acquired assets, and the acquired liabilities by corroborating this identification based on our discussions with management and understanding of the business.
- We involved our specialists to assist us in assessing the reasonableness of fair valuation of the acquired assets, which included challenging the methodology used and evaluating the reasonableness and appropriateness of key inputs used.
- We also assessed the adequacy of the related disclosures in Note 3 to the consolidated financial statements.

The Group's policy on accounting for business combinations is disclosed in Note 2.5.1 to 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)

d) Impairment of investment in associates

The Group exercises significant influence over certain entities assessed to be associates amounting to KD 51,952,763 as at 30 April 2020. Investment in associates are accounted for under the equity method of accounting.

The management shall assess at the end of each reporting period whether there is any indication that investments in associates may be impaired. If any such indication exists, the management shall estimate the recoverable amount of the asset, being higher of the fair value less costs of disposal and value in use, which requires management to make significant judgements.

Given the significance of investment in associates and the related estimation uncertainty, impairment of investment in associates is considered a key audit matter.

Our audit procedures included, among others, the following:

- We tested the management's assessments as to whether any indication of impairment exist by reference to various external and internal information, which includes available information in the relevant markets and industries, including significant adverse changes in the technological, market, economic, legal or political environment affecting the investees' business, and considering any changes in the investees' financial condition.

- We assessed the appropriateness of the valuation methodologies used.

- We evaluated the reasonableness of key assumptions used by benchmarking them with industry standards and economic forecasts.

- We tested source data to supporting evidence on a sample basis, such as budgets and available market data and considering the reasonableness of these budgets.

- We evaluated the management's sensitivity analysis to ascertain the impact of reasonably possible changes to key assumptions on the consolidated financial statements of the Group.

- We assessed the appropriateness of the disclosures relating to the investment in associates in Note 13 to the consolidated financial statements.

The Group's policy on impairment testing of investment in associates is disclosed in Note 2.5.2 to 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)

Other information included in the Group's 2020 Annual Report
Management is responsible for the other information. Other information consists of the information included in the Group's 2020 Annual Report, 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.

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, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, have occurred during the year ended 30 April 2020, that might have had a material effect on the business of the Parent Company or on its financial position.

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

18 June 2020
Kuwait

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 April 2020

	Notes	***2020*** ***KD***	*2019* *KD*
Sale of goods		**47,846,358**	31,523,135
Tuition fees		**27,642,414**	23,237,365
Total revenue from contracts with customers	4	**75,488,772**	54,760,500
Cost of goods sold		**(37,586,083)**	(24,727,235)
Tuition costs		**(11,482,140)**	(13,358,901)
Total cost of sales and cost of providing services		**(49,068,223)**	(38,086,136)
GROSS PROFIT		**26,420,549**	16,674,364
Net gain on acquisition of subsidiaries	3	**1,239,474**	1,363,742
Dividend income	5	**19,332,986**	44,867,787
Other income		**3,715,040**	2,023,601
Net gain (loss) on financial assets at fair value through profit or loss		**1,084,686**	(662,072)
Share of results of associates	13	**7,352,504**	8,806,501
Impairment of associates	13	**(4,694,106)**	(21,067,511)
Impairment of property, plant and equipment	14	**-**	(1,113,577)
Impairment of intangible assets	15	**(3,277,491)**	(11,175,233)
Allowance for expected credit losses on dividends receivable	5	**(8,711,955)**	-
General and administrative expenses	6	**(16,418,007)**	(16,262,969)
Finance costs		**(8,634,364)**	(8,157,601)
Foreign exchange differences		**172,516**	31,912
PROFIT BEFORE TAX AND DIRECTORS' FEES		**17,581,832**	15,328,944
Taxation	7	**(125,245)**	(150,650)
Directors' fees	25	**(90,000)**	(90,000)
PROFIT FOR THE YEAR		**17,366,587**	15,088,294
Attributable to:			
Equity holders of the Parent Company		**11,822,773**	10,549,006
Non-controlling interests	22	**5,543,814**	4,539,288
		17,366,587	15,088,294
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	8	**23.12 fils**	20.31 fils

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2020

	Note	***2020*** ***KD***	*2019* *KD*
Profit for the year		**17,366,587**	15,088,294
Other comprehensive (loss) income			
Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(92,651)**	249,070
Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods		**(92,651)**	249,070
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Net loss on equity instruments designated at fair value through other comprehensive income		**(32,394,083)**	(1,808,821)
Share of other comprehensive income of associates	13	**429,813**	-
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(31,964,270)**	(1,808,821)
Other comprehensive loss for the year		**(32,056,921)**	(1,559,751)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		**(14,690,334)**	13,528,543
Attributable to:			
Equity holders of the Parent Company		**(20,234,148)**	8,989,255
Non-controlling interests		**5,543,814**	4,539,288
		(14,690,334)	13,528,543

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2020

	Notes	***2020*** ***KD***	*2019* *KD*
ASSETS			
Cash and cash equivalents	9	**46,979,935**	42,053,823
Accounts receivable and prepayments	10	**40,308,733**	29,393,839
Inventories	11	**5,753,121**	6,218,182
Investment securities	12	**347,612,835**	342,611,210
Investment in associates	13	**51,952,763**	58,015,630
Property, plant and equipment	14	**58,755,236**	54,581,715
Intangible assets	15	**14,596,878**	18,184,465
TOTAL ASSETS		**565,959,501**	551,058,864
LIABILITIES AND EQUITY			
Liabilities			
Term loans	16	**129,652,951**	60,770,869
Islamic finance payables	17	**135,395,072**	122,643,603
Accounts payable and accruals	18	**39,158,025**	39,718,831
Total liabilities		**304,206,048**	223,133,303
Equity			
Share capital	19	**53,482,275**	53,482,275
Share premium	19	**2,400,000**	2,400,000
Treasury shares	20	**(21,453,360)**	(7,451,647)
Treasury shares reserve		**5,732,086**	5,549,260
Statutory reserve	21	**26,741,138**	26,741,138
Voluntary reserve	21	**25,467,750**	25,467,750
Foreign currency translation reserve	21	**925,854**	1,018,505
Fair value reserve	21	**112,287,656**	144,958,235
Other reserve	21	**(3,360,513)**	(3,292,856)
Retained earnings		**21,146,009**	34,752,173
Equity attributable to holders of the Parent Company		**223,368,895**	283,624,833
Non-controlling interests		**38,384,558**	44,300,728
Total equity		**261,753,453**	327,925,561
TOTAL LIABILITIES AND EQUITY		**565,959,501**	551,058,864

Dabbous M. Al-Dabbous
(Chairman)

Khaled A. Al-Ghanim
(Deputy Chairman)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2020

	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 2019	53,482,275	2,400,000	(7,451,647)	5,549,260	26,741,138	25,467,750	1,018,505	144,958,235	(3,292,856)	34,752,173	283,624,833	44,300,728	327,925,561
Profit for the year	-	-	-	-	-	-	-	-	-	11,822,773	11,822,773	5,543,814	17,366,587
Other comprehensive loss for the year	-	-	-	-	-	-	(92,651)	(31,964,270)	-	-	(32,056,921)	-	(32,056,921)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	(92,651)	(31,964,270)	-	11,822,773	(20,234,148)	5,543,814	(14,690,334)
Dividends (Note 19)	-	-	-	-	-	-	-	-	-	(26,135,246)	(26,135,246)	-	(26,135,246)
Amounts paid to non-controlling interests on capital reduction of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(6,174,386)	(6,174,386)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(9,441,249)	(9,441,249)
Acquisition of non-controlling interests without change in control (Note 2.2)	-	-	-	-	-	-	-	-	(67,657)	-	(67,657)	(39,112)	(106,769)
Transfer of gain on disposal of equity investments at FVOCI to retained earnings	-	-	-	-	-	-	-	(706,309)	-	706,309	-	-	-
Net purchase of treasury shares	-	-	(14,001,713)	182,826	-	-	-	-	-	-	(13,818,887)	-	(13,818,887)
Acquisition of a subsidiary (Note 3)	-	-	-	-	-	-	-	-	-	-	-	4,194,763	4,194,763
At 30 April 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**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 30 April 2020

	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 2018 (as previously reported)	53,482,275	2,400,000	(9,769,966)	1,274,579	26,741,138	25,467,750	769,435	149,200,255	(3,010,861)	45,135,980	291,690,585	4,760,625	296,451,210
Impact of adopting IFRS 9	-	-	-	-	-	-	-	(2,433,199)	-	2,433,199	-	-	-
Restated opening balance under IFRS 9	53,482,275	2,400,000	(9,769,966)	1,274,579	26,741,138	25,467,750	769,435	146,767,056	(3,010,861)	47,569,179	291,690,585	4,760,625	296,451,210
Profit for the year	-	-	-	-	-	-	-	-	-	10,549,006	10,549,006	4,539,288	15,088,294
Other comprehensive income (loss) for the year	-	-	-	-	-	-	249,070	(1,808,821)	-	-	(1,559,751)	-	(1,559,751)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	249,070	(1,808,821)	-	10,549,006	8,989,255	4,539,288	13,528,543
Dividends (Note 19)	-	-	-	-	-	-	-	-	-	(23,366,012)	(23,366,012)	-	(23,366,012)
Acquisition of non-controlling interests without change in control (Note 3)	-	-	-	-	-	-	-	-	(281,995)	-	(281,995)	(297,564)	(579,559)
Net sale of treasury shares	-	-	2,318,319	4,274,681	-	-	-	-	-	-	6,593,000	-	6,593,000
Acquisition of subsidiaries (Note 3)	-	-	-	-	-	-	-	-	-	-	-	35,298,379	35,298,379
At 30 April 2019	53,482,275	2,400,000	(7,451,647)	5,549,260	26,741,138	25,467,750	1,018,505	144,958,235	(3,292,856)	34,752,173	283,624,833	44,300,728	327,925,561

