

ANNUAL REPORT 2022



Boubyan Petrochemical Company (K.S.C.)



H.H. Sheikh

Nawaf Al-Ahmad Al-Jaber Al-Sabah

Amir of the State of Kuwait



H.H. Sheikh
Mishal Al-Ahmad Al-Jaber Al-Sabah
Crown Prince



H.H. Sheikh
Sabah Khaled Al-Hamad Al-Sabah
Prime Minister



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Board of Directors report

I, the members of the Board of Directors and all employees of the Boubyan Petrochemical Group of Companies, are pleased to welcome you to the 27th annual meeting of the Company's general assembly to review with you, the financial performance of the Company for the year ended on April 30th, 2022.

The Company achieved a net profit of KWD 38.76 million (equivalent to 74.55 fils per share) compared to KWD 18.5 million during the last financial year. This is the Company's highest profit since 2008.

Based on the Company's strong performance in the year ended April 30th, 2022, the Board of Directors has recommended a cash dividend of 60 fils per share (equivalent to KWD 31.3 million), which is also the highest cash dividend announced by the Company since 2008. The Board of Directors also recommended to continue distributing 60 fils per share as a minimum for three consecutive financial years ended / ending on April 30th, 2022, April 30th, 2023 and April 30th, 2024. This recommendation is subject to the approval of the general assembly of the Company's shareholders and the regulatory authorities.

Boubyan's goal is to continue growing and developing its current investments, while simultaneously searching for new investment opportunities in the sectors that adhere with its investment strategy of diversifying the Company's income and increasing its shareholders' value.

It is important to note that, this year marks Boubyan's 26th consecutive year of profitability and its 20th consecutive year of cash dividend distribution. Furthermore, if this year's recommended cash dividend distribution is approved, Boubyan's total cash distributions to its shareholders since inception will equal 784 fils per share (approximately KWD 396 million).

The Board has also recommended the distribution of Directors' remuneration for the total of KWD 90,000 for the year ended April 30th, 2022.

In addition, Boubyan has issued its corporate governance report for the year, which clearly demonstrates the Company's compliance with all the regulations required by the regulatory authorities, the Capital Markets Authority, in particular. You can find the Corporate Governance report within the annual report, along with a summary and update on the Company's main investments.

Finally, I would like to take this opportunity to express my sincere appreciation and gratitude for the confidence and support shown to us by our shareholders.

Sincerely,

Dabbous Mubarak Al-Dabbous

Chairman of Board of Directors

SUMMARY OF MAJOR DIRECT INVESTMENTS

EQUATE Petrochemicals Company (EQUATE) – KSCC

EQUATE was established in 1995 as a joint venture between Petrochemical Industries Co and Union Carbide (now Dow Chemicals) with a 45% equity stake each. While Boubyan Petrochemical Company (BPC) had a 10% stake. This marked the first private sector participation in a Government owned mega petrochemical project. EQUATE is one of the most efficiently operated and successfully managed olefins/MEG plants in the region, thanks to state-of-the-art technologies, savvy marketing team, and above all high caliber staff and management.

During 2005, Qurain Petrochemical Industries Co. (QPIC), another Kuwaiti based private company purchased a 6% equity stake of EQUATE, thereby resulting in diluting the founding shareholders' equity stake to 42.5% (PIC and DOW each) and 9% for BPC.

The Kuwait Olefins Company (TKOC –EQUATE II) – KSCC

TKOC was established in 2005 by PIC (42.5%), Dow Chemical (42.5%), BPC (9%), and QPIC (6%). TKOC is an expansion of EQUATE's existing facilities, which resulted in an increase and optimization of the production capacity of the current line of products with minimal capital investment.

BPC's share from EQUATE Group's dividends distribution (incl. TKOC) for the year ended 31/12/2021 reached KD 30.25 MM.

The Educational Holding Group Co. (EDU) – K.S.C.P.

BPC acquired around 82.7% equity stake in EDU group, a company listed at Kuwait Boursa. EDU is active in acquiring stakes in companies in the educational sector. It owns 42% of EYAS for Higher & Technical Education Co. (which owns Gulf University for Science & Technology – GUST) and 42% of Sama Educational Co. (which owns American Creativity Academy) and 88% of Afaq Educational Services Co. (which in turn owns and operates 7 Arabic K12 schools).

Al-Kout Industrial Projects Company (Al Kout) – K.S.C.

Boubyan Petrochemical Company acquired a 24% equity stake in Al-Kout Industrial Projects Company in May of 2010 and an additional 21% was acquired in April 2018 through an auction on Kuwait Boursa which resulted in BPC submitting a mandatory tender offer and acquiring an additional 7.24% bringing the total ownership to 53.7%. BPC then further increased its stake to 54.14% by purchasing in the market.

Al-Kout is the exclusive producer of chlorine, caustic soda, and hydrochloric acid in Kuwait. It sells its products to the Kuwait Ministry of Electricity & Water for utilization in water desalination plants, to the Public Authority of

Industry in Kuwait for sea water cooling stations, in addition to companies working within the Oil and Gas sector in Kuwait. The company also sells its products to other regional customers.

It should be noted that Al-Kout announced net profit of KD 5.0 million (equivalent to 49 fils per share) for the year ended 31/12/2021.

Al Borg Medical Laboratories Company Ltd. (Al Borg Labs), Saudi Arabia

In December 2012, BPC acquired 20% equity stake in Al Borg Medical Laboratories Company for approximately KD 5.7 million and increased its stake in 2016 by an additional 4% for approximately KD 4.9 million. Al Borg is the market leader in Saudi Arabia and specializes in managing and operating medical laboratories that provide a wide range of clinical diagnostic tests. Al Borg also operate across the GCC as well as in other Arab and East African countries. Al Borg Labs was established in 2002 and has witnessed tremendous growth since its establishment.

It is worth noting that Al Borg announced net profit of SAR 175.7 million (equivalent to SAR 2,928 per share) for the year ended 31/12/2021.

Nafais Holding Company K.S.C.

BPC acquired 21.3% of Nafais in an attempt to diversely its sources of income by targeting a company that has direct holdings in two defensive sectors; Health and Education.

It should be noted that Nafais announced net profit of KD 9.9 million (equivalent to 101.1 fils per share) for the year ended 31/12/2021.

Muna Noor Group of Companies, Oman

Muna Noor was established more than 40 years ago in Oman to seize the opportunity in the modernization of the region's piping systems. As part of the brand's progressive character, capacities and product ranges are continuously expanded to meet the needs and ambitions of the region. Since its acquisition by BPC in 2005, the production capacity of Muna Noor has multiplied by extending its geographic footprint by adding three production facilities. Today Muna Noor has manufacturing facilities strategically located in Muscat, Salalah and Sohar, with many branches throughout Oman, in addition to representative offices in Kuwait, Qatar and the UAE.

Muna Noor has continued to work on developing its products and integrated solutions systems, with the aim of further cooperation and entering into partnerships and challenges of new projects. Muna Noor's productivity is focused on manufacturing high-quality pipes such as HDPE, uPVC, DWC and Multi-layer HDPE pipes, fittings, plastic fabrication, lining for steel pipe, roto-lining, roto-molding, liner pipes, traditional and electro fusion welding solutions, complete irrigation systems, SCADA control systems and a multiplicity of valves and controls for water, as well as providing unique solutions using modern and unconventional pipes in water desalination, sewage, irrigation, oil and gas, communications, industry, mining, construction and infrastructure sectors. The company maintains the continuity of its commitment to the (ISO 9001: 2008) accredited certificate, and therefore the Company's primary commitment is to provide high quality products and services to customers.

Arabian Waterproofing Industries Company Ltd. (Awazel), Saudi Arabia

With a 20.78% equity stake, Awazel is an associate company to BPC. Awazel was established in 1981 in Saudi Arabia through an oxidation plant and a membrane production line that has since grown to become one of the largest and most comprehensive manufacturers of bitumen (asphalt) based waterproofing material in the Middle East. It is worth noting that Awazel started diversifying its risk through acquisition of stakes in companies that have products that complement its own, i.e. mainly in the construction and building materials sector.

Annual Corporate Governance Report of Boubyan Petrochemical Company (K.S.C.P)

The Preface

The Board of Directors of Boubyan Petrochemical Company (BPC.), and its Executive Management, seeks to implement the rules of governance contained in the fifteenth chapter of the Executive Regulations of the Capital Markets Authority Law No. 7/2010 and their amendments. This shall be accomplished by stimulating the culture of governance and commitment of the Board of Directors, Executive Management, and all employees of the company, in a manner that achieves a balance between the interests of the Company and the interests of the shareholders and in a manner that enhances the feelings of confidence and reassurance in the efficiency and performance of the Company.

In order to implement the rules and instructions issued by the regulatory authorities, which are in the interest of our valued shareholders, a follow-up report on governance rules was prepared for the Company (BPC.) for the fiscal year ending on 30/04/2022, and it was approved by the Board of Directors in its meeting held on 12/05/2022. Below is a brief account of those rules.

Dabbous Mubarak Al Dabbous

Chairman of Board of Directors

Rule No. (1)

Building a Balanced Structure for the Board of Directors

(A) A Brief about the Constitution of the Board of Directors

BPC. Company's Board of Directors has an organizational structure commensurate with the size and nature of the company's activity. The number of current board members, according to the Company's articles of association, is five (5) members elected by the General Assembly, who possess specialized expertise and qualifications. This represents a sufficient number of members to form the necessary committees emanating from the Board of Directors within the framework of governance requirements. The members of the Board of Directors were elected for a period of three (3) years in the Ordinary General Assembly held on 15/07/2020, and they are the following Messrs.:

Name	Position and Membership Classification	Academic Qualification/ Work Experience	Date of the Election and Appointment of the Secretary
Mr. Dabbous Mubarak Al-Dabbous	Chairman of the Board of Directors (Non-Executive Member)	Bachelor's degree in Mathematics and Computer Science with more than 31 years of experience	15/7/2020
Mr. Khaled Ali Al-Ghanim	Vice Chairman (Non-Executive Member)	Bachelor's degree in Business Administration with more than 21 years of experience	15/7/2020
Mr. Saud Abdulaziz Al-Babtain	Board of Directors Member (Independent Member)	Bachelor's degree in Business Administration with more than 31 years of experience	15/7/2020
Mr. Khalid Abdul Aziz Al-Muraikhi	Board of Directors Member (Independent Member)	Master's degree in Business Administration, Bachelor's degree in Electrical and Electronics Engineering, with more than 31 years of experience	15/7/2020
Mr. Khaled Mohammed Al-Amir A representative of Mubarak Al-Dabbous Sons Company for General Trading and Contracting (L.L.C.)	Board of Directors Member (Non-Executive Member)	Bachelor's degree in Law with more than 21 years of experience	15/7/2020
Mrs. Ghada Ahmed Khreis	Secretary of the Board of Directors	Diploma	Pursuant to the decree of the Board of Directors in its meeting held on 15/07/2020

Rule No. (1) (Continued)**(B) A Brief about the meetings of the Board of Directors**

The Board of Directors of (BPC.) held seven (7) meetings, and eight (8) decisions were made by passing during the fiscal year ending on 30/04/2022, as shown below:

Board of Directors Meetings held during the Fiscal Year ending on 30/04/2022

Member's Name	Position	Meeting No. (1) 17/05/2021	Meeting No. (2) 20/05/2021	Meeting No. (3) 22/08/2021	Meeting No. (4) 29/11/2021	Meeting No. (5) 17/01/2022	Meeting No. (6) 21/02/2022	Meeting No. (7) 24/04/2022	The number of meetings is seven:
Mr. Dabbous Mubarak Al-Dabbous	Chairman of the Board of Directors	√	√	√	√	√	√	√	7
Mr. Khaled Ali Al-Ghanim	Vice Chairman of the Board of Directors	*	√	*	√	√	√	√	5
Mr. Saud Abdulaziz Al-Babtain	Independent Board Member	√	√	√	*	*	√	√	5
Mr. Khalid Abdul Aziz Al-Muraikhi	Independent Board Member	√	√	√	√	√	√	√	7
Mr. Khaled Mohammed Al-Amir	Member of the Board of Directors	√	√	√	√	√	√	√	7

(*) Absence with accepted excuse

(C) A Brief on How to Apply the Requirements for Recording and Preserving the Minutes of Board Meetings:

The Secretariat has a special numbered record for keeping the minutes of the Board of Directors' meetings prepared according to the fiscal year of (BPC.), which ends on April 30 of each year. The record shall include the statement of the attending members and their vote on the decisions taken and the discussions that take place by the members of the Board of Directors and during the meeting, as the agenda shall be listed at the beginning of the minutes of each meeting, and these minutes shall be signed by the Secretary and all the members present. This shall be performed in accordance with the criteria for organizing the minutes stipulated in the Governance Rules and Companies Law No. (1/2016).