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 April 2020

	Notes	***2020*** ***KD***	*2019* *KD*
OPERATING ACTIVITIES			
Profit before tax and directors' fees		**17,581,832**	15,328,944
Adjustments to reconcile profit before tax and directors' fees to net cash flows:			
Net gain on acquisition of subsidiaries		**(1,239,474)**	(1,363,742)
Dividend income		**(19,332,986)**	(44,867,787)
Net (gain) loss on financial assets at fair value through profit or loss		**(1,084,686)**	662,072
Share of results of associates	13	**(7,352,504)**	(8,806,501)
Impairment of associates	13	**4,694,106**	21,067,511
Impairment of property, plant and equipment	14	**-**	1,113,577
Impairment of intangible assets	15	**3,277,491**	11,175,233
Allowance for expected credit losses on dividends receivable	5	**8,711,955**	-
Depreciation of property, plant and equipment	14	**6,661,768**	3,320,656
Depreciation of right-of-use assets	14	**565,176**	-
Amortisation of intangible assets	15	**310,096**	310,096
Finance costs		**8,634,364**	8,157,601
Net unrealised foreign exchange differences		**51,520**	-
		21,478,658	6,097,660
Working capital adjustments:			
Accounts receivable and prepayments		**(1,264,719)**	1,735,267
Inventories		**485,854**	2,456,071
Accounts payable and accruals		**(3,418,969)**	(153,309)
Taxes paid		**(1,442)**	(141,314)
Net cash flows from operating activities		**17,279,382**	9,994,375
INVESTING ACTIVITIES			
Acquisition of subsidiaries	3	**(76,564)**	(20,886,516)
Acquisition of additional interest in associates	13	**(2,957,898)**	(7,679,208)
Proceeds from reduction of share capital of an associate	13	**1,844,094**	-
Proceeds from distribution of equity reserves of an associate	13	**2,469,346**	-
Dividends received from associates	13	**6,657,381**	4,179,808
Purchase of property, plant and equipment	14	**(5,495,342)**	(1,361,378)
Proceeds from disposal of property, plant and equipment		**20,874**	43,466
Purchase of investment securities		**(44,465,117)**	(11,538,104)
Proceeds from disposal of investment securities		**14,290,047**	1,041,536
Dividends received from investment securities		**1,909,076**	44,867,787
Net movement in short-term deposits		**5,219,462**	160,538
Net cash (used in) flows from investing activities		**(20,584,641)**	8,827,929
FINANCING ACTIVITIES			
Dividends paid to equity holders of the Parent Company		**(26,039,254)**	(23,366,012)
Amounts paid to non-controlling interests on capital reduction in subsidiaries		**(6,174,386)**	-
Dividends paid to non-controlling interests		**(9,441,249)**	-
Acquisition of non-controlling interests		**(106,769)**	(579,559)
Net movement in term loans		**67,267,156**	(3,750,188)
Net movement in Islamic finance payables		**10,529,714**	6,135,699
Finance costs paid		**(8,538,315)**	(8,157,601)
Payment of principal portion of lease liabilities	18	**(576,842)**	-
Purchase of treasury shares		**(14,398,857)**	(3,757,240)
Proceeds from sale of treasury shares		**579,970**	10,350,240
Net cash flows from (used in) financing activities		**13,101,168**	(23,124,661)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**9,795,909**	(4,302,357)
Cash and cash equivalents acquired with subsidiaries on business combinations	3	**543,548**	23,848,375
Foreign currency translation adjustment – net		**(193,883)**	97,944
Cash and cash equivalents as at 1 May		**36,834,361**	17,190,399
CASH AND CASH EQUIVALENTS AS AT 30 APRIL	9	**46,979,935**	36,834,361

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

CONSOLIDATED STATEMENT OF CASHFLOWS (continued)
For the year ended 30 April 2020

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

	Notes	***2020 KD***	*2019 KD*
Transitional adjustment to lease liabilities on adoption of IFRS 16 (Adjusted with accounts payable and accruals)	2.3	**2,690,413**	-
Additions to lease liabilities (Adjusted with accounts payable and accruals)	18	**141,429**	-
Transitional adjustment to right-of-use assets on adoption of IFRS 16 (Adjusted with additions to property, plant and equipment)	2.3	**(2,698,617)**	-
Transitional adjustment to prepayments on adoption of IFRS 16 (Adjusted with accounts payable and accruals)	2.3	**8,204**	-
Additions to right-of-use assets (Adjusted with additions to property, plant and equipment)	14	**(141,429)**	-

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

1 CORPORATE INFORMATION

The consolidated financial statements of Boubyan Petrochemical Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the year ended 30 April 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 17 June 2020 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 2019 were approved by the Parent Company’s shareholders at the AGM held on 27 May 2019. Dividends declared and paid by the Parent Company for the year then ended are provided in Note 19.

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, 35th 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	
	2020	*2019*
Petrochemical Industries Company K.S.C.	**42.5%**	42.5%
Dow Chemical Company	**42.5%**	42.5%
Boubyan Petrochemical Company K.S.C.P.	**9%**	9%
Qurain Petrochemical Company K.S.C.P.	**6%**	6%

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 25.

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 of the Group 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"), which is also functional currency of the Parent Company.

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 23.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 30 April 2020. 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 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 change 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*	*% equity interest*	
			2020	*2019*
Directly held:				
Boubyan Plastic Industries Company K.S.C. (Closed) ("BPIC")[1]	State of Kuwait	Manufacturing and trading of packaging material	**99%**	99%
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%**	60%
Muna Noor Plastic Industries LLC	Sultanate of Oman	Manufacturing and trading of plastic pipes	**80%**	80%
Muna Noor LLC – Salalah	Sultanate of Oman	Manufacturing and trading of plastic pipes	**80%**	80%
Educational Holding Group K.S.C.P. [2]	State of Kuwait	Educational services	**83.11%**	82.99%
Eyas for Higher and Technical Education Company K.S.C. (Closed)	State of Kuwait	Educational services	**55.44%**	55.44%
Al Kout Industrial Projects 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. ("Warba Capital")[3]	State of Kuwait	Undertaking industrial investments	**50.26%**	29.16%
Indirectly held through BPIC:				
Muna Noor Manufacturing and Trading Company LLC	Sultanate of Oman	Manufacturing and trading of plastic pipes	**20%**	20%
Jubail Integrated Packaging Company Limited LLC	Kingdom of Saudi Arabia	Manufacturing and trading of packaging material	**-**	40%
Muna Noor Plastic Industries LLC	Sultanate of Oman	Manufacturing and trading of plastic pipes	**20%**	20%
Muna Noor LLC - Salalah	Sultanate of Oman	Manufacturing and trading of plastic pipes	**20%**	20%

[1] The remaining shares in BPIC are held by other related parties on behalf of the Parent Company. Therefore, the effective holding of the Group in this subsidiary is 100%.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

Acquisition of additional interest in Educational Holding Group K.S.C.P ("EDU Holding") [2]
During the current year, the Group acquired an additional 0.12% interest in EDU Holding, increasing its ownership interest from 82.99% to 83.11%. Cash consideration of KD 106,769 was paid to the non-controlling shareholders. The carrying value of the net assets of EDU (excluding goodwill on the original acquisition) on the date of acquisition was KD 39,112. Following is a schedule of additional interest acquired in EDU Holding:

	KD
Cash consideration paid to NCI	106,769
Carrying value of the NCI acquired	(39,112)
Difference recognised in other reserve	67,657

Acquisition of additional interest in Warba Capital [3]
On 28 March 2020, the Group acquired an additional 1.39% of the shares and voting interests in Warba Capital. increasing its ownership interest from 48.87% to 50.26%, granting it control of Warba Capital. As a result of obtaining control over the former associate, the carrying value of the Group's previously held equity interest in Warba Capital is remeasured to fair value at the acquisition date and a loss of KD 210,812 arising from such remeasurement is recognised in profit or loss.

During the year (prior to acquiring controlling stake), the Group acquired an additional 19.71% equity interest in Warba Capital increasing its holding from 29.16% to 48.87%. The Group applied a "partial step-up" approach in accounting for this transaction and continued to account for its investment in Warba Capital using the equity method under IAS 28 *Investments in Associates and Joint Ventures*.

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 2019. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time effective from 1 May 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

IFRS 16 *Leases*
IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases - Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the* Legal *Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 May 2019 and therefore the comparative information has not been restated. Lease liabilities and right-of-use assets were both recognised at the present value of future lease payments, thus no impact was recognised on the opening retained earnings. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 May 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

IFRS 16 *Leases* (continued)

The effect of adoption IFRS 16 as at 1 May 2019 (increase/(decrease)) is, as follows:

	KD
ASSETS	
Right-of-use assets (included under property, plant and equipment)	2,698,617
Prepayments (included under accounts receivable and prepayments)	(8,204)
	2,690,413
LIABILITIES	
Lease liabilities (included under accounts payable and accruals)	2,690,413

Prior to the adoption of IFRS 16, the Group classified its leases (as lessee) at the inception date as operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other assets and other liabilities, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.5.9 'Leases – Group as a lessee' for the accounting policy beginning 1 May 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

▶ *Leases previously classified as finance leases*

As at 1 May 2019, the Group did not have any leases classified as finance lease.

▶ *Leases previously accounted for as operating leases*

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 May 2019:

- Right-of-use assets of KD 2,698,617 were recognised and presented within 'property, plant and equipment' in the consolidated statement of financial position.
- Lease liabilities of KD 2,690,413 were recognised and presented within 'accounts payable and accruals' in the consolidated statement of financial position.
- Prepayments (included within 'accounts receivable and prepayments') of KD 8,204 related to previous operating leases were derecognised.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

IFRS 16 *Leases* (continued)

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 financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 3: *Definition of a Business*
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: *Definition of Material*
In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

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.

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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.1 Business combinations and goodwill (continued)
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.

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 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 Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss outside operating profit 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 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

For assets and liabilities that are recognised in the 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 all of 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).

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.4 Revenue from contracts with customers (continued)

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 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.

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 and subsidiaries 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.

2.5.6 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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.6 Foreign currencies (continued)

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.

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.

2.5.7 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.

2.5.8 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 property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, 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 property, 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 2.5.9 'Leases – Group as a lessee' 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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.8 Property, plant and equipment (continued)

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.

2.5.9 Leases – Group as a lessee

Policy applicable from 1 May 2019

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.

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.

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 2.5.15 ‘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) and lease of low-value assets. 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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.9 Leases – Group as a lessee (continued)

Policy applicable before 1 May 2019
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

2.5.10 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.

2.5.11 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 on 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.

2.5.12 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).

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

i) Financial assets (continued)

Initial recognition and measurement (continued)

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 that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

i) Financial assets (continued)
Subsequent measurement (continued)
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. Dividends on equity investments are recognised in the consolidated statement of profit or loss when the right of payment has been established.

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, 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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

ii) Financial liabilities

Initial recognition and measurement

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. Refer to the accounting policy on leases 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.

2.5.13 Derivative financial instruments and 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 and FVTPL.

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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.13 Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)
At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

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

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

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.

2.5.14 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.
▶ Goods held for resale	:	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 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)

2.5.15 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 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 of are recognised in the consolidated statement of profit or loss in 'impairment of intangible assets'.

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 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 at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.5.16 Cash and cash equivalents

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

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

2.5.17 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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.17 Treasury shares (continued)
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.

2.5.18 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.

2.5.19 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.

2.5.20 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.

2.5.21 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.

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

2.5.23 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.

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 (applicable from 1 May 2019)
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 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.

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.

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

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, 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 2.5.11. 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.

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. Estimated fair values may vary from the actual prices that would be achieved in an arm’s length transaction at the reporting date.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Leases - Estimating the incremental borrowing rate
(applicable from 1 May 2019)
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 profit rates) when available and is required to make certain entity-specific estimates.

3 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

3.1. Acquisition in 2019-2020

Acquisition of Warba Capital Holding Company K.S.C.P. ("Warba Capital")
On 29 March 2020, the Group acquired an additional 1.39% equity interest in Warba Capital, which was previously held as investment in an associate with an effective equity holding of 48.87% and accounted for using the equity method, thereby obtaining control over the associate. Warba Capital is a listed company based in the State of Kuwait and principally engaged in undertaking industrial investments.

During the year (prior to obtaining the aforementioned controlling stake), the Group acquired an additional 19.71% equity interest in Warba Capital increasing its holding from 29.16% to 48.87%. The Group applied a "partial step-up" approach in accounting for this transaction and continued to account for its investment in Warba Capital using the equity method under IAS 28 *Investments in Associates and Joint Ventures.*

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

3 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS (continued)

3.1. Acquisition in 2019-2020 (continued)

Acquisition of Warba Capital Holding Company K.S.C.P. ("Warba Capital") (continued)

Assets acquired and liabilities assumed

The consideration paid and the provisional values of the assets acquired and liabilities assumed, which are equivalent to their carrying values at the acquisition date, are summarised as follows:

	Carrying values on acquisition KD
ASSETS	
Cash and cash equivalents	**543,548**
Accounts receivable and prepayments	**240,936**
Inventories	**20,793**
Investment securities	**3,756,980**
Investment in an associate	**1,685,283**
Property, plant and equipment	**3,084,510**
	9,332,050
LIABILITIES	
Term loan	**700,701**
Accounts payable and accruals	**197,319**
	898,020
Total identifiable net assets acquired	**8,434,030**
Non-controlling interests (49.74% of net assets)	**(4,194,763)**
Proportionate share of fair value of acquirer's previously held interest [1]	**(2,712,417)**
Group's share of identifiable net assets acquired	**1,526,850**
Purchase consideration transferred	**(76,564)**
Gain on bargain purchase [2]	**1,450,286**
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary	**543,548**
Less: cash paid	**(76,564)**
NET CASH INFLOW ON ACQUISITION	**466,984**

[1] Upon achieving business combination in stages, the Group remeasured its previously held interest of 48.87% in Warba Capital at fair value at the acquisition date (i.e. the date the Group attains control) and recognised a loss of KD 210,812 recorded within 'net gain on acquisition of subsidiaries' in the consolidated statement of profit or loss.

[2] The gain on bargain purchase amounting to KD 1,450,286 is recorded within 'net gain on acquisition of subsidiaries' in the consolidated statement of profit or loss.

If the business combination had taken place at the beginning of the year, the Group's revenue would have increased by KD 623,460 and the profit before tax and directors' fees would have decreased by KD 434,303.

3 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS (continued)

3.2 Acquisitions in 2018-2019

3.2.1 Acquisition of Eyas for Higher and Technical Education Company K.S.C. (Closed) ("EYAS")

On 28 May 2018, the Group acquired an additional 20.68% equity interest in Eyas for Higher and Technical Education Company K.S.C. (Closed) ("EYAS"), which was previously held as investment in an associate with an effective equity holding of 34.76% and accounted for using the equity method, thereby obtaining control over the associate. EYAS is a non-listed company based in the State of Kuwait and principally engaged in the provision of education services.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of EYAS as at the date of acquisition were:

	Fair value recognised on acquisition KD
ASSETS	
Cash and cash equivalents	**21,627,541**
Fixed deposit	**4,500,000**
Accounts receivable and prepayments	**6,321,176**
Investment securities	**210,699**
Inventories	**132,045**
Property and equipment	**23,779,837**
Brand	**7,167,050**
Student relationships	**1,550,480**
	65,288,828
LIABILITIES	
Employees' end of service benefits	**4,952,643**
Accounts payable and accruals	**6,609,891**
	11,562,534
Total identifiable net assets at fair value	**53,726,294**
Non-controlling interests (44.56% of net assets)[1]	**(23,938,642)**
Proportionate share of fair value of acquirer's previously held interest[2]	**(25,672,511)**
Goodwill arising on acquisition	**11,175,233**
Purchase consideration transferred	**15,290,374**
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary	**21,627,541**
Less: cash paid	**(15,290,374)**
NET CASH INFLOW ON ACQUISITION	**6,337,167**

[1] The carrying value of EYAS at the acquisition date amounted to KD 30,765,905, of which KD 5,244,343 is attributable to non-controlling interests, on account of the Parent Company's holding of 82.7% (as at the date of acquisition) in Education Holding Group K.S.C.P, which directly owns 42.03% in EYAS. Accordingly, the non-controlling interests arising on business combination amounting to KD 23,938,642 has been adjusted by KD 5,244,343 on derecognition of the previously held equity interest of the associate upon obtaining control.

[2] Upon achieving business combination in stages, the Group remeasured its previously held 34.76% equity interest in EYAS at fair value and recognised a gain of KD 228,236 in the consolidated statement of profit or loss.

3 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS (continued)

3.2 Acquisitions in 2018-2019

3.2.2 Acquisition of Al Kout Industrial Projects K.S.C.P. ("Al Kout")

On 30 October 2018, the Group acquired an additional 7.24% equity interest in Al Kout Industrial Projects K.S.C.P. ("Al Kout"), which was previously held as investment in associate with an effective equity holding of 46.46% and accounted for using the equity method, thereby obtaining control over the associate. Al Kout is a listed company based in the State of Kuwait and principally engaged in production of chlorine, salt and other petrochemical products.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

At the time the 2019 consolidated financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of Al Kout, and therefore the net assets recognised in the 30 April 2019 financial statements have only been determined provisionally. The Group completed the Purchase Price Allocation ("PPA") exercise during the year ended 30 April 2020 and accordingly the 2019 comparative information was restated to reflect the PPA adjustment to the provisional amounts.

	Provisional values KD	*Adjustments KD*	*Fair values recognised after adjustment KD*
ASSETS			
Cash and cash equivalents	**2,220,834**	-	**2,220,834**
Accounts receivable and prepayments	**9,400,704**	-	**9,400,704**
Inventories	**2,803,500**	-	**2,803,500**
Investment securities	**1,132,122**	-	**1,132,122**
Investment in an associate	**7,144,311**	-	**7,144,311**
Property, plant and equipment	**14,691,169**	**10,836,672**	**25,527,841**
Intangible asset	**336,300**	-	**336,300**
	37,728,940	**10,836,672**	**48,565,612**
LIABILITIES			
Employees' end of service benefits	**2,257,729**	-	**2,257,729**
Term loans	**5,000,000**	-	**5,000,000**
Accounts payable and accruals	**5,445,393**	-	**5,445,393**
	12,703,122	-	**12,703,122**
Total identifiable net assets at fair value	**25,025,818**	**10,836,672**	**35,862,490**
Non-controlling interests (46.3% of net assets)	**(11,586,981)**	**(5,017,099)**	**(16,604,080)**
Proportionate share of fair value of acquirer's previously held interest[1]	**(35,909,005)**	-	**(35,909,005)**
Goodwill arising on acquisition[2]	**28,066,310**	**(5,819,573)**	**22,246,737**
Purchase consideration transferred	**5,596,142**	-	**5,596,142**

Analysis of cash flows on acquisition	
Cash paid	**5,596,142**
Less: Net cash acquired with the subsidiary	**(2,220,834)**
NET CASH OUTFLOW ON ACQUISITION	**3,375,308**

[1] Upon achieving business combination in stages, the Group remeasured its previously existing 46.46% equity interest in Al Kout at fair value and recognised a gain amounting to KD 13,605,212 in the consolidated statement of profit or loss.