The Secretary shall also provide the members of the Board of Directors with the agenda of the Board and all the documents and basic information that shall be discussed during the meeting. This shall be at least three (3) working days in advance, unless there is an emergency meeting that requires an invitation in sufficient time.

Rule No. (1) (Continued)

(D) Acknowledgment by the Independent Member that He Fulfills the Controls of Independence:

First/ The Independent Member of the Board of Directors shall enjoy independence in accordance with the following controls:

1. He shall not own 5% or more of the Company's shares, or a representative of him.
2. He shall have no first-degree relationship with any of the members of the Board of Directors or the Executive Management of the Company or any company of its group, or the main related parties.
3. He shall not be a member of the Board of Directors of any company of its group, or that is part of its group.
4. He shall not be an employee of the Company or any company of its group or has any of the stakeholders.
5. He shall not be an employee of legal persons who have controlling stakes in the Company.

Second/ The Independent Member shall have the qualifications, experience, and technical skills that are commensurate with the Company's activity.

Rule No. (2)

Correct Definition of Missions and Responsibilities

(a) Brief on How the Company Defines a Policy of Duties and Responsibilities of each of the Members of the Board of Directors and the Executive Management, and the Powers that are Delegated to the Executive Management:

BPC. Company shall maintain the organizational and functional structure approved by the Board of Directors, which shows the separation of the powers of the Board of Directors and the Executive Management. This structure shall be regularly updated to keep pace with any new functional modifications or regulatory requirements. The members of the Board of Directors shall carry out their duties effectively in accordance with the responsibilities stipulated in the approved charter of the Board of Directors, and the Company's articles of association and in accordance with the duties and obligations contained in the Companies Law No. 1/2016.

The Board, through the committees emanating from it (Risk Committee - Audit Committee - Remuneration and Nomination Committee), shall give some powers necessary to perform the work of these committees in accordance with what is stipulated in the rules of governance.

The Board of Directors shall also delegate the Executive Management in a specific manner according to the missions required to be performed by the Executive Management in accordance with the policies and job descriptions of these managements.

(b) Board of Directors' Achievements during the Year

In addition to the role of the BPC. Company's Board of Directors in working to achieve the Company's strategic objectives represented in the constant pursuit of maximizing the Company's profits and preserving shareholders' rights, the Board of Directors' achievements for this year shall be reflected in the annual report of the Board of Directors and the annual investment report.

During the fiscal year ending on April 30, 2022, the Board of Directors held seven (7) meetings, in addition to making some decisions by passing, which numbered eight (8). During those meetings, the following major decisions were made:

- Approval of the interim and annual financial statements.
- Making decisions related to the management of the Company's investments.
- Following up on the performance of the specialized committees emanating from the Board of Directors and their achievements during the fiscal year ending on 30/04/2022.
- Following up on the performance of the Executive Management and its achievements during the fiscal year ending on 30/04/2022.
- Approving the annual report of the Board of Directors and the annual corporate governance report for the fiscal year ending on 30/04/2022.
- Discussing and approving the strategy and action plan.
- Adopting the policy of distributing profits at fixed rates related to the Company's strategy for the three fiscal years (2022-2023-2024).
- The initial approval of the merger through the merger between Boubyan Petrochemical Company and the Educational Holding Group until the legal and procedural steps related to the merger process are taken and the memorandum of understanding format is approved.
- Recommending the appointment of a legal advisor, asset evaluator, investment advisor, and issuance manager, agreeing on the fees for each of them, and appointing the Joint Committee for the merger process in accordance with the memorandum of understanding.

Rule No. (2) (Continued)

(c) A Brief of the Application of the Requirements for the Formation of the Board of Directors for Specialized Committees that Enjoy Independence

The Board has taken some basic steps towards implementing the rules of governance in general, and this rule in particular, by forming specialized committees that enjoy independence, setting their charters and approval, and defining their missions and members as follows:

(1) Auditing Committee:

The date and term of the committee's formation:	After convening the Ordinary General Assembly on 15/07/2020 and electing a new Board of Directors, the committee was re-formed according to the decision of the Board of Directors in its meeting held on 15/07/2020, provided that the term of the committee is three (3) years, due to its association with the term of the Board of Directors.		
Committee members and Chairman:	Mr. Khalid Abdul Aziz Al Muraikhi Mr. Saud Abdulaziz Al-Babtain Mr. Khaled Ali Al-Ghanim	Chairman of Committee Committee's Member Committee's Member	Independent Member Independent Member Non-Executive Member
Number of committee meetings during the year:	The committee held five (5) meetings during the fiscal year ending on 30/04/2022, with an attendance rate of 80%.		
Missions and achievements of the committee during the year:	<p>The Committee held five (5) meetings during the fiscal year ending on 30/04/2022, during which the following was accomplished:</p> <ol style="list-style-type: none"> 1. Reviewing the interim and annual financial statements and submitting a recommendation for approval by the Board of Directors for the fiscal year ending on 30/04/2022. 2. Reviewing the annual report of the Audit Committee and recommending it for approval by the Board of Directors. 3. Reviewing the internal audit reports prepared by the Company's operational departments, and recommending the development of a plan to address the observations. 4. Reviewing the internal audit plan for the fiscal year ending on 30/04/2022. 5. Reviewing the annual report of the Internal Control Review (ICR) and recommending it to the Board of Directors, and sending it to the Capital Markets Authority within the specified period. 6. Reviewing the annual reports of the internal control systems of the subsidiaries. 7. Recommending to the Board of Directors the reappointment of professional offices specialized in performing internal audit missions and risks and the annual report of the Internal Control Review (ICR) for the next fiscal year. 8. Renewing the pledge of the integrity and validity of the financial reports and recommending the inclusion of this pledge in the annual report submitted to the shareholders. 9. Recommending the appointment of Mr. Waleed Al-Osaimi as the external auditor for the fiscal year ending on 30/04/2022. 10. Discussing the merger proposal between the two companies and the impact of the proposal on the merging company BPC. financially, legally and operationally. It was unanimously approved to take the recommendation to the Board of Directors to approve the merger process through the merger and to write to the Educational Board of Directors to proceed with the legal and procedural procedures. 11. Recommending to the Board of Directors the appointment of a legal advisor, asset evaluator, investment advisor, and issuance manager, and agreeing on the fees of each of them. 		

Rule No. (2) (Continued)

(2) Risk Committee:

The date and term of the committee's formation:	After convening the Ordinary General Assembly on 15/07/2020 and electing a new Board of Directors, the committee was re-formed according to the decision of the Board of Directors in its meeting held on 15/07/2020, provided that the term of the committee is three (3) years, due to its association with the term of the Board of Directors.		
Committee members and Chairman:	Mr. Khaled Ali Al-Ghanim Mr. Saud Abdulaziz Al-Babtain Mr. Khalid Abdul Aziz Al Muraikhi	Chairman of Committee Committee's Member Committee's Member	Non-Executive Member Independent Member Independent Member
Number of committee meetings during the year:	The committee held five (5) meetings during the fiscal year ending on 30/04/2022, with an attendance rate of 86.7%.		
Missions and achievements of the committee during the year:	<ol style="list-style-type: none"> 1. Reviewing the annual risk report for the fiscal year ending on 30/04/2021. 2. Perusing the risk management action plan for the fiscal year ending on 30/04/2022. 3. Perusing the semi-annual risk report for the fiscal year ending on October 31, 2021. 4. Recommending the review of all policies and charters related to governance rules in accordance with the latest legislation and submitting them to the Board of Directors for approval in order to avoid the risks of regulatory compliance. 5. Discussing the merger proposal between Boubyan Petrochemical Company and the Educational Holding Group and the risks associated with the aforementioned proposal, and unanimously approving the recommendation to the Board of Directors to approve the merger process through the merger. 		

(3) Remuneration and Nominations Committee

The date and term of the committee's formation:	After convening the Ordinary General Assembly on 15/07/2020 and electing a new Board of Directors, the Remuneration and Nominations Committee was formed, provided that the term of the committee is three (3) years, due to its association with the term of the Board of Directors.		
Committee members and Chairman:	Mr. Mr. Dabbous Mubarak Al-Dabbous Mr. Khaled Ali Al-Ghanim Mr. Khalid Abdul Aziz Al-Muraikhi	Chairman of Committee Committee's Member Committee's Member	Non-Executive Member Non-Executive Member Independent Member.
Number of committee meetings during the year:	The committee held five (5) meetings during the fiscal year ending on 30/04/2022, with an attendance rate of 66.7%.		
Missions and achievements of the committee during the year:	<ul style="list-style-type: none"> • Reviewing the fulfillment of the independence conditions related to the independent members of the Board of Directors on an annual basis. • Preparing the annual performance evaluation report, which includes performance indicators for the members of the Board of Directors and the Executive Management for the year ending on 30/04/2021. • Preparing the annual report for the remuneration of the members of the Board of Directors and the Executive Management for the year that ended on 30/04/2021. 		

Rule No. (2) (Continued)

(d) A Brief on How to Implement the Requirements that Allow Board Members to Obtain Thorough and Timely Information and Data:

The Board of Directors and its committees shall be provided with all the required documents and information by submitting periodic reports and information that shall enable the members of the Board of Directors to study the issues raised and make appropriate decisions regarding them. The Secretary of the Board of Directors, in turn, shall act as a link between all members and the executive management with regard to communicating the agenda and related documents, which shall be sent to the members on the specified dates.

Rule No. (3)

Examination of Qualified Potential Candidates for Membership of the Board of Directors and Executive Management

(a) A Brief on the Application of the Requirements for Forming the Nomination and Remuneration Committee:

The nomination mechanism shall ensure the continuation of attracting and selecting talents to join the membership of the Board of Directors and the Executive Management. The mechanism of awarding remunerations has also been defined to help achieve the Company's strategy, as the Board of Directors formed the Nomination and Remuneration Committee as stated in Article 4-1 of the Governance Rules, where the formation of the committee shall include an Independent Member. The Board of Directors has approved the committee's work charter, which includes the committee's duties and responsibilities. The committee shall be tasked with the following missions:

1. Recommending the acceptance of the nomination and re-nomination of the members of the Board and the Executive Management.
2. Establishing a clear policy for the remuneration of the members of the Board of Directors and the Executive Management.
3. Determining the required needs of the appropriate skills for membership of the Board of Directors and reviewing those needs on an annual basis.
4. Attracting applications for those wishing to occupy executive positions as needed, and studying and reviewing such applications.
5. Determining the different segments of the remuneration to be granted to employees, such as the fixed remuneration bracket, the performance-related remuneration bracket, the remuneration in the form of shares, and the end-of-service benefits bracket.
6. Preparing job descriptions for executive members, non-executive members, and independent members.
7. Proposing the nomination and re-nomination of members for elections by the General Assembly and ensuring that the independence of independent members is not lost.
8. Preparing a detailed annual report on all the remunerations granted to the members of the Board of Directors and the Executive Management, whether they are amounts, benefits, or advantages, whatever their nature and name, provided that this report is presented to the Company's General Assembly for approval.
9. Determining the mechanisms for evaluating the performance of the Board of Directors as a whole, and the performance of each member of the Board of Directors and the Executive Management.