3 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS (continued)

3.2 Acquisitions in 2018-2019 (continued)

3.2.2 Acquisition of Al Kout Industrial Projects K.S.C.P. ("Al Kout") (continued)

[2] The Group performed its annual impairment test of the provisional goodwill in April 2019 by estimating the recoverable amount of the cash-generating unit ("CGU"), using the discounted cash flow method. As a result of this analysis, management has recognised an impairment charge of KD 12,469,706 in 2019 against goodwill. The impairment charge is recorded and presented separately in the consolidated statement of profit or loss for the year then ended. Key assumptions used in value in use calculations and sensitivity to changes in assumptions are disclosed in Note 15.

- During the year ended 30 April 2019, the Group recognised the aforementioned gain on remeasurement of its previously held equity interest in Al Kout (net of the goodwill impairment) amounting to KD 1,135,506 recorded within 'net gain on acquisition of subsidiaries' in the consolidated statement of profit or loss.

  For the year ended 30 April 2020, impairment of goodwill of KD 3,277,491 is recognised and presented separately in the consolidated statement of profit or loss.

- In April 2020, the PPA was completed and the acquisition date fair value of the land and buildings was KD 25,527,841, an increase of KD 10,966,400 over the provisional value. The 2019 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, there was an increase an increase in the non-controlling interest of KD 5,017,099. There was also a corresponding reduction in goodwill of KD 5,819,573, resulting in KD 22,246,737 of total goodwill arising on the acquisition. The increased depreciation charge on the buildings from the acquisition date to 30 April 2019 was not material.

- During the year ended 30 April 2019, the Group has acquired an additional 0.44% equity interest in Al Kout increasing its ownership interest from 53.7% to 54.14%. The difference between the consideration paid and the carrying value amounting to KD 281,995 was recognised in other reserve during the year then ended.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	2020 ***KD***	*2019* *KD*
Type of goods or service		
Sale of goods		
Sale of Chlor Alkai and petrochemicals	**29,566,471**	14,403,188
Sale of form-fill-seal (FFS) packaging bags and related products	**2,491,280**	2,764,695
Sale of polyethylene (PE) and polyvinyl chloride (PVC) pipes and fittings	**15,788,607**	14,296,107
Others	-	59,145
	47,846,358	31,523,135
Rendering of services (tuition fees)		
Educational services	**27,642,414**	23,237,365
Total revenue from contracts with customers	**75,488,772**	54,760,500
Geographical markets		
Kuwait and GCC	**75,488,772**	54,760,500
Total revenue from contracts with customers	**75,488,772**	54,760,500
Timing of revenue recognition		
Goods transferred at a point in time	**47,846,358**	31,523,135
Services transferred over time	**27,642,414**	23,237,365
Total revenue from contracts with customers	**75,488,772**	54,760,500

5 DIVIDEND INCOME

	2020 KD	*2019 KD*
Dividend income from equity instruments at FVOCI	**19,100,316**	42,448,894
Dividend income from equity instruments at FVPL	**232,670**	2,418,893
	19,332,986	44,867,787

Dividend income for the year includes dividends declared by Equate and TKOC (the "investees") amounting to KD 10,054,980 (2019: KD 28,065,212) and KD 7,368,930 (2019: KD 14,383,682) respectively.

In light of the current economic circumstances and the large-scale business disruptions posed by the coronavirus outbreak and its expected impact on short-term liquidity and profitability of the investees, the management of the Group determined that the likelihood of the investees to pay out the full dividend amount declared to be small as this may result in investees not meeting their financial covenants.

As a result, the Group has recognised a loss allowance of KD 8,711,955 against dividends receivable from the investees. This assessment extends to the analysis of information available after the end of the reporting period and before the date of approval of the consolidated financial statements.

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2020 KD	*2019 KD*
Staff costs	**5,954,153**	3,381,267
Depreciation of property, plant and equipment and right-of-use assets (Note 14)	**2,177,493**	2,006,596
Amortisation of intangible assets (Note 15)	**310,096**	310,096
Other administrative expenses	**7,976,265**	10,565,010
	16,418,007	16,262,969

7 TAXATION

	2020 KD	*2019 KD*
Contribution to NLST	**125,245**	42,755
Contribution to KFAS	-	107,895
	125,245	150,650

8 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.

8 EARNINGS PER SHARE (EPS) (continued)

	2020	*2019*
Profit for the year attributable to the equity holders of the Parent Company (KD)	**11,822,773**	10,549,006
Weighted average number of shares outstanding during the year	**534,822,750**	534,822,750
Weighted average number of treasury shares outstanding during the year	**(23,461,524)**	(15,319,372)
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the year	**511,361,226**	519,503,378
Basic and diluted EPS (fils)	**23.12 fils**	20.31 fils

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.

9 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 April:

	2020 ***KD***	*2019* *KD*
Cash at banks and on hand	**10,879,935**	36,834,361
Short-term deposits	**36,100,000**	5,219,462
Cash and cash equivalents for the purpose of consolidated statement of financial position	**46,979,935**	42,053,823
Less: Short-term deposits with original maturity is more than three months	-	(5,219,462)
Cash and cash equivalents for the purpose of consolidated statement of cash flows	**46,979,935**	36,834,361

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 three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

10 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2020 ***KD***	*2019* *KD*
Trade receivables, gross	**32,158,024**	25,890,451
Less: Allowance for expected credit losses	**(7,706,603)**	(2,011,132)
Trade receivables, net	**24,451,421**	23,879,319
Accrued income	-	1,285,494
Dividends receivable (net of allowance of KD 8,711,955)	**8,711,955**	-
Other receivables	**7,145,357**	4,229,026
	40,308,733	29,393,839

As at 30 April 2020, the Group dividends receivable is net of an allowance for expected credit losses of 8,711,955 (Note 5).

The acquisition of a subsidiary resulted in increase in accounts receivable of KD 240,936 in 2020 (2019: KD 15,721,880) (Note 3).

10 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2020 KD	*2019 KD*
As at the beginning of the year	2,011,132	908,450
Provision for expected credit losses	5,692,266	1,110,184
Foreign exchange movement	3,205	(7,502)
As at 30 April	**7,706,603**	2,011,132

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

11 INVENTORIES

	2020 KD	*2019 KD*
Raw materials (at cost)	**1,998,537**	2,308,587
Spare parts (at cost)	**1,441,808**	962,104
Work in progress (at cost)	**51,399**	31,051
Finished goods (at lower of cost or net realisable value)	**1,868,574**	2,640,847
Goods in transit (at cost)	**392,803**	275,593
Total inventories at the lower of cost and net realisable value	**5,753,121**	6,218,182

12 INVESTMENT SECURITIES

	2020 KD	*2019 KD*
Financial assets at FVTPL		
Quoted equity securities	**1,162,267**	14,955,565
Unquoted equity securities	**6,915,101**	7,834,580
Unquoted funds	**519,454**	428,990
	8,596,822	23,219,135
Financial assets at FVOCI		
Quoted equity securities	**32,004,000**	-
Unquoted equity securities		
– Equate	**163,110,057**	173,429,398
– TKOC	**124,652,804**	131,822,654
– Others	**19,249,152**	14,140,023
	339,016,013	319,392,075
	347,612,835	342,611,210

12 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, unrealised fair value gains recognised in OCI from Equate and TKOC amounted to KD 10,319,341 and KD 7,169,850 respectively (2019: KD 470,323 and KD 1,767,659 respectively).

  Further, the Group has recognised unrealised fair value loss of KD 14,707,631 during the reporting period from a quoted equity security designated as at FVOCI.

  The fair value hierarchy disclosure and the basis of valuation is further detailed in Note 28.

- Investment securities include investment in Equate and TKOC denominated in US Dollars with an aggregate carrying value of KD 287,762,861 (2019: KD 305,252,052), which are designated as hedging instruments in fair value hedges towards loans and borrowings. The hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

13 INVESTMENT IN ASSOCIATES

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

	Country of incorporation	*Principal activities*	*% equity interest*		*Quoted fair value*		*Carrying amount*	
			2020	*2019*	***2020 KD***	*2019 KD*	***2020 KD***	*2019 KD*
Warba Capital Holding Company K.S.C.P. ("Warba Capital") [1]	State of Kuwait	To undertake industrial investments	**50.26%**	29.16%	**-**	**1,742,700**	**-**	1,377,880
Arabian Waterproofing Industries Company Limited ("Awazel")	Kingdom of Saudi Arabia	Engaged in manufacture of waterproofing products and heat insulation materials	**20.8%**	20.8%	**-***	**-***	**4,261,906**	4,109,840
Al Borg Medical Laboratories Company Limited ("Al Borg")	Kingdom of Saudi Arabia	Engaged in medical laboratories and environmental and scientific tests	**25.13%**	24%	**-***	**-***	**3,170,331**	3,407,595
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%	**-***	**-***	**10,001,410**	9,551,469
Sama Educational Company K.S.C. (Closed) ("Sama") [2]	State of Kuwait	Educational activities	**41.69%**	41.69%	**-***	**-***	**26,030,502**	25,250,778
Kuwait Foundry Company K.S.C.P. ("Kuwait Foundry") [3]	State of Kuwait	Casting of iron and related metals, asbestos, water drains and manufacture of sanitary tools and electric equipment related to casting industry	**22.61%**	22.17%	**4,137,381**	8,496,174	**3,130,152**	7,255,328
Al Dorra Petroleum Services Company K.S.C. (Closed) (Al Dorra) [4]	State of Kuwait	Petroleum services to oil and gas sector	**37.99%**	37.99%			**3,673,179**	7,062,740
Al Dhow for Environmental Projects Company K.S.C. (Closed)* [5]	State of Kuwait	Manufacture and trading of environmental related products	**20%**	-	**-***	**-***	**1,685,283**	-
Total equity-accounted investments							**51,952,763**	58,015,630

* Private entity – no quoted price available

[1] On 28 March 2020, the Group acquired an additional 1.39% of the shares and voting interests in Warba Capital. increasing its ownership interest from 48.87% to 50.26%, granting it control of Warba Capital. The Group has consolidated Warba Capital considering an effective holding of 50.26%, from the date of acquiring control. (Note 3.1).

During the year (prior to obtaining the aforementioned controlling stake), the Group acquired an additional 19.71% equity interest in Warba Capital increasing its holding from 29.16% to 48.87%. The Group applied a "partial step-up" approach in accounting for this transaction and continued to account for its investment in Warba Capital using the equity method under IAS 28 *Investments in Associates and Joint Ventures*.

[2] Indirectly held through Educational Holding Group K.S.C.P.

[3] During the year, the Group acquired an additional 0.44% equity interest in Kuwait Foundry for a consideration of KD 170,298, thereby increasing its equity interest in the associate to 22.61%.

[4] Indirectly held through Al Kout Industrial Projects Company K.S.C.P.

[5] Indirectly held through Warba Capital Holding Company K.S.C.P.

13 INVESTMENT IN ASSOCIATES (continued)

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

	2020	*2019*
	KD	*KD*
At the beginning of the year	**58,015,630**	112,617,468
Acquisition of additional interests	**2,957,898**	7,679,208
Acquisition of subsidiaries (Note 3)	**1,685,283**	7,144,311
Reduction of share capital	**(1,844,094)**	-
Distribution of equity reserves	**(2,469,346)**	-
Share of results	**7,352,504**	8,806,501
Share of other comprehensive income	**429,813**	-
Derecognition of previously held equity interest in associates upon obtaining control	**(2,923,229)**	(53,069,697)
Impairment losses*	**(4,694,106)**	(21,067,511)
Dividends received	**(6,657,381)**	(4,179,808)
Exchange differences	**99,791**	85,158
As at 30 April	**51,952,763**	58,015,630

* During the year, the Group reviewed the carrying values of its investment in associates to determine whether any impairment has occurred. Based on their assessment, the management has recognised an impairment loss of KD 4,694,106 (2019: KD 21,067,511) in the consolidated statement of profit or loss, in respect of following associates. The impairment assessment was performed using discounted cash flow model covering a five-year period.

	2020	*2019*
	KD	*KD*
Warba Capital	**1,208,701**	-
Al Dorra	**3,485,405**	-
Al Borg	-	11,738,345
Awazel	-	6,556,596
Nafais	-	2,772,570
	4,694,106	21,067,511

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***	
	2020	*2019*	***2020***	*2019*
Summarised statement of financial position	***KD***	*KD*	***KD***	*KD*
Assets	**66,929,715**	61,483,252	**41,867,769**	40,042,573
Liabilities	**(19,574,554)**	(16,267,484)	**(7,955,983)**	(7,998,182)
Equity	**47,355,161**	45,215,768	**33,911,786**	32,044,391
Group's share in equity %	**21.12%**	21.12%	**41.69%**	41.69%
Group's share in equity	**10,001,410**	9,551,469	**14,139,031**	13,359,307
PPA adjustment	-	-	**11,891,471**	11,891,471
Group's carrying amount	**10,001,410**	9,551,469	**26,030,502**	25,250,778

13 INVESTMENT IN ASSOCIATES (continued)

	Nafais		***Sama***	
	2020	*2019*	***2020***	*2019*
Summarised statement of profit or loss	***KD***	*KD*	***KD***	*KD*
Revenue	**47,451,302**	45,803,009	**18,882,221**	17,722,500
Cost of revenue	**(35,042,887)**	(28,446,686)	**(8,559,115)**	(7,844,403)
Administrative and other expenses	**(3,276,611)**	(7,624,736)	**(1,760,909)**	(1,782,867)
Profit for the year	**9,131,804**	9,731,587	**8,562,197**	8,095,230
Group's share in equity %	**21.12%**	21.12%	**41.69%**	41.69%
Group's share of profit	**1,928,637**	2,055,720	**3,569,580**	3,374,901

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land 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 2019	10,966,400	32,430,572	23,167,884	2,677,440	1,876,202	-	3,706,810	74,825,308
Effect of adoption of IFRS 16 (Note 2.3)	-	-	-	-	-	2,698,617	-	2,698,617
Additions	-	251,474	4,752,311	160,703	142,104	141,429	188,750	5,636,771
Acquisition of a subsidiary (Note 3)	775,000	671,427	1,431,635	8,073	155,952	-	42,423	3,084,510
Disposals	-	-	(188,917)	(5,991)	(10,257)	-	-	(205,165)
Exchange differences	-	(548)	2,178	(14)	(73)	-	-	1,543
At 30 April 2020	**11,741,400**	**33,352,925**	**29,165,091**	**2,840,211**	**2,163,928**	**2,840,046**	**3,937,983**	**86,041,584**
Depreciation and impairment:								
At 1 May 2019	-	5,757,860	12,491,524	1,488,090	506,119	-	-	20,243,593
Depreciation charge for the year	-	2,752,719	2,945,502	498,877	464,670	565,176	-	7,226,944
Disposals	-	-	(168,043)	(5,991)	(10,257)	-	-	(184,291)
Exchange differences	-	(540)	722	(10)	(70)	-	-	102
At 30 April 2020	**-**	**8,510,039**	**15,269,705**	**1,980,966**	**960,462**	**565,176**	**-**	**27,286,348**
Net book value:								
At 30 April 2020	**11,741,400**	**24,842,886**	**13,895,386**	**859,245**	**1,203,466**	**2,274,870**	**3,937,983**	**58,755,236**

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land KD	*Buildings KD*	*Plant and equipment KD*	*Furniture and office equipment KD*	*Motor vehicles KD*	*Construction in progress KD*	*Total KD*
Cost:							
At 1 May 2018	-	7,791,091	14,148,519	1,996,314	572,399	502,578	25,010,901
Additions	-	42,894	224,517	33,029	-	1,060,938	1,361,378
Acquisition of subsidiaries (Note 3)	10,966,400	24,584,298	8,921,852	613,121	1,370,024	2,161,986	48,617,681
Disposals	-	-	(139,034)	(1,493)	(67,467)	(22,626)	(230,620)
Exchange differences	-	12,289	12,030	36,469	1,246	3,934	65,968
At 30 April 2019	10,966,400	32,430,572	23,167,884	2,677,440	1,876,202	3,706,810	74,825,308
Depreciation and impairment:							
At 1 May 2018	-	3,782,782	10,758,785	1,024,693	430,254	-	15,996,514
Depreciation charge for the year	-	1,046,771	1,672,233	464,890	136,762	-	3,320,656
Impairment	-	928,307	185,270	-	-	-	1,113,577
Disposals	-	-	(124,764)	(1,493)	(60,897)	-	(187,154)
At 30 April 2019	-	5,757,860	12,491,524	1,488,090	506,119	-	20,243,593
Net book value:							
At 30 April 2019	10,966,400	26,672,712	10,676,360	1,189,350	1,370,083	3,706,810	54,581,715

14 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 2020, the management has not identified any indicators of impairment for property, plant and equipment and therefore no impairment testing for is required. During the year ended 30 April 2019, the management had performed an impairment assessment for property, plant and equipment. As a result of this analysis, management has recognised an impairment charge of KD 1,113,577 in the previous year against property, plant and equipment. The impairment charge is recorded within 'Impairment of property, plant and equipment' 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:

	2020 KD	*2019 KD*
Cost of goods sold	**5,049,451**	1,314,060
General and administrative expenses (Note 6)	**2,177,493**	2,006,596
	7,226,944	3,320,656

15 INTANGIBLE ASSETS

	Goodwill KD	***Brand KD***	***Student relationships KD***	***Total KD***
Cost				
At 1 May 2019 and 30 April 2020	**33,421,970**	**7,167,050**	**1,550,480**	**42,139,500**
Amortisation and impairment				
At 1 May 2019	23,644,939	-	310,096	23,955,035
Amortisation	-	-	310,096	310,096
Impairment	3,277,491	-	-	3,277,491
At 30 April 2020	**26,922,430**	-	**620,192**	**27,542,622**
Net book value				
At 30 April 2020	**6,499,540**	**7,167,050**	**930,288**	**14,596,878**

	Goodwill KD	*Brand KD*	*Student relationship KD*	*Total KD*
Cost:				
Acquisition of subsidiaries (Note 3)	33,421,970	7,167,050	1,550,480	42,139,500
At 30 April 2019	33,421,970	7,167,050	1,550,480	42,139,500
Amortisation and impairment:				
Amortisation	-	-	310,096	310,096
Impairment	23,644,939	-	-	23,644,939
At 30 April 2019	23,644,939	-	310,096	23,955,035
Net book value:				
At 30 April 2019	9,777,031	7,167,050	1,240,384	18,184,465

15 INTANGIBLE ASSETS (continued)

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.

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

	Goodwill		***Brand***	
	2020	*2019*	***2020***	*2019*
	KD	*KD*	***KD***	*KD*
CGUs				
Al Kout	**6,499,540**	9,777,031	**-**	-
GUST	**-**	-	**7,167,050**	7,167,050
	6,499,540	9,777,031	**7,167,050**	7,167,050

a) Goodwill

Al Kout CGU
The Group performed its impairment test as at 30 April 2020. The recoverable amount of the Al Kout CGU as at 30 April 2020 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 projected cash flows have been updated to reflect the estimated impact of COVID-19 outbreak. The discount rate applied to cash flow projections is 10.97% (2019: 12.11%) and cash flows beyond the five-year period are extrapolated using a 2% (2019: 2%) growth rate. Based on its assessment, the management has recognised an impairment charge of KD 3,277,491 in the current year (2019: KD 12,469,706) against goodwill. The impairment charge for the current year is recorded within impairment of intangible assets in the consolidated statement of profit or loss. The impairment charge for the year ended 30 April 2019, had been adjusted against the gain on remeasurement of the Group's previously held equity interest in Al Kout (Note 3).