After convening the Ordinary General Assembly on 15/07/2020 and electing a new Board of Directors, the Remuneration and Nominations Committee was formed, provided that the term of the Committee shall be three (3) years, due to its connection with the term of the Board of Directors, and the Committee consists of the following members:

1. Mr. Dabbous Mubarak Al-Dabbous	Chairman of Committee	Non-Executive Member
2. Mr. Khaled Ali Al-Ghanim	Committee's Member	Non-Executive Member
3. Mr. Khalid Abdul Aziz Al-Muraikhi	Committee's Member	Independent Member

Rule No. (3) (Continued)

(b) Report of Remunerations Granted to Members of the Board of Directors and Executive Management:

Summary of the Company's remunerations and incentives policy:

The Company recognizes that the reward system is a key element in creating value. Therefore, the remuneration and incentive policy aims to define the general policy of the remuneration system that will be designed and implemented by the Company in a way that achieves the mutual or common value of the Executive Management, the Board of Directors, and the Company and in accordance with the interests of the shareholders. This policy reflects the standards and principles of best practices in the field of good governance, which have been adapted to suit the structure and circumstances of the company, in addition to the relevant regulatory requirements.

The Company's remuneration policy has also been established in accordance with the following principles:

- Linking remunerations to the degree of acceptable risk levels.
- Attracting the best professionals in order to keep them.
- Ensuring equality within the Company and competitiveness outside it.
- Comparing performance levels in the market using analyzes received from consulting companies specialized in the field of remunerations.
- Ensuring transparency in awarding remunerations.

The general strategy of the Company shall be set and approved by the Board of Directors and translated into key performance indicators. Then it shall be documented and circulated to ensure alignment of activities with the strategy applied by the Executive Management. The key performance indicators shall also be monitored and reported to the Board of Directors on a regular basis.

A brief of the general provisions for the remuneration of Board Membership:

- The remunerations of the Chairman and members of the Board of Directors shall be determined according to what is stipulated in the Kuwaiti Companies Law and the Company's articles of association.
- The remuneration of the members of the Board of Directors shall be approved by the General Assembly at its annual meeting. This shall be based on the recommendation of the Nominations and Remunerations Committee.
- Upon the approval of the Ordinary General Assembly, an Independent Board of Directors Member may be exempted from the maximum remuneration stipulated in this section.
- A member of the Board of Directors may be awarded a remuneration for his membership in the committees of the Board of Directors, and the value of the remuneration shall depend on the number of committees in which the member of the Board of Directors is a member. The Council may also grant members one comprehensive remuneration for their membership in the Council and for their participation in the committees emanating from it.
- The members of the Board of Directors may also be granted compensation for insurance or travel and accommodation expenses in accordance with the list of remunerations and allowances for members of the Board of Directors.
- The Board of Directors may also allocate a special remuneration to any of its members in return for work or missions assigned to him by the Board of Directors.
- In all cases, the Board of Directors shall be obligated to submit an annual report to be submitted to the Ordinary General Assembly for approval, provided that it accurately includes a detailed statement on the amounts, profits, and benefits obtained by a member of the Board of Directors, whatever their nature and name.

Rule No. (3) (Continued)

A brief of the general provisions related to the remuneration of the Executive Management:

The Executive Management remuneration system shall take into account the environment in which the Company operates, the results it achieves, and the Company's degree of risk tolerance, and shall include the following main components:

1) Fixed Remunerations:

- Fixed remunerations shall be determined in the Company, taking into account the level of responsibilities assigned and the specific career path of the Executive Member of the Company.
- The fixed remunerations shall be contractually agreed upon with the members of the Executive Management in return for their skills, competencies, and experiences used to perform their job role.
- Fixed remuneration shall be reviewed at least every three (3) years to reassess the overall remuneration package, market conditions, and performance at the individual and corporate level.

2) Variable Remunerations:

- Variable remunerations shall be related to the process of achieving pre-set objectives and managing risks effectively.
- This type of remuneration shall be designed to motivate and reward members of the Executive Management. Variable remunerations shall be allocated based on the individual performance of the Executive Management member/staff and the Company's overall performance.
- Variable remunerations shall be offered in cash or stock in case the company decides to adopt a system of stock options. This matter shall be determined annually by the Nomination and Remuneration Committee before being approved by the Board of Directors.
- The company's variable remuneration system shall be based on the process of determining performance indicators for the Executive Management. Through adherence to these indicators, the value of the variable remunerations due to members of the Executive Management shall be determined, and these remunerations shall be distributed based on individual performance.
- There are two types of indicators: financial indicators (of the Company and departments) and non-financial indicators of the Company's operations and activities.
- The Company shall consider effective risk management to be a critical component of its variable remunerations. Therefore, economic profits have been set as a key financial indicator to determine the amounts payable under this item. This indicator shall be based on the levels of risk accepted and the cost of capital employed.
- The remunerations shall be determined based on the achievement of key performance indicators in accordance with the Company's general strategy. This shall include financial and non-financial standards and key risk indicators at the Company level.

Further, the Company's commitment to the highest standards of transparency shall be stipulated by leading practices and corporate governance rules. The Company has committed to preparing a detailed report on all the remunerations granted to members of the Board of Directors and the Executive Management. The Company also guarantees to all shareholders the right to view the remuneration register prepared by the Company, and during the usual working hours of the Company without any charge or fee. It is also committed to updating the data of this record periodically to reflect the real situation of the related parties.

Rule No. (3) (Continued)

The following is a statement of the proposed remuneration for the year ending on April 30, 2022, to the members of the Board of Directors and the Executive Management:

Remunerations and Benefits for Board Members							
Total number of members:	Remunerations and benefits through the parent company:			Remunerations and benefits through the affiliate company:			
	Fixed remunerations and benefits (KD)	Variable remunerations and benefits (KD)		Fixed remunerations and benefits (KD)		Variable remunerations and benefits (KD)	
	Health insurance	Annual remuneration	Commissions reward	Health insurance	Monthly salaries (total during the year)	Annual remuneration	Commissions reward
(Five members)	18,000	90,000	None	None	180,000	310,086	None

The Total Remunerations and Benefits Granted to Five Senior Executives who Received the Highest Remunerations, in Addition to the Chief Executive Officer and the Financial Manager or their Representative:														
Total number of executive positions:	Remunerations and benefits through the parent company						Remunerations and benefits through the affiliate company							
	Fixed remunerations and benefits (KD)						Variable remunerations and benefits (KD)	Fixed remunerations and benefits (KD)					Variable remunerations and benefits (KD)	
	Monthly salaries (total during the year)	Health insurance	Annual tickets	Housing allowance	Transportation allowance	Children's education allowance	Annual remuneration	Monthly salaries (total during the year)	Health insurance	Annual tickets	Annual tickets	Transportation allowance	Children's education allowance	Annual remuneration
Five	286,200	7,750	//	//	//	//	345,000	//	//	//	//	//	//	//

- There are no material deviations from the remuneration policy approved by the Board of Directors.

Rule No. (4)

Ensuring the Integrity of Financial Reports

(a) Written undertakings to ensure the integrity of financial reporting by the Board of Directors and the Executive Management:

The management of BPC. Company is keen to ensure the integrity and integrity of the periodic financial reports and reports related to the Company's activity prepared for them. On an annual basis, the Board of Directors and the Executive Management undertake that the financial reports shall be presented in a sound and fair manner and that they shall review all financial aspects of the Company and that they are prepared in accordance with approved international accounting standards.

(b) A Brief on the Application of the Audit Committee Formation Requirements:

After convening the Ordinary General Assembly on 15/7/2020 and electing a new Board of Directors, the Audit Committee was formed, provided that the term of the committee will be three (3) years, due to its association with the term of the Board of Directors. The committee consists of the following members:

Mr. Khalid Abdul Aziz Al-Muraikhi , Chairman of Committee, Independent Member

Mr. Saud Abdulaziz Al-Babtain, Committee's Member, Independent Member

Mr. Khaled Ali Al-Ghanim, Committee's Member, Non-Executive Member

(c) Extent of any/absence of conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors:

There were no cases of conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors during the fiscal year ending on 30/04/2022.

(d) Emphasis on the independence and impartiality of the external auditor:

The committee shall be informed on an annual basis of the standards that guarantee the independence and impartiality of the external auditor from the Company and its Board of Directors, as stipulated in the Listing Rules and the Governance Rules, which are the criteria previously approved by the Committee to work with when recommending to the Board of Directors to appoint an auditor, and then the approval of the General Assembly on this recommendation, in addition to calculating the period required to change the auditor in accordance with the Authority's law.

Accordingly, the committee raised its recommendation to the Board of Directors to appoint Mr. Walid Al-Osaimi from EY office as the Auditor for the fiscal year ending on 30/04/2022, as he is among the auditors registered in the Capital Markets Authority's registry, while adhering to the mandatory change period stipulated in the rules of the Authority.

Rule No. (5)

Developing Sound Systems for Risk Management and Internal Control

(a) A brief statement on the application of the requirements for forming an independent department/office/unit for risk management:

BPC. Company believes in the importance of having internal control departments that work to protect the Company from potential risks of all kinds. This shall be accomplished by setting internal control systems commensurate with the Company's activity and the nature of its work.

Therefore, the risk management missions were assigned to an external office. After obtaining the approval of the Capital Markets Authority on 06/23/2016, the Risk Committee submitted a recommendation to the Board of Directors to appoint Grant Thornton Administrative and Economic Consulting Company to perform risk missions.

(b) An overview of the implementation of the requirements for forming a risk management committee:

After convening the Ordinary General Assembly on 15/7/2020 and electing a new Board of Directors, the Audit Committee was formed, provided that the term of the committee will be three (3) years, due to its association with the term of the Board of Directors. The committee consists of the following members:

Mr. Khaled Ali Al-Ghanim, Chairman of Committee, Non-Executive Member

Mr. Saud Abdulaziz Al-Babtain, Committee's Member, Independent Member

Mr. Khalid Abdul Aziz Al-Muraikhi, Committee's Member, Independent Member

(c) Ensuring the efficiency of the internal control and control systems:

The Company shall have internal control and control systems that cover all of the Company's activities, which shall maintain the Company's financial integrity, accuracy of its data, and efficiency of its operations from various aspects.

Whereas, the Audit Committee submitted its recommendation to the Board of Directors to appoint an independent audit office to assess and review the company's internal control systems and prepare the annual Internal Control Review (ICR) to be submitted to the Capital Markets Authority.

(d) A brief statement on the application of the requirements for forming an independent department/office/unit for internal auditing:

The functions of the internal audit unit were assigned to an external office after obtaining the approval of the Capital Markets Authority on 06/23/2016, where the Audit Committee submitted a recommendation to the Board of Directors to appoint Grant Thornton Administrative and Economic Consulting Company to perform the functions of the audit unit and issue internal audit reports on the work of the departments operational in the Company.

Rule No. (6)

Promoting Professional Behavior and Ethical Values

(a) A brief of the work charter, which includes standards and determinants of professional conduct and ethical values:

BPC. Company, represented by its Board of Directors, Executive Management, and all of its employees, believes in the importance of compliance with the rules of professional and ethical conduct as the most important factors for achieving success and gaining the confidence of shareholders and investors in the company. Everyone should be keen to follow this charter as specified in the law and the regulations of the supervisory and regulatory authorities in accordance with the business charter in force with the Company. All Company employees, regardless of location and circumstances, shall adhere to the highest ethical and professional standards at work.

Based on this belief, the Board of Directors has adopted a policy to define standards of professional and ethical behavior in the Company, including standards of professional and ethical behavior, as well as the responsibilities of each the Company, the Board of Directors, the Executive Management, and the employees. It has also adopted a reporting policy to report when an incorrect or unsafe matter is noticed, which shall be the responsibility of everyone without exception. Another very important policy was adopted to regulate the relationship with trading partners, the integrity of financial statements, as well as information security and environmental health and safety.

(b) A Brief of policies and mechanisms for reducing conflicts of interest:

BPC. Company, represented by its Board of Directors and Executive Management, is keen to abide by the rules relating to non-conflict of interests contained in the Companies Law and the Capital Markets Authority Law in order to reduce these cases and deal with them in accordance with the applicable policies of the company.

The Company's Board of Directors has approved a conflict of interest policy. This policy aims to ensure that appropriate procedures are applied to detect and deal with material conflict of interest cases effectively, in addition to ensuring that the Board of Directors deals with existing, potential, and expected conflict of interests and that all decisions are taken in the interests of the Company. This policy is an integral part of the Company's full commitment to integrity and justice in dealing with stakeholders. The policy clarified the basis for dealing and managing cases of conflict of interest, the concept of conflict of interest, and the parties whose interests conflict with the Company's interest, as well as the role of the Board of Directors, the Executive Management, the Compliance Department, the Internal Audit, and the General Assembly of the Company in relation to conflict of interest. The policy also reviewed the procedures for dealing with cases of conflict of interest and the disclosure mechanism.

This policy defines conflict of interest management and addresses the following:

- Determining the circumstances that may lead to a conflict of interest that involves a material risk that harms the interests of the Company.
- Establishing appropriate mechanisms and systems to avoid those conflicts.
- Maintenance of systems designed to prevent actual harm to the Company's interests through any identified conflicts.
- This policy is complementary to the Company's general commitment to act with integrity and fairness.

Rule No. (7)

Disclosure and Transparency in an Accurate and Timely Manner

(a) A brief of the application of accurate and transparent presentation and disclosure mechanisms that define the aspects, areas, and characteristics of disclosure:

BPC. Company shall have a disclosure and transparency policy, which obligates the Company to provide accurate, realistic, and balanced disclosure in a timely manner of all material information about the Company and to provide fair and equal access to this information, as the purpose of this policy is to enable the Company to:

- Comply with the Capital Markets Authority and other applicable regulatory disclosure requirements.
- Assist disclosure stakeholders in determining the nature and extent of disclosures that the Company shall make and the internal control controls that shall be adopted on the disclosure process.
- Manage and monitor the process of public disclosure of financial and non-financial information to shareholders and clients.

As it is the duty of the Board of Directors, Executive Management, and employees of the Company to comply with the contents and requirements of this policy.

The Company shall also be keen on disclosing on a continuous basis, in an accurate and appropriate time, along with all material information related to its conditions and activities, which may have an impact on the Company's share price and shareholders' equity. In addition, the Company shall disclose all quarterly and annual financial statements immediately upon completion and without delay, in order to reassure shareholders and investors of the company's conditions. The Company shall also be keen in all its disclosures to be consistent with the standards applied by the Capital Markets Authority in this regard.

(b) A brief of the application of the requirements for the disclosures record of members of the Board of Directors and the Executive Management:

The Company shall keep a special record that includes disclosures of the ownerships of members of the Board of Directors and Executive Management, and a list of insiders. This shall be in accordance with the rules of corporate governance and the rules of disclosure and transparency, and it shall be updated periodically and in a timely manner. Disclosures shall also be subject to regular review and update by the Company's Management in light of new disclosure requirements, regulatory requirements or relevant international standards.

(c) A brief statement on the application of the requirements for forming the Investors Affairs Regulatory Unit:

(BPC.) Company, by a decision of the Board of Directors issued on 11/05/2016, established the Investors Affairs Unit to act as a link between the Company and current and potential shareholders and investors, and to provide them with all necessary information and reports on a regular basis. The unit shall send analyst conference invitations and reports on a quarterly basis to all interested analysts and investors, and this unit shall receive all shareholders' inquiries and questions, by way of direct communication on the unit's e-mail: IR@boubyan.com.

(d) An brief of how to develop the information technology infrastructure, and rely heavily on it for disclosure:

BPC. Company shall be keen to update the website to include all data and information that is closely related to the disclosure of information of interest to shareholders and investors, and to add all the necessary data in accordance with the rules of governance, which help current shareholders and potential investors to exercise their rights and evaluate the Company's performance.

Rule No. (8)

Respecting the Rights of Shareholders

(a) A brief of the application of the requirements to define and protect the general rights of shareholders, in order to ensure justice and equality among all shareholders:

BPC. Company shall be keen, through its investment activities and annual dividends, to protect the rights of its shareholders and to provide the opportunity to exercise their rights stipulated in the Memorandum of Association, the Company's articles of association, the Companies Law, the Capital Markets Authority Law and its implementing regulations. In order to achieve the highest degree of protection and respect for shareholders' rights, the Company has adopted a special policy to protect shareholders' rights.

(b) A brief of the creation of a special register to be kept with the clearing agency, as part of the requirements for continuous follow-up of shareholder data:

BPC. Company shall keep a record of the Company's shareholders, which shall be kept with the Kuwait Clearing Company, which includes all their data. Any change to these data shall be noted in the shareholders' register. The Company shall also be keen to disclose to the regulatory authorities - on an annual basis - to its major shareholders who own 5% or more of the Company's capital.

The data contained in the shareholders' records shall also be treated according to the utmost protection and confidentiality.

(c) A brief of how shareholders shall be encouraged to participate and vote in the meetings of the Company's assemblies:

1. BPC. Company shall be keen to invite all shareholders to convene the General Assembly without any discrimination and to work to include in the agenda all the data stipulated in the Companies Law and the rules of governance, and then to publish the invitation and the agenda in the daily newspapers and in the Kuwait Stock Exchange, which shall enable the shareholders to learn about it and vote on the decisions of the General Assembly in sufficient time.

2. The Company shall provide the opportunity for all shareholders to exercise the right to vote personally or by proxy, while giving the same rights and duties to the shareholders, whether in person or by proxy, without placing any obstacles that shall lead to a ban on voting and the same treatment by the Company. The Company shall also allow shareholders who own the same type of shares the right to vote on any changes related to shareholders' rights.

3. Shareholders who own 5% of the company's capital shall also be able to add items to the agenda of the General Assembly meetings.

4. With regard to voting for the selection of members of the Board of Directors, it shall be carried out in accordance with the mechanisms stipulated in the Memorandum of Association and Articles of Association and within the framework of what is stipulated in the Companies Law and the Executive Regulations, with the approval of the cumulative voting system. An introductory profile of the candidates for the membership of the Board of Directors and the capacity in which he wishes to run for candidacy shall also be provided before the voting takes place.

5. All categories of shareholders shall also be given the opportunity to hold the Board of Directors accountable and not impose any fees in return for attending Board meetings or grant a preferential advantage to any class over another class of shareholders.

6. In the event that it is not possible to obtain the required minimum number of independent members of the Board of Directors through the elections of members of the Board of Directors in the General Assembly, the required number shall be met by replacing the non-independent members who obtained the fewest votes with independent members through a separate election process from among the non-winning candidates in this category. The replacement process shall take place at the same meeting. In the event that members of the Board of Directors are appointed, the shareholders who have representatives on the Board of Directors may participate with other shareholders in electing the remaining independent members of the Board of Directors within the limits of what exceeds the percentage used to appoint their representatives to the Board of Directors.

Rule No. (9)

Understanding the Role of Stakeholders

(a) A brief about the systems and policies that ensure the protection and recognition of the rights of stakeholders:

BPC. Company shall be keen to follow an approach that is consistent with the nature of the company's work and the size of the contracts therein, to ensure dealing with stakeholders on the principle of transparency, justice, and equality. This shall be accomplished through the application of laws, legislation, regulations, and contracts that shall provide protection for the rights of stakeholders and by adopting a policy that shall include rules and procedures that guarantee protection and recognition of the rights of stakeholders and allow them to obtain compensation in the event of any violation of their rights in accordance with what is stated in the rules of corporate governance, in addition to ensuring that none of the stakeholders obtains any competitive advantage through his dealings in contracts and deals that are included in the Company's normal activities.

(b) A brief of how stakeholders are encouraged to participate in the follow-up of the Company's various activities:

BPC. Company shall be keen on maintaining good relations with them and urging them to participate in the Company's activities in accordance with the regulations and policies in force in the Company and by providing mechanisms and methods that ensure maximum benefit from the stakeholders' contributions and urging them to participate in the follow-up of its activities, in line with achieving its interests to the fullest.

Also, the Company shall set appropriate mechanisms to facilitate the stakeholders' reporting to the Board of Directors of any improper practices they are exposed to by the Company.

Rule No. (10)

Enhancing and Improving Performance

(a) A brief of the application of the requirements for establishing mechanisms that allow members of the Board of Directors and the Executive Management to obtain continuous training programs and courses:

The Company shall review and approve appropriate training programs for each of the members of the Board of Directors and the Executive Management on topics related to the nature of the Company's activities and field of work in accordance with the latest developments in this regard.

During the year, an internal session was held for the members of the Board of Directors under the title of Corporate Governance, which aimed to promote sound administrative organization through the distribution of powers and responsibilities, the separation of competencies, and the development of a system of incentives and remunerations linked to performance evaluation, whether for managers or employees of the Company, in addition to achieving a balance in the interests of all parties involved in the Company. Also, an integrated system of control and accountability was activated to detect deviations and abuses, in addition to emphasizing that disclosure and transparency are an essential element in protecting the rights of stakeholders and adhering to the rules of rational professional conduct. The Board of Directors shall also be keen on the Executive Management to attend all training and awareness sessions and workshops held by the Capital Markets Authority and other legislative and regulatory authorities inside Kuwait.

Rule No. (10) (Continued)

(b) A brief of how to evaluate the performance of the Board of Directors as a whole, and the performance of each member of the Board of Directors and the Executive Management:

The Company has applied appropriate objective performance indicators that are consistent with the Company's strategy and the missions and responsibilities of the Board of Directors, its committees, and the Executive Management KPIs, through the Remuneration and Nominations Committee reviewing the annual performance evaluation report so that the results of the evaluation may be used in developing plans for continuous development and training to address the identified weaknesses.

(c) An overview of the Board of Directors' efforts to create value creation for the Company's employees. This shall be achieved by achieving strategic objectives and improving performance rates.

BPC. Company, represented by the Board of Directors and the Executive Management, shall be keen on constantly emphasizing the importance of creating institutional values for all employees of the Company. This shall be accomplished by working to achieve the Company's strategic objectives, improving performance rates, and complying with the laws of the regulatory authorities and the rules of governance.