Gulf University for Science and Technology ("GUST") CGU
At 30 April 2019, the Group, based on its assessment, fully impaired the goodwill pertaining to GUST CGU amounting to KD 11,175,233.

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.

15 INTANGIBLE ASSETS (continued)

Impairment assessment (continued)

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.

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	
	2020	*2019*
▶ Growth rate	**2%**	2%
▶ Royalty rate	**5.75%**	5.75%
▶ Discount rate	**18.04%**	21.5%
▶ 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.

16 TERM LOANS

	2020	*2019*
	KD	*KD*
Local currency	**47,075,701**	37,446,060
Foreign currency		
– USD	**82,577,250**	12,470,150
– Others	-	10,854,659
	129,652,951	60,770,869

The Group has the following principal bank loans, which are unsecured:

- Revolving term loans of KD 42,950,000 (2019: KD 23,550,000), denominated in local currency, carry interest at CBK discount rate plus a spread of 0.75% per annum which will be rolled over on an annual basis.
- Term loans of KD 4,125,701 (2019: KD 2,696,000) denominated in local currency, carry interest at CBK discount rate plus a spread of 0.75% per annum. These term loans have different maturity dates between June 2020 to April 2024.
- Revolving term loans of KD 9,878,400 (2019: KD 3,041,500), denominated in foreign currencies, carrying interest thereon at LIBOR plus a spread of 1.5% per annum, which will be rolled over on an annual basis.
- Term loans of KD 72,698,850 (2019: KD 9,428,650), denominated in foreign currencies, carrying interest thereon at LIBOR plus a spread ranging from 1.5% to 1.75% per annum. These term loans have different maturity dates between May 2021 to May 2022.

16 TERM LOANS (continued)

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 2020, the Group had available KD 43,000,000 (2019: KD 53,000,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

17 ISLAMIC FINANCE PAYABLES

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

2020	***Foreign currency KD***	***Local currency KD***	***Total KD***
Murabaha:			
Gross amount	**76,313,268**	-	**76,313,268**
Less: deferred finance cost	**(15,056)**	-	**(15,056)**
	76,298,212	-	**76,298,212**
Tawarruq:			
Gross amount	**55,654,211**	**3,655,707**	**59,309,918**
Less: deferred finance cost	**(205,065)**	**(7,993)**	**(213,058)**
	55,449,146	**3,647,714**	**59,096,860**
	131,747,358	**3,647,714**	**135,395,072**

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

- Murabaha payables, Tawaruq payables and Ijara 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 16 and 17) have been designated as fair value hedging instruments to manage the exposure to fluctuations in foreign currency rates of certain financial assets at FVOCI (Note 12).

18 ACCOUNTS PAYABLE AND ACCRUALS

	2020 KD	*2019 KD*
Accounts payable	**10,681,893**	18,871,011
Dividends payable	**4,053,043**	3,957,051
Lease liabilities	**2,351,049**	-
Accrued charges on credit facilities	**226,676**	764,662
Provision for taxation	**396,542**	272,739
Directors' fees payable	**90,000**	75,000
Other accruals and payables	**21,358,822**	15,778,368
	39,158,025	39,718,831

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

	2020 KD
At 1 May (Note 2.3)	**2,690,413**
Additions	**141,429**
Accretion of interest	**96,049**
Payments	**(576,842)**
At 30 April	**2,351,049**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day to 90-day terms
- Other payables are non-interest bearing and have an average term of six months
- Interest payable is normally settled in arrears throughout the financial year

For explanations on the Group's liquidity risk management processes, refer to Note 27.2.

19 SHARE CAPITAL, SHARE PREMIUM AND DISTRIBUTIONS

19.1 Share capital

Authorised, issued and paid-up share capital of the Parent Company consists of 534,822,750 (2019: 534,822,750) shares of 100 (2019: 100) fils per share. These are comprised of 400,000,000 (2019: 400,000,000) fully paid-up shares and 134,822,750 (2019: 134,822,750) bonus shares.

19.2 Share premium

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

19.3 Distributions made and proposed

The Board of Directors of the Parent Company proposed cash dividends of 35 fils per share (2019: 50 fils per share) on outstanding shares (excluding treasury shares) amounting to KD 17,658,390 (2019: KD 26,135,246) for the year ended 30 April 2020. This proposal is subject to the approval of the shareholders at the AGM of the Parent Company.

On 27 May 2019, the shareholders at the AGM of the Parent Company approved cash dividends of 50 fils per share for the year ended 30 April 2019 (30 April 2018: 45 fils per share) on outstanding shares (excluding treasury shares) aggregating to KD 26,135,246 (30 April 2018: KD 23,366,012).

20 TREASURY SHARES

	2020 KD	*2019 KD*
Number of treasury shares	**30,297,331**	12,110,387
Percentage of share capital	**5.67%**	2.26%
Cost of treasury shares – KD	**21,453,360**	7,451,647
Market value – KD	**15,088,071**	11,141,557
Weighted average market price – fils	**702.0**	966.3

20 TREASURY SHARES (continued)

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 year, the Parent Company purchased 18,828,704 shares (2019: 4,838,736 shares) and sold 641,760 shares (2019: 13,641,927 shares). The resultant gain on sale of treasury shares amounted to KD 182,826 (2019: KD 4,274,681) and is recognised in the treasury shares reserve.

21 RESERVES

21.1 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 such 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.

21.2 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. During the year, no transfer has been made upon the recommendation of the Board of Directors.

The Board of Directors in their meeting held on 17 June 2020 proposed to transfer the entire voluntary reserve of KD 25,467,750 to retained earnings. This proposal is subject to the approval of the shareholders at the AGM.

21.3 Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income 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.

21.4 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

	2020 KD	*2019 KD*
Unrealised gain relating to financial assets at FVOCI	**111,651,719**	144,752,111
Share of fair value reserve in the equity of associates	**635,937**	206,124
	112,287,656	144,958,235

21.5 Other reserve

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

22 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***	***2020***	*2019*
EDU Holding	State of Kuwait	**16.89%**	17.01%
EYAS	State of Kuwait	**44.56%**	44.56%
Al Kout	State of Kuwait	**45.86%**	45.86%

Accumulated balances of material non-controlling interest:

	2020 ***KD***	*2019* *KD*
EDU Holdng	**10,196,359**	11,762,109
EYAS	**7,740,488**	14,595,782
Al Kout	**16,252,948**	17,942,837

Profit allocated to material non-controlling interest:

	2020 ***KD***	*2019* *KD*
EDU Holdng	**1,713,562**	1,081,172
EYAS	**3,206,323**	2,010,228
Al Kout	**623,929**	1,447,888

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 2020:	***EDU Holding Year ended 29 February 2020 KD***	***EYAS Year ended 29 February 2020 KD***	***Al Kout Year ended 31 March 2020 KD***
Sale of goods	-	-	**29,566,471**
Tuition fees	**5,279,857**	**22,362,557**	-
Cost of goods sold	-	-	**(20,943,840)**
Tuition costs	**(3,951,353)**	**(7,530,787)**	-
Other income	**732,711**	**2,069,580**	**657,584**
Net loss on financial assets at FVTPL	-	-	**(276,018)**
Share of results of associates	**7,145,599**	-	**70,409**
Impairment of associates	-	-	**(3,485,405)**
General and administrative expenses	**(624,753)**	**(8,301,619)**	**(4,228,819)**
PROFIT FOR THE YEAR	**8,582,061**	**8,599,731**	**1,360,382**
Attributable to non-controlling interests	**1,713,562**	**3,206,323**	**623,929**
Dividends paid to non-controlling interests	**2,655,520**	**4,471,911**	**2,313,818**
Amounts paid to non-controlling interests on capital reduction	**584,680**	**5,589,706**	-

22 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

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

Summarised statement of financial position as at 2020:	***EDU*** ***29 February 2020*** ***KD***	***EYAS*** ***29 February 2020*** ***KD***	***Al Kout*** ***31 March 2020*** ***KD***
Cash and cash equivalents	**5,269,552**	**10,288,937**	**740,407**
Accounts receivable and prepayments	**4,235,378**	**10,072,478**	**10,552,065**
Inventories	**4,756**	**119,342**	**2,768,760**
Investment securities	-	-	**1,162,267**
Investment in associates	**27,915,267**	**180,585**	**3,673,179**
Property and equipment and intangible assets	**112,929**	**12,047,773**	**28,581,046**
Term loan	-	-	**(1,425,000)**
Accounts payable and accruals	**(5,148,672)**	**(10,089,064)**	**(10,809,556)**
Total equity	**32,389,210**	**22,620,051**	**35,243,168**
Attributable to:			
Equity holders of the Parent Company	**22,192,851**	**14,879,563**	**18,990,220**
Non-controlling interests	**10,196,359**	**7,740,488**	**16,252,948**

Summarised statement of financial position as at 2019:	*EDU* *28 February 2019* *KD*	*EYAS* *28 February 2019* *KD*	*Al Kout* *31 March 2019* *KD*
Cash and cash equivalents	7,523,294	30,291,104	733,241
Accounts receivable and prepayments	4,327,867	7,673,775	10,188,133
Inventories	78,255	84,863	2,722,798
Investment securities	-	-	1,438,285
Investment in associates	34,900,081	431,411	7,062,740
Property and equipment and intangible assets	10,750	13,068,068	25,981,787
Accounts payable and accruals	(7,681,566)	(10,528,105)	(9,496,630)
Total equity	39,158,681	41,021,116	38,630,354
Attributable to:			
Equity holders of the Parent Company	27,396,572	26,425,334	20,687,517
Non-controlling interests	11,762,109	14,595,782	17,942,837