In compliance with this, the Company shall issue several periodic reports (the annual report - the annual governance report - the annual audit committee report) and other reports that include information in a comprehensive manner in order to assist the members of the Board of Directors, the Executive Management, shareholders, and stakeholders to make decisions in a systematic and sound manner.

Rule No. (11)

Social Responsibility

(a) A brief of the development of a policy that ensures a balance between the objectives of the company and the objectives of society:

BPC. Company believes in the importance of social responsibility to create a balance between the objectives of the company and the objectives of its shareholders and the society in which it operates, through a continuous commitment to fulfilling the regulatory requirements in accordance with the regulations and policies in force in the Company.

Moreover, the Company has a policy that is intended to guide the Company in managing the framework of corporate social responsibility while providing the community, through the investments of the Company and its subsidiaries, with the support required to achieve long-term business and social benefits.

(b) A brief of the programs and mechanisms used that help highlight the Company's efforts in the field of social work:

BPC. Company shall follow an approach consistent with the nature and size of the Company's work, in which the Company is keen to invest in its employees by encouraging the recruitment of national labor and seeking to train employees periodically.

Audit Committee Report

For the fiscal year ending on April 30, 2022

Committee Objectives:

This committee aims to establish a culture of commitment within the Company and to assist the Board of Directors in performing its role in ensuring the integrity and integrity of financial reports and verifying the adequacy and effectiveness of the internal control systems applied in the Company in application of the rules of governance.

Committee Formation:

After convening the Ordinary General Assembly on 15/7/2020 and electing a new Board of Directors, the committee was re-formed according to the decision of the Board of Directors in its meeting held on 15/7/2020 and in accordance with the formation requirements stipulated in the governance rules, where the committee consists of two independent members and a non-executive member, all of whom are experienced in the fields of accounting and finance as follows:

Mr. Khalid Abdul Aziz Al-Muraikhi	Chairman of Committee	Independent Member
Mr. Saud Abdulaziz Al-Babtain	Committee's Member	Independent Member
Mr. Khaled Ali Al-Ghanim	Committee's Member	Non-Executive Member

Number of Committee Meetings:

The Committee held (5) meetings during the fiscal year ending on 04/30/2022, as follows:

First Meeting	Contract dated	May 17, 2021	Attendance rate was 80.02%.
Second Meeting	Contract dated	August 22, 2021	
Third Meeting	Contract dated	November 29, 2021	
Fourth Meeting	Contract dated	February 21 2022	
Fifth Meeting	Contract dated	April 24, 2022	

Committee Achievements and Recommendations:

Regarding the financial statements:	<ul style="list-style-type: none"> • The Committee reviewed all the periodic financial statements before presenting its recommendation to the Board of Directors for approval. • The Committee renewed its pledge to the integrity and integrity of the financial reports to be included in the annual report.
Regarding internal control:	<ul style="list-style-type: none"> • The committee reviewed the Company's internal control systems report for the fiscal year ending on 30/04/2022 and recommended the Executive Management to take the necessary measures to correct the observations contained in the report. • The committee reviewed the reports of the internal control systems review (ICR) for the subsidiaries and recommended the need to correct the observations made by the subsidiaries. • The Committee recommended to the Board of Directors to re-appoint an independent audit firm to prepare the internal control review report. Annual (ICR).
Regarding internal audit	<ul style="list-style-type: none"> • The Committee reviewed the internal audit reports on the operational departments and recommended the development of a plan to address all the observations contained in these reports. • The Committee recommended to the Board of Directors the reappointment of Grant Thornton Company for Economic and Management Consulting to perform the functions of the Internal Audit and Risk Unit. • The committee reviewed the internal audit plan for the fiscal year ending on 30/04/2022, and it was approved.
Regarding the external audit:	<ul style="list-style-type: none"> • The Committee recommended to the Board of Directors the appointment of Mr. Walid Al-Osaimi from the Ernst & Young office as an external agent for the fiscal year ending on 30/04/2022.
Regarding the Company's desire to merge with the Educational Holding Company:	<ul style="list-style-type: none"> • The committee discussed the merger proposal between the two companies and the impact of the proposal on the merging company (BPC.) financially, legally, and operationally. The recommendation to the Board of Directors to approve the merger process was unanimously approved by means of the merger and a correspondence with the Educational Board of Directors to proceed with the legal and procedural procedures. • The Committee recommended to the Board of Directors the appointment of a legal advisor, asset evaluator, investment advisor, and issuance manager, and agreed on the fees for each of them.

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

Combined financial statements

30 April 2022



تقرير مراقب الحسابات المستقال إلى حضرات السادة المساهمين شركة بوبيان للبتر وكيمائيات ش.م.ك.ع. تقرير حول تدقيق البيانات المالية المجمعة (تتمة)

أمور التدقيق الرئيسية (تنمية)

تقييم الاستثمارات في الأسهم

مجموعة والتي يتم قياسها وفقاً للقيمة
بأمثلة الأخرى أو كموجودات مالية مدرجة
المالية المجمعة.

الهرمي للقيمة العادلة والتي ليس لها
يتم تقييم هذه الأسهم غير المسعرة
تتضمن الأحكام الجوهرية المطبقة
فيها وتحديد مضاعفات قيمة الشركات
الخصم لضعف السيولة.

بعدم التيقن المتعلقة بجائحة كوفيد-19



تمثل الاستثمارات في الأسهم
العادلة وتصنيفها كموجودات
بالقيمة العادلة من خلال الأرباح
تشتمل الاستثمارات في الأسهم
سعر معلن في سوق نشط و
استناداً إلى الأحكام التي يتم وضعها
من قبل الإدارة في تقييم هذه الأسهم
في حالة الشركات المشابهة وأ
نظراً لحجم وتعقيد عملية تقييم
على أعمال التقييم، فإننا نعتبر
تضمنت إجراءات تدقيقنا العديد

• بالنسبة لعمليات التقييم التي تم فيها الاعتماد على مدخلات جوهرية غير ملحوظة، قمنا بتقييم النماذج والافتراضات المستخدمة من قبل الإدارة والتحقق من بيانات المصادر المستخدمة في التقييم إلى أكبر حد ممكن في ضوء المصادر المستقلة وبيانات السوق المتاحة خارجياً، وذلك لغرض تقييم مدى ارتباط البيانات بعمليات التقييم واستيفائها ودقتها. كما قمنا أيضاً بالاستعانة بالمتخصصين في التقييم الداخلي لدينا لمساعدتنا في تقييم مدى معقولية المنهجية المستخدمة وملائمة نماذج ومدخلات التقييم المستخدمة في تقييم هذه الأسهم، بما في ذلك مدى تناسب نماذج التقييم.

• قمنا بتقييم مدى معقولية المدخلات الأساسية التي تم مراعاتها في التقييم مثل توقعات التدفقات النقدية ومعدلات النمو طويلة الأجل المستخدمة في استقراء هذه التدفقات النقدية.

• قمنا بتقييم مدى كفاية وملائمة الإفصاحات المقدمة من قبل المجموعة حول قياس القيمة العادلة للاستثمارات في الأسهم وتحليل الحساسية للتغيرات في المدخلات الرئيسية غير الملحوظة الواردة بالإيضاح 29 حول البيانات المالية المجمعة. تم الإفصاح عن سياسات المجموعة المتعلقة بتقييم الاستثمارات في الأسهم ضمن الإيضاح 2.5.13 والإيضاح 29 حول البيانات المالية المجمعة.



العبان والعصيمي وشركاهم
إرنست ويونغ
محاسبون قانونيون
صندوق رقم ٧٤ الصفاة
الكويت الصفاة ١٣٠٠
ساحة الصفاة ، برج بيتك الطابق ١٨ - ٢٠ ، شارع أحمد الجابر

تقرير مراقب الحسابات المستقال إلى حضرات السادة المساهمين شركة بوبيان للبتروكيماويات ش.م.ك.ع. تدقيق البيانات المالية المجمعة الرأي

لقد دققنا البيانات المالية المجمعة لشركة بوبيان للبتروكيماويات ش.م.ك.ع. ("الشركة الأم") وشركاتها التابعة (يشار إليها معاً بـ "المجموعة")، والتي تتكون من بيان المركز المالي المجمع كما في 30 أبريل 2021 وبيانات الأرباح أو الخسائر والدخل الشامل والتغيرات في حقوق الملكية والتدفقات النقدية المجمعة، بما في ذلك ملخص السياسات المحاسبية.

في رأينا، أن البيانات المالية المجمعة للشركة بوبيان للبتروكيماويات ش.م.ك.ع. كما في 30 أبريل 2021 وعن أدائها المالية الدولية للتقارير المالية.

أساس الرأي لقد قمنا بأعمال التدقيق التفصيل في تقريرنا في الحسابات الخالقيات عن المجلس الدولي لمراقب الأخلاقية الأخرى وفقاً لمتطلبات الاستقلالية الدولية ("الميثاق") وقد إبداء رأي التدقيق.

أمور التدقيق الرئيسية

إن أمور التدقيق الرئيسية، في حكمنا المهني، هي تلك الأمور التي كانت الأكثر أهمية في تدقيقنا للبيانات المالية المجمعة للسنة الحالية. وتم عرض هذه الأمور في سياق تدقيقنا للبيانات المالية المجمعة ككل وفي إبداء رأينا حولها. ونحن ال نبدي رأياً منفصلاً حول هذه الأمور. فيما يلي تفاصيل أمور التدقيق الرئيسية التي قمنا بتحديددها وكيفية معالجتها لكل أمر من هذه الأمور في إطار تدقيقنا له.

بمسئولياتنا المبينة في تقريرنا في قسم مسؤوليات "مراقب الحسابات عن تدقيق البيانات المالية المجمعة"، بما في هذه الأمور. وبالتالي، تتضمن أعمال التدقيق التي قمنا بها تنفيذ الإجراءات المحددة بما يتوافق مع تقييمنا لمخاطر لقد قمنا بالوفاء في البيانات المالية المجمعة. إن نتائج إجراءات التدقيق التي قمنا بها، بما في ذلك الإجراءات التي تم تنفيذها لمعالجة ذلك ما يتعلق الأخطاء المادية الأمور الواردة أدناه، تطرح أساساً يمكننا من إبداء رأي التدقيق حول البيانات المالية المجمعة المرفقة.

NO
TEXT

تقرير مراقب الحسابات المستقال إلى حضرات السادة المساهمين شركة بوبيان للبتر وكيمائيات ش.م.ك.ع. (تتمة) تقرير حول تدقيق البيانات المالية المجمعة (تتمة)

أخرى مدرجة في التقرير السنوي للمجموعة لسنة 2021 الإدارة هي المسؤولة عن هذه المعلومات الأخرى. يتكون قسم "المعلومات الأخرى" من المعلومات الواردة في التقرير السنوي معلومات للسنة المنتهية في 30 أبريل 2021، بخالف البيانات المالية المجمعة وتقرير مراقب الحسابات حولها. لقد حصلنا على إن إدارة الشركة الأم، قبل تاريخ تقرير مراقب الحسابات، وتتوقع الحصول على باقي أقسام التقرير

إن رأينا حول البيانات المالية الـ فيما يتعلق بتدقيقنا للبيانات وتحديد ما إذا كانت غير متوافقة أو وجود أي أخطاء مادية بشأنها التي قمنا بها على المعلومات تلك الوقائع في تقريرنا. ليس

الإدارة والمسؤولين عن الحصول المالية المجمعة بصورة عادلة ضرورة إعداد بيانات مالية عند إعداد البيانات المالية مبدأ الاستمرارية مع إلفصل الاستمرارية المحاسبي ما لسوى اتخاذ هذا الإجراء.

يتحمل المسؤولون عن الحوكمة مسؤولية الإشراف على عملية إعداد البيانات المالية المجمعة للمجموعة. مراقب الحسابات عن تدقيق البيانات المالية المجمعة هدفنا هو الحصول على تأكيد معقول بأن البيانات المالية المجمعة ككل خالية من الأخطاء المادية سواء كانت ناتجة عن الغش مسؤوليات الخطأ، وإصدار تقرير مراقب الحسابات الذي يتضمن رأينا. إن التوصل إلى تأكيد معقول يمثل درجة عالية من التأكيد إل أنه إن يضمن أن عملية التدقيق وفقاً لمعايير التدقيق الدولية سوف تنتهي دائماً ما باكتشاف الأخطاء المادية في حال وجودها. وقد ننشأ أو عن الغش أو الخطأ وتعتبر مادية إذا كان من المتوقع بصورة معقولة أن تؤثر بصورة فردية أو مجموعة على القرارات الـ الأخطاء الاقتصادية للمستخدمين والتي يتم اتخاذها على أساس هذه البيانات المالية المجمعة.



تقرير مراقب الحسابات المستقال
إلى حضرات السادة المساهمين
شركة بوبيان للبتر وكيمائيات ش.م.ك.ع. (تتمة)
تقرير حول تدقيق البيانات المالية المجمعة (تتمة)

أمور التدقيق الرئيسية (تتمة)

السنوي للشهرة والموجودات غير الملموسة الأخرى ذات الأعمار الإنتاجية غير المحددة انخفاض القيمة

لدى المجموعة موجودات غير ملموسة ذات قيمة قدرتها 10,036,782 ديناراً كويتياً كما في 30 أبريل 2021 والتي تتضمن الشهرة الناتجة عن حيازة شركة تاب (تتمة) ذات العمر الإنتاجي غير المحدد، وفقاً للمفصح عنه في بالإيضاح 16

إن اختبار انخفاض القيمة السنوي للشهرة الرئيسية نظراً لتعدد المتطلبات المحددة للمبلغ الممكن استرداده.

إن المبلغ الممكن استرداده لوحدة انتاجية أعلى، تم تحديده من خلال نماذج التقييم الرئيسية بما في ذلك تقديرات أحجام الإنتاج النهائية وتكلفة المتوسط المرجح المنظور المستقبلي السلبي الناتج من

تضمنت إجراءات تدقيقنا العديد من الإجراءات

• لقد قمنا بالاستعانة بالمتخصصين لدينا في تقييم مدى مناسبتة نماذج التقييم والتحقق من الافتراضات الرئيسية المستخدمة في تحليل تقييم انخفاض القيمة مثل معدل الخصم ومعدل حقوق الامتياز ومعدل النمو النهائي.

• قمنا بتقييم تحليلات الحساسية التي تم إجراؤها من قبل الإدارة حول الافتراضات الرئيسية الموضحة أعلاه والتحقق من نتائج التقييم.

• قمنا بتقييم مدى كفاية الإفصاحات المقدمة من قبل المجموعة والواردة بالإيضاح 16 حول البيانات المالية المجمعة فيما يتعلق بهذه الافتراضات.

تم الإفصاح عن سياسة المجموعة المتعلقة باختبار انخفاض قيمة الموجودات غير الملموسة بالإيضاح 2.5.12 حول البيانات المالية المجمعة.

NO
TEXT



محاسبون قانونيون
العبيان والعصيمي وشركاهم

تقرير مراقب الحسابات المستقل إلى حضرات السادة المساهمين شركة بوبيان للبتر وكيمويات ش.م.ك.ع. (تتمة)

تقرير حول المتطلبات القانونية والرقابية الأخرى

تقرير حول المتطلبات القانونية والرقابية الأخرى في رأينا أيضاً أن الشركة الأم تحتفظ بدفاتر محاسبية منتظمة وأن البيانات المالية المجمعة والبيانات الواردة في تقرير مجلس إدارة الشركة الأم فيما يتعلق بهذه البيانات المالية المجمعة متفقة مع ما هو وارد في هذه الدفاتر وأننا قد حصلنا على كافة المعلومات والإيضاحات التي رأيناها ضرورية لأداء واجبنا القانوني في إعداد تقريرنا السنوي. كما أننا قد قمنا بتدقيق الحسابات المالية للشركة الأم والنظام الأساسي للشركة الأم والتأكد من مطابقتها للقانون رقم 7 لسنة 2010 وقانون رقم 7 لسنة 2010 في شأن هيئة إشراف على نشاط الشركات المساهمة العامة في الكويت.

ولأننا لم نلاحظ أي مخالفات للقانون رقم 7 لسنة 2010 في شأن هيئة إشراف على نشاط الشركات المساهمة العامة في الكويت، فإننا نؤكد على أن الشركة الأم والنظام الأساسي للشركة الأم والتأكد من مطابقتها للقانون رقم 7 لسنة 2010 وقانون رقم 7 لسنة 2010 في شأن هيئة إشراف على نشاط الشركات المساهمة العامة في الكويت.

كما أننا نؤكد على أن الشركة الأم والنظام الأساسي للشركة الأم والتأكد من مطابقتها للقانون رقم 7 لسنة 2010 وقانون رقم 7 لسنة 2010 في شأن هيئة إشراف على نشاط الشركات المساهمة العامة في الكويت.



بدر عادل العبدالجادر

سجل مراقبي الحسابات رقم 207 فئة أ
إرنست ويونغ
العبيان والعصيمي وشركاهم

17 مايو 2021
الكويت



تقرير مراقب الحسابات المستقال إلى حضرات السادة المساهمين شركة بوبيان للبتر وكيمائيات ش.م.ك.ع. (تتمة) تقرير حول تدقيق البيانات المالية المجمعة (تتمة)

كجزء من التدقيق وفقاً لمعايير التدقيق الدولية، اتخذنا أحكاماً مهنيةً وحافظنا على الحيطة المهنية خلال أعمال التدقيق. كما قمنا بما يلي:

• تحديد وتقييم مخاطر الأخطاء المادية في البيانات المالية المجمعة سواء كانت ناتجة عن الغش أو الخطأ ووضع وتنفيذ إجراءات التدقيق الملائمة لتلك المخاطر وكفلاء الحصول على أدلة تدقيق كافية ومناسبة لتقديم أساس يمكننا من إبداء رأينا، إن مخاطر عدم اكتشاف الخطأ حيث إن الغش قد يتضمن التواطؤ بين الإدارة والمراقب الداخلي.

• فهم أدوات الرقابة الداخلية ذات الصلة بغرض إبداء الرأي حول فعالية أدوات الرقابة الداخلية.

• تقييم ملاءمة السياسات المحاسبية الصلة المقدمة من قبل الإدارة.

• التوصل إلى مدى ملاءمة استخدام المبادئ التي حصلنا عليها، بتحديد ما إذا كان جوهرياً حول قدرة المجموعة على متابع

تأكد مادي، يجب علينا أن نشير في تقريرنا أو تعديل رأينا في حالة عدم ملاءمة الإفصاحات

تقرير مراقب الحسابات، على الرغم من متابعة أعمالها على أساس مبدأ الاست

• تقييم العرض الشامل للبيانات المالية المجمعة وشيئنا وببيانات المجموعة فيما في ذلك الإفصاحات وتقييم ما إذا كانت البيانات المالية المجمعة تعبر عن المعاملات الأساسية والأحداث ذات الصلة بأسلوب يحقق العرض العادل.

• الحصول على أدلة تدقيق كافية ومناسبة حول المعلومات المالية للشركات أو الأنشطة التجارية داخل المجموعة إبداء رأي حول البيانات المالية المجمعة. ونحن مسؤولون عن إبداء التوجيهات والإشراف على عملية التدقيق وتنفيذها للمجموعة وتحمل المسؤولية فقط عن رأي التدقيق.

إننا نتواصل مع المسؤولين عن الحوكمة حول عدة أمور من بينها النطاق المخطط لأعمال التدقيق وتوقيتها ونتائج التدقيق الهامة بما في ذلك أي أوجه قصور جوهرية في أدوات الرقابة الداخلية التي يتم تحديدها أثناء أعمال التدقيق.

نقدم أيضاً للمسؤولين عن الحوكمة بيان يفيد بالتزامنا بالمتطلبات الأخلاقية ذات الصلة فيما يخص الاستقلالية، ونبذلهم أيضاً بكافة العالقات والأمور الأخرى التي نرى بصورة معقولة أنها قد تؤثر على استقلاليتنا بالإضافة إلى الإجراءات المتخذة للاستبعاد مصادر التهديدات والتدابير ذات الصلة، متى كان ذلك مناسباً.

ومن خلال الأمور التي يتم إبلاغ المسؤولين عن الحوكمة بها، نحدد تلك الأمور التي تشكل الأمور الأكثر أهمية في تدقيق البيانات المالية المجمعة للسنة الحالية، ولذلك تعتبر هي أمور التدقيق الرئيسية. إننا نصح عن هذه الأمور في تقرير مراقب الحسابات الخاص بنا ما لم يمنع القانون أو اللوائح الإفصاح العلني عن هذه الأمور أو في أحوال نادرة جداً، عندما نتوصل إلى أن أمراً ما يجب عدم الإفصاح عنه في تقريرنا لأنه من المتوقع بشكل معقول أن النتائج العكسية المترتبة على هذا الإفصاح تتجاوز المكاسب العامة له.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 April 2022

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2022

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 April 2022

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

Dabbous M. Al-Dabbous
Chairman

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2022

	Attributable to equity holders of the Parent Company												
	Share capital	Share premium	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Fair value reserve	Other Reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
As at 1 May 2021	53,482,275	2,400,000	(21,543,798)	5,732,086	26,741,138	-	474,530	122,926,797	(3,391,646)	47,487,345	234,308,727	32,260,332	266,569,059
Profit for the year	-	-	-	-	-	-	-	-	-	38,760,810	38,760,810	5,248,129	44,008,939
Other comprehensive income for the year	-	-	-	-	-	-	299,149	17,000,373	-	-	17,299,522	68,862	17,368,384
Total comprehensive income for the year	-	-	-	-	-	-	299,149	17,000,373	-	38,760,810	56,060,332	5,316,991	61,377,323
Dividends (Note 18.3)	-	(2,400,000)	-	-	-	-	-	-	-	(26,279,178)	(28,679,178)	-	(28,679,178)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,463,968)	(4,463,968)
Amounts paid to non-controlling interests on capital reduction in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,178,966)	(2,178,966)
Acquisition of non-controlling interests without change in control (Note 2.2)	-	-	-	-	-	-	-	-	(9,576)	-	(9,576)	(8,994)	(18,570)
Net sale of treasury shares (Note 19)	-	-	11,922,275	3,687,602	-	-	-	-	-	-	15,609,877	-	15,609,877
At 30 April 2022	53,482,275	-	(9,621,523)	9,419,688	26,741,138	-	773,679	139,927,170	(3,401,222)	59,968,977	277,290,182	30,925,395	308,215,577