22 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

Summarised cash flow information:

Summarised cash flow information for 2020:	***EDU*** *Year ended 29 February 2020 KD*	***EYAS*** *Year ended 29 February 2020 KD*	***Al Kout*** *Year ended 31 March 2020 KD*
Operating	**(1,233,916)**	**2,508,882**	**10,367,963**
Investing	**15,058,265**	**4,847,851**	**(5,864,980)**
Financing	**(14,108,102)**	**(23,249,337)**	**(4,881,311)**
Net (decrease) increase in cash and cash equivalents	**(283,753)**	**(15,892,604)**	**(378,328)**

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

23 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturity profile of cash and cash equivalents, term loans and Islamic finance payables 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 2020	***Within 12 months KD***	***After 1 year KD***	***Total KD***
ASSETS			
Cash and cash equivalents	**46,979,935**	-	**46,979,935**
Accounts receivable and prepayments	**40,308,733**	-	**40,308,733**
Inventories	**5,753,121**	-	**5,753,121**
Investment securities	**8,596,822**	**339,016,013**	**347,612,835**
Investment in associates	-	**51,952,763**	**51,952,763**
Property, plant and equipment	-	**58,755,236**	**58,755,236**
Intangible assets	-	**14,596,878**	**14,596,878**
TOTAL ASSETS	**101,638,611**	**464,320,890**	**565,959,501**
LIABILITIES			
Term loans	**6,414,268**	**123,238,683**	**129,652,951**
Islamic finance payables	**26,809,165**	**108,585,907**	**135,395,072**
Accounts payable and accruals	**30,063,818**	**9,094,207**	**39,158,025**
TOTAL LIABILITIES	**63,287,251**	**240,918,797**	**304,206,048**
NET LIQUIDITY GAP	**38,351,360**	**223,402,093**	**261,753,453**

23 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

30 April 2019	*Within 12 months KD*	*After 1 year KD*	*Total KD*
ASSETS			
Cash and cash equivalents	42,053,823	-	42,053,823
Accounts receivable and prepayments	29,393,839	-	29,393,839
Inventories	6,218,182	-	6,218,182
Investment securities	23,219,135	319,392,075	342,611,210
Investment in associates	-	58,015,630	58,015,630
Property, plant and equipment	-	54,581,715	54,581,715
Intangible assets	-	18,184,465	18,184,465
TOTAL ASSETS	100,884,979	450,173,885	551,058,864
LIABILITIES			
Term loans	31,338,214	29,432,655	60,770,869
Islamic finance payables	16,259,554	106,384,049	122,643,603
Accounts payable and accruals	30,558,015	9,160,816	39,718,831
TOTAL LIABILITIES	78,155,783	144,977,520	223,133,303
NET LIQUIDITY GAP	22,729,196	305,196,365	327,925,561

24 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 (A Limited Liability Company), KSA, Boubyan Plastics Industries Company K.S.C. (Closed) and Al Kout Industrial Projects 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 shipping, services, 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.

24 SEGMENT INFORMATION (continued)

The following tables present revenue and profit information for the Group's operating segments for the years ended 30 April 2020 and 2019:

Year ended 30 April 2020	***Energy, manufacturing and petrochemical sector KD***	***Services and education KD***	***Others KD***	***Total KD***
Sale of goods	**47,846,358**	-	-	**47,846,358**
Tuition fees	-	**27,642,414**	-	**27,642,414**
Dividend income	**17,616,227**	-	**1,716,759**	**19,332,986**
Share of results of associates	**1,061,288**	**6,330,085**	**(38,869)**	**7,352,504**
Segment revenue	**66,523,873**	**33,972,499**	**1,677,890**	**102,174,262**
Segment profit	**6,037,998**	**10,254,017**	**1,074,572**	**17,366,587**
Other disclosures:				
Depreciation	**5,164,083**	**2,062,861**	-	**7,226,944**
Amortisation	**-**	**310,096**	-	**310,096**
Impairment of associates	**3,485,405**	-	**1,208,701**	**4,694,106**
Impairment of intangible assets	**3,277,491**	-	-	**3,277,491**
Allowance for expected credit losses on dividends receivable	**8,711,955**	-	-	**8,711,955**
Finance costs	**3,453,746**	**5,180,618**	-	**8,634,364**
Purchase of property, plant and equipment	**5,448,290**	**188,481**	-	**5,636,771**
Acquisition of additional interests in associates	**170,298**	**2,787,600**	-	**2,957,898**

Year ended 30 April 2019	*Energy, manufacturing and petrochemical sector KD*	*Services and education KD*	*Others KD*	*Total KD*
Sale of goods	31,523,135	-	-	31,523,135
Tuition fees	-	23,237,365	-	23,237,365
Dividend income	44,415,596	-	452,191	44,867,787
Share of results of associates	1,663,259	7,143,242	-	8,806,501
Segment revenue	77,601,990	30,380,607	452,191	108,434,788
Segment profit	31,088,597	(15,790,422)	(209,881)	15,088,294
Other disclosures*:*				
Depreciation	2,312,291	1,008,365	-	3,320,656
Amortisation	-	310,096	-	310,096
Impairment of associates	6,556,596	14,510,915	-	21,067,511
Finance costs	6,980,621	1,176,980	-	8,157,601
Impairment of property, plant and equipment	1,113,577	-	-	1,113,577
Impairment of intangible assets	-	11,175,233	-	11,175,233
Purchase of property, plant and equipment	1,314,552	46,826	-	1,361,378
Acquisition of additional interests in associates	7,255,328	-	423,880	7,679,208

24 SEGMENT INFORMATION (continued)

The following table presents assets and liabilities information for the Group's operating segments as at 30 April 2020 and 30 April 2019:

As at 30 April 2020	***Energy, manufacturing and petrochemical sector KD***	***Services and education KD***	***Others KD***	***Total KD***
Segment assets	**419,308,527**	**87,680,644**	**58,970,330**	**565,959,501**
Segment liabilities	**178,205,711**	**79,899,460**	**46,100,877**	**304,206,048**
Other disclosures:				
Investment in associates	**11,065,237**	**39,202,243**	**1,685,283**	**51,952,763**
Goodwill	**6,499,540**	**-**	**-**	**6,499,540**

As at 30 April 2019	*Energy, manufacturing and petrochemical sector KD*	*Services and education KD*	*Others KD*	*Total KD*
Segment assets	416,748,523	98,389,468	35,920,873	551,058,864
Segment liabilities	121,534,420	98,670,177	2,928,706	223,133,303
Other disclosures:				
Investment in associates	18,427,908	38,209,842	1,377,880	58,015,630
Goodwill	9,777,031	-	-	9,777,031

25 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 Parent Company's management.

The following table provides the total amount of transactions that have been entered into with related parties during the years ended 30 April 2020 and 2019, as well as balances with related parties as at 30 April 2020 and 2019.

	Other related parties KD	***2020 KD***	*2019 KD*
Consolidated statement of profit or loss:			
Sales	576,725	**576,725**	1,170,018
Purchases	502,796	**502,796**	501,449
Other income	49,400	**49,400**	48,928

	Entities under common control KD	***2020 KD***	*2019 KD*
Consolidated statement of financial position:			
Accounts receivable and prepayments	180,589	**180,589**	667,183
Accounts payable and accruals	-	-	152

25 RELATED PARTY DISCLOSURES (continued)

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 2020, the Group has not recognised any provision for expected credit losses relating to amounts owed by related parties (2019: Nil).

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*	
	2020 KD	*2019 KD*	***2020 KD***	*2019 KD*
Short-term benefits	**1,250,382**	874,575	**356,507**	347,669
Employees' end of service benefits	**50,380**	36,710	**20,431**	22,483
	1,300,762	911,285	**376,938**	370,152

The Board of Directors in their meeting held on 17 June 2020 proposed directors' fees of KD 90,000 for the year ended 30 April 2020. 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 2019 were approved by the AGM of the shareholders held on 27 May 2019.

26 COMMITMENTS AND CONTINGENCIES

26.1 Capital commitments

At 30 April 2020, the Group had commitments of KD 805,213 (2019: KD 793,345) relating to acquisition of investments.

26.3 Contingencies

The Parent Company has provided corporate guarantees of KD 14,985,962 (2019: KD 34,402,662) to foreign banks on behalf of its subsidiaries. No material liabilities are expected to arise.

27 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 Group's principal financial liabilities comprise term loans, Islamic finance payables and accounts payables 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 cash equivalents that arrive directly from its operations.

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

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.

27 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

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

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

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

The Group's largest customer accounts for 38% of outstanding trade receivables at 30 April 2020 (2019: 64%).