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2022

	Attributable to equity holders of the Parent Company											Total equity		
	Share capital	Share premium	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Fair value reserve	Other Reserve	Retained earnings	Sub-total	Non-controlling interests	KD	KD
As at 1 May 2020	53,482,275	2,400,000	(21,453,360)	5,792,086	26,741,138	25,467,750	925,854	112,287,656	(3,360,513)	21,146,009	223,368,895	38,384,558	261,753,453	
Profit for the year	-	-	-	-	-	-	-	-	-	18,525,913	18,525,913	3,656,917	22,182,830	
Other comprehensive (loss) income for the year	-	-	-	-	-	-	(451,324)	10,639,141	-	-	10,187,817	26,991	10,214,808	
Total comprehensive (loss) income for the year	-	-	-	-	-	-	(451,324)	10,639,141	-	18,525,913	28,713,730	3,683,908	32,397,638	
Transfer of voluntary reserve to retained earnings (Note 20.2)	-	-	-	-	-	(25,467,750)	-	-	-	25,467,750	-	-	-	
Dividends (Note 18.3)	-	-	-	-	-	-	-	-	-	(17,652,327)	(17,652,327)	-	(17,652,327)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,819,434)	(4,819,434)	
Amounts paid to non-controlling interests on capital reduction in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(4,963,608)	(4,963,608)	
Acquisition of non-controlling interests without change in control (Note 2.2)	-	-	-	-	-	-	-	-	(31,133)	-	(31,133)	(25,092)	(56,225)	
Purchase of treasury shares (Note 19)	-	-	(90,438)	-	-	-	-	-	-	-	(90,438)	-	(90,438)	
At 30 April 2021	53,482,275	2,400,000	(21,543,798)	5,792,086	26,741,138	-	474,530	122,926,797	(3,391,646)	47,487,345	234,308,727	32,260,332	266,569,059	

Boubyan Petrochemical Company K.S.C.P. and its Subsidiaries
CONSOLIDATED STATEMENT OF CASHFLOWS
For the year ended 30 April 2022

		2022	2021
	Notes	KD	KD
OPERATING ACTIVITIES			
Profit before tax and directors' fees		45,404,535	22,702,538
Adjustments to reconcile profit before tax and directors' fees to net cash			
Dividend income	4	(32,257,832)	(11,243,136)
Net (gain) loss on investment securities		(508,393)	26,009
Share of results of associates	12	(7,714,495)	(7,512,792)
Impairment of associates	12	-	1,195,023
Impairment of property, plant and equipment	13	8,263	3,438,662
Impairment of intangible assets	14	-	4,250,000
Reversal of expected credit losses on dividends receivable		-	(8,711,955)
Depreciation of property, plant and equipment	13	5,220,764	5,932,387
Depreciation of right-of-use assets	13	858,441	939,983
Amortisation of intangible assets	14	310,096	310,096
Government grants (included under 'other income')		-	(441,346)
Finance costs		4,809,177	5,171,986
		16,130,556	16,057,455
Working capital adjustments:			
Accounts receivable and prepayments		4,581,777	2,798,959
Inventories		909,260	(2,816,056)
Accounts payable and accruals		(2,478,183)	(354,857)
		19,143,410	15,685,501
Cash flows from operating activities		19,143,410	15,685,501
Receipt of government grants		-	441,346
Taxes paid		(516,219)	(67,283)
		18,627,191	16,059,564
INVESTING ACTIVITIES			
Acquisition of additional interest in associates	12	-	(75,095)
Dividends received from associates		4,815,783	3,855,034
Purchase of property, plant and equipment	13	(4,697,125)	(1,831,181)
Proceeds from disposal of property, plant and equipment		218	95,385
Purchase of investment securities		(10,168,089)	-
Proceeds from disposal of investment securities		5,745,635	923,373
Dividends received from investment securities		32,257,832	28,667,046
Net movement in short-term deposits		(52,238,023)	(5,000,000)
Acquisition of non-controlling interests	2.2	(18,570)	(56,225)
		(24,302,339)	26,578,337
Net cash flows (used in) from investing activities		(24,302,339)	26,578,337

Boubyan Petrochemical Company K.S.C.P. and its Subsidiaries
CONSOLIDATED STATEMENT OF CASHFLOWS
For the year ended 30 April 2022

		2022	2021
	Notes	KD	KD
FINANCING ACTIVITIES			
Dividends paid to equity holders of the Parent Company		(28,544,753)	(17,256,568)
Dividends paid to non-controlling interests		(4,463,968)	(4,819,434)
Amounts paid to non-controlling interests on capital reduction in subsidiaries		(2,178,966)	(4,963,608)
Net repayment of term loans		(19,626,400)	(10,099,005)
Net proceeds from (repayment of) Islamic finance payables		52,058,568	(13,495,802)
Finance costs paid		(4,665,419)	(5,022,230)
Payment of principal portion of lease liabilities	17	(981,846)	(1,011,375)
Purchase of treasury shares	19	(1,129,665)	(90,438)
Proceeds from sale of treasury shares	19	16,739,542	-
Net cash flows from (used in) financing activities		7,207,093	(56,758,460)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Foreign currency translation adjustment – net		56,099	(37,196)
Cash and cash equivalents at the beginning of the year		32,822,180	46,979,935
CASH AND CASH EQUIVALENTS AS AT 30 APRIL	8	34,410,224	32,822,180
Non-cash items excluded from the consolidated statement of cash flows:			
Dividends received from an associate (adjusted with purchase of investment securities)		-	460,508
Purchase of investment securities (adjusted with dividends received from associates)		-	(460,508)
Rent concessions (adjusted with accounts payable and accruals)	17	(31,705)	(18,164)
Additions to lease liabilities (adjusted with accounts payable and accruals)	17	519,750	1,375,316
Additions to right-of-use assets (adjusted with property, plant and equipment)	13	(510,781)	(1,375,316)
Remeasurement of lease liabilities (adjusted with accounts payable and accruals)	17	93,254	-
Remeasurement of right-of-use assets (adjusted with property, plant and equipment)	13	(93,254)	-
Purchase of investment securities (adjusted with proceeds from disposal of investment securities)		(890,657)	-
Proceeds from disposal of investment securities (adjusted with purchase of investment securities)		890,657	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

1 CORPORATE INFORMATION

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

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

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

The principal objectives of the Parent Company include the following:

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

The Parent Company’s primary investments at the reporting date include Equate Petrochemical Company K.S.C. (Closed) (“Equate”) and The Kuwait Olefins Company K.S.C. (Closed) (“TKOC”). Equate and TKOC are both closed shareholding companies incorporated and domiciled in the State of Kuwait and are principally engaged into the manufacture and sale of petrochemical products.

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

	% shareholding stake	
	2022	2021
Petrochemical Industries Company K.S.C.	42.5%	42.5%
Dow Europe Holding B.V. (subsidiary of Dow Chemical Company)	42.5%	42.5%
Boubyan Petrochemical Company K.S.C.P.	9%	9%
Qurain Petrochemical Company K.S.C.P.	6%	6%

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

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

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

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

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 30 April 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed-off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

The consolidated financial statements of the Group include:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

Name of the company	Country of incorporation	Principal activities	% effective equity interest	
			2022	2021
Indirectly held through BPIC:				
Muna Noor Manufacturing and Trading Company LLC	Sultanate of Oman	Manufacturing and trading of plastic pipes	20%	20%
Muna Noor Plastic Industries LLC	Sultanate of Oman	Manufacturing and trading of plastic pipes	0.57%	0.57%
Muna Noor LLC - Salalah	Sultanate of Oman	Manufacturing and trading of plastic pipes	3.56%	20%

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

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

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

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

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

COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (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 consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

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

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

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

This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3

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

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

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

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

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

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

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

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

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

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

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

IAS 41 Agriculture – Taxation in fair value measurements

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Definition of Accounting Estimates - Amendments to IAS 8

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

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

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.5.1 Business combinations and goodwill

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

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

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

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

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

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5.3 Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

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

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

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

Sale of goods

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

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

Rendering of educational services (tuition fees)

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

2.5.5 Government grants

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5.6 Taxes

Zakat

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

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

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

National Labour Support Tax (NLST)

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

Taxation on overseas subsidiaries

Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate. Income tax payable on taxable profit is recognised as an expense in the period in which the profits arise in accordance with the fiscal regulations of the respective countries in which the Group operates.

Deferred tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent it is probable that future taxable profits will be available to utilise this. Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets and liabilities are measured using tax rates and applicable legislation at the reporting date.

2.5.7 Foreign currencies

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

i) Transactions and balances

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

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

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5.7 Foreign currencies (Continued)

ii) Group companies

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

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

2.5.8 Cash dividend

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

2.5.9 Property, plant and equipment

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

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets, as follows:

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

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

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5.10 Leases

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

Group as a lessee

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

i) Right-of-use assets

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

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

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

ii) Lease liabilities

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

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

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

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

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2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5.10 Leases (Continued)

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

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

Group as a lessor

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

2.5.11 Borrowing costs

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

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2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5.10 Leases (Continued)

2.5.12 Intangible assets

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

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

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

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

- Student relationships 5 years

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

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

2.5.13 Financial instruments - initial recognition and subsequent measurement

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

i) Financial assets

Initial recognition and measurement

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

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2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5.10 Leases (Continued)

2.5.13 Financial instruments - initial recognition and subsequent 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 and tuition fees receivable that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables and tuition fees receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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.

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For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5.10 Leases (Continued)

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

a) Financial assets at amortised cost (debt instruments)

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

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

b) Financial assets designated at FVOCI (equity instruments)

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

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

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

c) Financial assets at FVTPL

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

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

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5.10 Leases (Continued)

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

Impairment

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

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

For trade receivables and tuition fees receivable, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5.10 Leases (Continued)

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

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5.10 Leases (Continued)

2.5.14 Hedge accounting

Initial recognition and subsequent measurement

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

For the purpose of hedge accounting, hedges of the Group are classified as fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

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

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5.10 Leases (Continued)

2.5.15 Inventories

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

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

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

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

2.5.16 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5.10 Leases (Continued)

2.5.16 Inventories (Continued)

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

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

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

2.5.17 Cash and short-term deposits

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

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

2.5.18 Treasury shares

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

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

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

2.5.19 Provisions

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5.10 Leases (Continued)

2.5.20 End of service benefits

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

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

2.5.21 Contingencies

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

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

2.5.22 Segment information

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

2.5.23 Other reserve

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

2.5.24 Events after the reporting period

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

2.6.1 Judgements

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

Classification of financial assets

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

Determining the lease term of contracts with renewal and termination options – Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

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

Coronavirus (COVID-19) pandemic

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

2.6.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of financial assets at amortised cost

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

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

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

Business combinations

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

Estimation of useful lives of assets

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

Goodwill and other indefinite life intangible assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

2.6.2 Estimates and assumptions (Continued)

Impairment of 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. The Group has considered potential impacts of the current market volatility in determination of the fair values and this represents management's best assessment based on observable available information as at the reporting date. Given the impact of COVID-19, the Group is closely monitoring whether the fair values of the financial instruments represent the price that would be achieved for transactions between market participants in the current scenario. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Leases - Estimating the incremental borrowing rate

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

4 DIVIDEND INCOME

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

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

5 GENERAL AND ADMINISTRATIVE EXPENSES

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

5 TAXATION

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

7 EARNINGS PER SHARE (EPS)

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

8 CASH AND CASH EQUIVALENTS

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

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

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

9 ACCOUNTS RECEIVABLE AND PREPAYMENTS

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

9 ACCOUNTS RECEIVABLE AND PREPAYMENTS (Continued)

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

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

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

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

10 INVENTORIES

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

11 INVESTMENT SECURITIES

	2022	2021
	KD	KD
Financial assets at FVTPL		
Quoted equity securities	862,118	883,185
Unquoted equity securities	6,808,141	6,858,030
Unquoted funds	96,555	345,788
	7,766,814	8,087,003

Financial assets at FVOCI		
Quoted equity securities	52,646,580	33,070,800
Unquoted equity securities		
– Equate	181,613,795	173,312,558
– TKOC	119,125,900	121,035,604
– Others	17,680,279	17,928,294
	371,066,554	345,347,256
	378,833,368	353,434,259

• The fair value of the 9% equity interest in Equate and TKOC has been determined using a weighted average of a mix of valuation techniques: free cash flow model, dividend discount model, PE multiple method and EBIDTA multiple method. These valuations require management to make certain assumptions about the model inputs, including projected cash flows, discount rates, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of the fair value for unquoted equity securities.