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 2020	***Kuwait KD***	***MENA KD***	***Total KD***
Cash and cash equivalents	**44,110,083**	**2,869,852**	**46,979,935**
Trade receivables	**20,443,207**	**4,008,214**	**24,451,421**
Other receivables	**15,537,259**	**320,053**	**15,857,312**
Maximum exposure to credit risk	**80,090,549**	**7,198,119**	**87,288,668**

30 April 2019	*Kuwait KD*	*MENA KD*	*Total KD*
Cash and cash equivalents	40,869,546	1,184,277	42,053,823
Trade receivables	19,461,571	4,417,748	23,879,319
Other receivables	5,324,393	190,127	5,514,520
Maximum exposure to credit risk	65,655,510	5,792,152	71,447,662

27 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.1 Credit risk (continued)

Risk concentration of maximum exposure to credit risk (continued)
The Group's gross maximum exposure to credit risk segmented by industry classification is as follows:

	2020	*2019*
	KD	*KD*
Manufacturing	**11,211,858**	15,936,389
Banks	**46,979,935**	42,053,823
Services and education	**29,096,875**	13,457,450
	87,288,668	71,447,662

Expected credit loss assessment

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 April 2020 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 using a provision matrix:

		Days past due				
30 April 2020	***Current***	***0-180 days***	***181-270 days***	***270-365 days***	***>365 days***	***Total***
	KD	***KD***	***KD***	***KD***	***KD***	***KD***
Expected credit loss rate	**0.5%**	**10.0%**	**14.0%**	**28.8%**	**95.0%**	**24.0%**
Estimated total gross carrying amount at default	**10,004,505**	**5,725,770**	**4,196,286**	**7,745,778**	**4,485,685**	**32,158,024**
Expected credit loss	**54,361**	**572,577**	**587,480**	**2,230,784**	**4,261,401**	**7,706,603**

		Days past due				
30 April 2019	*Current*	*0-180 days*	*181-270 days*	*270-365 days*	*>365 days*	*Total*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*
Expected credit loss rate	0.7%	8.0%	11.2%	28.9%	94.94%	7.8%
Estimated total gross carrying amount at default	19,911,748	1,321,645	2,389,999	992,599	1,274,460	25,890,451
Expected credit loss	141,876	106,130	266,489	286,700	1,209,937	2,011,132

27 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.1 Credit risk (continued)

Expected credit loss assessment (continued)

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.

For the year ended 30 April 2020, the Group recognised provision for expected credit losses of KD 8,711,955 relating to dividends receivable (Note 5).

Cash and cash equivalents
Credit risk from cash and cash equivalents 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 cash equivalents have low credit risk based on the external credit ratings of the counterparties. Accordingly, management identified impairment loss to be immaterial.

27.2 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. The Group's terms of sales require amounts to be paid within 90 days of the date of sale. Trade payables are normally settled within 90 days of the date of purchase.

The 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.

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

30 April 2020	*Within 12 months KD*	*1 to 5 years KD*	*Total KD*
Term loans	**10,253,299**	**128,075,631**	**138,328,930**
Islamic finance payables	**23,453,748**	**123,616,052**	**147,069,800**
Trade and other payables	**27,712,769**	**9,094,207**	**36,806,976**
Lease liabilities	**641,190**	**1,901,705**	**2,542,895**
Total undiscounted financial liabilities	**62,061,006**	**262,687,595**	**324,748,601**

27 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.2 Liquidity risk (continued)

30 April 2019	*Within 12 months KD*	*1 to 5 years KD*	*Total KD*
Term loans	33,781,121	32,040,026	65,821,147
Islamic finance payables	20,572,177	113,973,382	134,545,559
Trade and other payables	30,558,015	9,160,816	39,718,831
Total undiscounted financial liabilities	84,911,313	155,174,224	240,085,537

27.3 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.

27.3.1 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.

	2020 KD	*2019 KD*
Fixed-rate instruments		
Financial assets	**36,100,000**	5,219,462
Financial liabilities	**(135,395,072)**	(122,643,603)
	(99,295,072)	(117,424,141)
Variable rate instruments		
Financial liabilities	**(129,652,951)**	(60,770,869)
	(228,948,023)	(178,195,010)

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities, at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would have increased or decreased equity by KD 992,951 after tax (2019: KD 1,174,241). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

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 1,296,530 (2019: KD 607,709). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

27 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.3 Market risk (continued)

27.3.2 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.

The effect on profit before tax and directors' fees and other comprehensive income (due to change in the fair value of monetary assets and liabilities), as a result of 5% change in currency rate, with all other variables held constant is shown below:

Foreign currency sensitivity
The following tables demonstrate the sensitivity to a reasonably possible change 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	
	2020	*2019*
	KD	*KD*
USD	**4,906,829**	5,808,658

27.3.3 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 313,927,114 (2019: KD 327,226,655). Sensitivity analyses of these investments have been provided in Note 28.

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 32,004,000 and KD 1,162,267, 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 1,760,220 and KD 58,113 increase/(decrease) respectively, on the equity attributable to the Group.

27.3.4 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.

28 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 2020 and 2019, the Group does not have any non-financial asset measured at fair value.

Financial instruments	***2020*** ***KD***	*2019* *KD*
Investment securities (at fair value)		
Quoted equity securities	**33,166,267**	14,955,565
Unquoted equity securities	**313,927,114**	327,226,655
Unquoted funds	**519,454**	428,990
	347,612,835	342,611,210

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

- Cash and cash equivalents
- Accounts receivables
- Term loans
- Islamic finance payables
- Accounts payable and accruals (including lease liabilities)

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 12. The Group classifies the fair value of these investments as Level 3.

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.

28 FAIR VALUE MEASUREMENT (continued)

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 2020	***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	**1,162,267**	**1,162,267**	**-**	**-**
Unquoted equity securities	**6,915,101**	**-**	**-**	**6,915,101**
Unquoted funds	**519,454**	**-**	**519,454**	**-**
	8,596,822	**1,162,267**	**519,454**	**6,915,101**
Financial assets at FVOCI				
Quoted equity securities	**32,004,000**	**32,004,000**	**-**	**-**
Unquoted equity securities	**307,012,013**	**-**	**-**	**307,012,013**
	339,016,013	**32,004,000**	**-**	**307,012,013**
Investment securities (at fair value)	**347,612,835**	**33,166,267**	**519,454**	**313,927,114**

		Fair value measurement using		
30 April 2019	*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	14,955,565	14,955,565	-	-
Unquoted equity securities	7,834,580	-	-	7,834,580
Unquoted funds	428,990	-	428,990	-
	23,219,135	14,955,565	428,990	7,834,580
Financial assets at FVOCI				
Unquoted equity securities	319,392,075	-	-	319,392,075
Investment securities (at fair value)	342,611,210	14,955,565	428,990	327,226,655

There were no transfers between any levels of the fair value hierarchy during the years ended 30 April 2020 or 2019.

28 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:

2020	*Financial assets at FVTPL KD*	*Financial assets at FVOCI KD*	*Total KD*
As at 1 May 2019	**7,834,580**	**319,392,075**	**327,226,655**
Acquisition of a subsidiary (Note 3)	-	**3,672,933**	**3,672,933**
Remeasurement recognised in OCI	-	**(14,642,019)**	**(14,642,019)**
Remeasurement recognised in profit or loss	**(519,479)**	-	**(519,479)**
Purchases / sales (net)	**(400,000)**	**(1,410,976)**	**(1,810,976)**
As at 30 April 2020	**6,915,101**	**307,012,013**	**313,927,114**
2019			
As at 1 May 2018	9,551,115	320,199,388	329,750,503
Remeasurement recognised in OCI	-	(807,313)	(807,313)
Remeasurement recognised in profit or loss	(2,116,535)	-	(2,116,535)
Purchases / sales (net)	400,000	-	400,000
As at 30 April 2019	7,834,580	319,392,075	327,226,655

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*	
		2020 KD	*2019 KD*
Discount rate	***50 basis points***	**(12,992,853)**	(5,235,602)
Terminal growth rate	***(50 basis points)***	**(14,330,469)**	(7,848,248)
DLOM	***5%***	**(18,947,591)**	(19,079,284)

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

29 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, less cash and cash equivalents. Capital represents equity attributable to the Parent Company.

	2020	*2019*
	KD	*KD*
Term loans	**129,652,951**	60,770,869
Islamic financing payables	**135,395,072**	122,643,603
Less: cash and cash equivalents	**(46,979,935)**	(42,053,823)
Net debt	**218,068,088**	141,360,649
Total equity attributable to holders of the Parent Company	**223,368,895**	283,624,833
Capital and net debt	**441,436,983**	**424,985,482**
Gearing ratio	**49%**	33%

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 2020 and 2019.

30 IMPACT OF COVID-19 OUTBREAK

During March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the State of Kuwait. Governments across the globe has taken steps to contain the spread of the virus, which included closure of borders, released social distancing guidelines and enforced country-wide lockdowns and curfews.

Oil prices have also witnessed significant volatility during the current period, owing not just to demand issues arising from COVID-19 as the world economies go into lockdown, but also supply issues driven by volume which had predated the pandemic. The Group has evaluated the current situation through conducting stress testing scenarios on expected impact on key credit, liquidity, operational, solvency and performance indicators in addition to other risk management practices to manage the potential business disruption due to COVID-19 outbreak that may have on its operations and financial performance. The steps taken by management also include commencing review of investment exposure concentrations and credit exposure concentrations.

The current events and the prevailing economic condition require the Group to revise certain inputs and assumptions used for estimating the recoverable amounts for the purpose of impairment testing of non-financial assets and the valuation of unquoted equity securities. These would primarily involve adjusting the cash flow projections and applying a conservative DLOM considering the deterioration of liquidity position in the market.

30 IMPACT OF COVID-19 OUTBREAK (continued)

Further, the Group is required to revise certain inputs and assumptions used for the determination of expected credit losses ("ECL"). These would primarily revolve around adjusting the forward-looking estimates used by the
Group in estimation of expected credit losses.

The impact of such uncertain economic environment is judgmental, and the Group will continue to reassess its position and the related impact on a regular basis.

Risk factors
The Group's operations, cash flows and financial condition could be negatively affected due to the following:

- Decline in operational cashflows since the Group's subsidiaries and associates primarily operate in the oil and gas and educational sectors, which could witness a decline in their revenues and profits due to decreased demand on account of government-imposed measures to combat COVID-19;
- Decline in the fair value of the Group's investment securities due to decline in the financial performance/projected cashflows of these investments and deterioration in the financial markets;
- Potential impairment in the carrying values of the Group's investment in associates considering the geographies and sectors in which these entities operate; and
- Impact on economic growth due to reduced government spending, since the Group primarily operates in an economy that is highly dependent on oil revenue.

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