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

12 INVESTMENT IN ASSOCIATES

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

12 INVESTMENT IN ASSOCIATES (Continued)

* Private entity – no quoted price available

1 Indirectly held through Educational Holding Group K.S.C.P.

2 Indirectly held through Al Kout Industrial Projects Company K.S.C.P.

3 Indirectly held through Warba Capital Holding Company K.S.C.P.

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

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

Impairment losses

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

12 INVESTMENT IN ASSOCIATES (Continued)

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

13 PROPERTY, PLANT AND EQUIPMENT

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

Construction in progress

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

Impairment

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

Depreciation charge for the year

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

14 INTANGIBLE ASSETS

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

Amortisation charge for the year

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

Impairment assessment

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

14 INTANGIBLE ASSETS (Continued)

a) Goodwill

Al Kout CGU

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

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions

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

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

Discount rates

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

Projected growth rates used to extrapolate cash flows beyond the budget period

Assumptions are based on industry research by the management. Further, the management assesses how the CGUs relative position to its competitors might change over the forecast period.

Local inflation rates

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

Sensitivity to changes in assumptions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

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

Net notional savings of royalty payments

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

Discount rates

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

Sensitivity to changes in assumptions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

15 TERM LOANS

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

16 ISLAMIC FINANCE PAYABLES

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

2022	Foreign currency (USD)	Local currency	Total
	KD	KD	KD
Murabaha:			
Gross amount	91,627,070	31,804,236	123,431,306
Less: deferred finance cost	(27,923)	(2,343,029)	(2,370,952)
	_____	_____	_____
	91,599,147	29,461,207	121,060,354
	_____	_____	_____
Tawarruq:			
Gross amount	52,552,843	-	52,552,843
Less: deferred finance cost	(250,109)	-	(250,109)
	_____	_____	_____
	52,302,734	-	52,302,734
	_____	_____	_____
	143,901,881	29,461,207	173,363,088
	=====	=====	=====
2021	Foreign currency (USD)	Local currency	Total
	KD	KD	KD
Murabaha:			
Gross amount	56,018,262	5,598,265	61,616,527
Less: deferred finance cost	(213,126)	(35,439)	(248,565)
	_____	_____	_____
	55,805,136	5,562,826	61,367,962
	_____	_____	_____
Tawarruq:			
Gross amount	57,574,484	-	57,574,484
Less: deferred finance cost	(154,197)	-	(154,197)
	_____	_____	_____
	57,420,287	-	57,420,287
	_____	_____	_____
	113,225,423	5,562,826	118,788,249
	=====	=====	=====

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

16 ISLAMIC FINANCE PAYABLES (Continued)

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

17 ACCOUNTS PAYABLE AND ACCRUALS

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

18 SHARE CAPITAL, SHARE PREMIUM AND DISTRIBUTIONS

18.1 Share capital

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

18.2 Share premium

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

18.3 Distributions made and proposed

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

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

19 TREASURY SHARES AND TREASURY SHARES RESERVE

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2022

20 RESERVES

20.1 Statutory reserve

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

The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital.

For the current year, no transfer has been made as the statutory reserve has reached 50% of the paid-up share capital and the shareholders of the Parent Company had resolved to discontinue such transfers.

20.2 Voluntary reserve

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association a maximum of 10% of the profit for the year attributable to the equity holders of the Parent Company (before tax and directors' fees) is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the annual general assembly of the Parent Company upon a recommendation by the Board of Directors. There is no restriction on distribution of the voluntary reserve.

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

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

20.3 Foreign currency translation reserve

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

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

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20 RESERVES (Continued)

20.4 Fair value reserve

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

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

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

20.5 Other reserve

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

21 MATERIAL PARTLY-OWNED SUBSIDIARIES

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

Proportion of equity interest held by non-controlling interests:

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

Accumulated balances of material non-controlling interest:

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

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21 MATERIAL PARTLY-OWNED SUBSIDIARIES (Continued)

Profit allocated to material non-controlling interest:

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

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

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

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21 MATERIAL PARTLY-OWNED SUBSIDIARIES (Continued)

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

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21 MATERIAL PARTLY-OWNED SUBSIDIARIES (Continued)

Summarised statement of financial position as at 2022:	EDU	EYAS	Al Kout
	28 February 2022	28 February 2022	31 March 2022
	KD	KD	KD
Cash and short-term deposits	6,318,662	7,807,267	3,376,442
Accounts receivable and prepayments	2,925,480	11,882,204	12,313,841
Inventories	-	110,413	2,883,378
Investment securities	-	-	862,118
Investment in associates	51,543,424	201,900	2,640,075
Property, plant and equipment and intangible assets	514,685	25,213,021	24,942,002
Islamic finance payables	(24,182,565)	-	(5,278,642)
Accounts payable and accruals	(5,370,154)	(13,875,856)	(7,288,084)
	(5,991,571)	(15,714,535)	(7,240,230)
	=====	=====	=====
Total equity	31,749,532	31,338,949	34,451,130
	=====	=====	=====
Attributable to:			
Equity holders of the Parent Company	25,237,657	26,443,900	18,561,436
Non-controlling interests	6,511,875	4,895,049	15,889,694

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

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21 MATERIAL PARTLY-OWNED SUBSIDIARIES (Continued)

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

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

22 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturity profile of cash and short-term deposits, term loans, Islamic finance payables and bank overdrafts at the reporting date is based on contractual repayment arrangements. The maturity profile for the remaining assets and liabilities is determined based on the management estimate of liquidation of those financial assets. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

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22 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Continued)

The maturity profile of assets and liabilities is as follows:

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

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22 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Continued)

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

23 SEGMENT INFORMATION

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

Energy, manufacturing and petrochemical sector

Direct investment stakes in this sector comprising of basic materials (Equate, TKOC, Banagas and others), manufacturing activities of subsidiaries: Muna Noor Manufacturing and Trading Company LLC, Oman, Muna Noor Plastic Industries LLC, Oman, Muna Noor LLC - Salalah, Oman, Jubail Integrated Packaging Company Limited LLC, KSA, Boubyan Plastics Industries Company K.S.C. (Closed), Al Kout Industrial Projects Company K.S.C.P. and Warba Capital Holding Company K.S.C.P.

Services and education

Tuition fees and revenue generated from providing educational and medical services.

Others

Investing directly and through portfolios into financial institutions, funds, etc.

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

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23 SEGMENT INFORMATION (Continued)

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.

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

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

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23 SEGMENT INFORMATION (Continued)

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

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23 SEGMENT INFORMATION (Continued)

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

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

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

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

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24 RELATED PARTY DISCLOSURES

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

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

	2022	2021
Consolidated statement of profit or loss:	KD	KD
Consolidated statement of profit or loss:		
Sales	571,404	1,046,364

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

Terms and conditions of transactions with related parties

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

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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24 RELATED PARTY DISCLOSURES (Continued)

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 April 30	
	2022 KD	2021 KD	2022 KD	2021 KD
Short-term benefits	407,855	435,476	39,216	53,639
Employees' end of service benefits	15,000	21,389	71,769	56,769
	<u>422,855</u>	<u>456,865</u>	<u>110,985</u>	<u>110,408</u>

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

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

25 COMMITMENTS AND CONTINGENCIES

25.1 Commitments

At 30 April 2022, the Group had following commitments:

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

25.2 Contingencies

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

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26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The management is monitoring and reassessing the risk management objectives and policies based on the current updates on COVID-19. For the year ended 30 April 2022, there were no significant changes to the risk management objectives and policies.

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

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

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

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

Risk management structure

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

Risk mitigation

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

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

26.1 Credit risk

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

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

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26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Risk concentration of maximum exposure to credit risk

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

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

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

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

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

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

	2022	2020
	KD	KD
Manufacturing	15,903,098	14,603,104
Banks	91,648,247	38,731,615
Services and education	14,807,684	20,689,455
	—	—
	122,359,029	74,024,174
	=====	=====

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26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Expected credit loss assessment

Trade receivables and tuition fees receivable

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

The expected loss rates are based on the payment profiles of sales and collection of tuition fees over a period of 36 months before 30 April 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

30 April 2022	Days past due					Total
	Current	0-180 days	181-270 days	271-365 days	>365 days	
	KD	KD	KD	KD	KD	KD
Expected credit loss rate	11.0%	7.2%	55.1%	70.6%	73.5%	25.4%
Estimated total gross carrying amount at default	7,882,173	16,489,892	993,971	972,591	6,830,986	33,169,613
Expected credit loss	866,682	1,182,308	548,124	810,996	5,019,141	8,427,251

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

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26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (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.

Cash and short-term deposits

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

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

26.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group limits its liquidity risks by ensuring bank facilities are available and by efficiently managing the working capital.

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

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26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

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

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

26.3 Market risk

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

26.3.1 Interest rate risk

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

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

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26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Exposure to interest rate risk

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

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

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

26.3.2 Foreign currency risk

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

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

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26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency sensitivity

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

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

26.3.3 Equity price risk

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

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

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

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

26.3.4 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.

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27 FAIR VALUE MEASUREMENT

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

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

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

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

Valuation methods and assumptions

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

Listed investment in equity securities

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

Unlisted equity investments

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

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27 FAIR VALUE MEASUREMENT (Continued)

Unlisted funds

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

Fair value hierarchy

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

30 April 2022	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	KD	KD	KD	KD
Financial assets at FVTPL:				
Quoted equity securities	862,118	862,118	-	-
Unquoted equity securities	6,808,141	-	-	6,808,141
Unquoted funds	96,555	-	96,555	-
	7,766,814	862,118	96,555	6,808,141
Financial assets at FVOCI				
Quoted equity securities	52,646,580	52,646,580	-	-
Unquoted equity securities	318,419,974	-	-	318,419,974
	371,066,554	52,646,580	-	318,419,974
Investment securities (at fair value)	378,833,368	53,508,698	96,555	325,228,115

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27 FAIR VALUE MEASUREMENT (Continued)

30 April 2021	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	KD	KD	KD	KD
Financial assets at FVTPL:				
Quoted equity securities	883,185	883,185	-	-
Unquoted equity securities	6,858,030	-	-	6,858,030
Unquoted funds	345,788	-	345,788	-
	<u>8,087,003</u>	<u>883,185</u>	<u>345,788</u>	<u>6,858,030</u>
Financial assets at FVOCI				
Quoted equity securities	33,070,800	33,070,800	-	-
Unquoted equity securities	312,276,456	-	-	312,276,456
	<u>345,347,256</u>	<u>33,070,800</u>	<u>-</u>	<u>312,276,456</u>
Investment securities (at fair value)	353,434,259	33,953,985	345,788	319,134,486

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

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27 FAIR VALUE MEASUREMENT (Continued)

Reconciliation of Level 3 fair values

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

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

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

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27 FAIR VALUE MEASUREMENT (Continued)

Description of significant unobservable inputs to valuation:

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

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

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

Sensitivity analysis:

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

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

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

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28 CAPITAL MANAGEMENT

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

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

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

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

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

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

