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

CONSOLIDATED FINANCIAL STATEMENTS

30 APRIL 2023

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working world

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

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Boubyan Petrochemical Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 30 April 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 April 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

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

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Valuation of investment securities

The Group's investment securities represent 51% of the Group's total assets, which are measured at fair value and are classified either as financial assets at fair value through other comprehensive income (FVOCI) or as financial assets at fair value through profit or loss (FVPL) as disclosed in Note 13 to the consolidated financial statements.

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

Given the size and complexity of the valuation of investment securities, and the importance of the disclosures relating to the assumptions used in the valuations, we addressed this as a key audit matter.

Our audit procedures included, among others, the following:

- For valuations which used significant unobservable inputs, we evaluated the models and the assumptions used by the management and tested the source data used in the valuations, to the extent possible, to independent sources and externally available market data to evaluate the data's relevance, completeness and accuracy. We also involved our internal valuation specialists to assist us in evaluating the reasonableness of the methodology and the appropriateness of the valuation models and inputs used to value these equity securities, including the consistency of the valuation models.

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

- We assessed the adequacy and the appropriateness the Group's disclosures concerning the fair value measurement of investment securities and the sensitivity to changes in key unobservable inputs in Note 28 to the consolidated financial statements.

The Group's policies on valuation of investment securities is disclosed in Note 2.5.13 and in Note 28 of the consolidated financial statements.

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

Report on the Audit of Consolidated Financial Statements (continued)

Other information included in the Group's 2022 Annual Report
Management is responsible for the other information. Other information consists of the information included in the Group's Annual Report for the year ended 30 April 2023, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

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

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

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

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

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

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

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

Report on the Audit of Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

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

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

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

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

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

Report on the Audit of Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 30 April 2023, that might have had a material effect on the business of the Parent Company or on its financial position.

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

Report on Other Legal and Regulatory Requirements (continued)

We further report that, during the course of the audit, we have not become aware of any violation of the provisions of law No.7 of 2010 concerning the Capital Markets Authority and its related regulations during the year ended 30 April 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

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

16 May 2023
Kuwait

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 April 2023

	Notes	***2023*** ***KD***	*2022* *KD*
Sale of goods		**56,583,177**	47,940,149
Tuition fees		**22,549,309**	24,079,237
Total revenue from contracts with customers	4	**79,132,486**	72,019,386
Cost of goods sold		**(38,323,033)**	(36,767,734)
Tuition costs		**(11,683,613)**	(11,562,997)
Total cost of revenue		**(50,006,646)**	(48,330,731)
GROSS PROFIT		**29,125,840**	23,688,655
Dividend income	5	**18,313,252**	32,257,832
Other income		**4,870,014**	2,386,068
Net gain on investment securities		**6,184,913**	508,393
Share of results of associates	13	**8,769,775**	7,714,495
Impairment of property, plant and equipment	14	**-**	(8,263)
General and administrative expenses	6	**(16,428,627)**	(16,295,968)
Finance costs		**(8,006,497)**	(4,809,177)
Foreign exchange differences		**35,158**	(37,500)
PROFIT BEFORE TAX AND DIRECTORS' FEES		**42,863,828**	45,404,535
Taxation	7	**(674,781)**	(1,305,596)
Directors' fees	25	**(90,000)**	(90,000)
PROFIT FOR THE YEAR		**42,099,047**	44,008,939
Attributable to:			
Equity holders of the Parent Company		**35,040,980**	38,760,810
Non-controlling interests		**7,058,067**	5,248,129
		42,099,047	44,008,939
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	8	**67.03 fils**	74.55 fils

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2023

	Notes	***2023*** ***KD***	*2022* *KD*
Profit for the year		**42,099,047**	44,008,939
Other comprehensive (loss) income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**20,311**	305,704
Share of other comprehensive income (loss) of associates	13	**9,678**	(1,560)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**29,989**	304,144
Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods:			
Net (loss) gain on equity instruments designated at fair value through other comprehensive income		**(2,439,906)**	20,468,262
Exchange differences on effective portion of hedging instruments		**(376,205)**	(3,610,421)
Share of other comprehensive income of associates	13	**356,431**	206,399
Net other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods		**(2,459,680)**	17,064,240
Other comprehensive (loss) income for the year		**(2,429,691)**	17,368,384
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**39,669,356**	61,377,323
Attributable to:			
Equity holders of the Parent Company		**30,669,620**	56,060,332
Non-controlling interests		**8,999,736**	5,316,991
		39,669,356	61,377,323

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2023

	Notes	*2023* *KD*	*2022* *KD*
ASSETS			
Cash and short-term deposits	9	**112,826,029**	91,648,247
Accounts receivable and prepayments	10	**35,194,063**	30,710,782
Inventories	11	**6,913,225**	7,659,917
Investment securities	12	**308,161,807**	378,833,368
Investment in associates	13	**63,314,736**	56,332,324
Property, plant and equipment	14	**56,730,469**	50,639,222
Intangible assets	15	**15,646,841**	9,726,686
TOTAL ASSETS		**598,787,170**	625,550,546
LIABILITIES AND EQUITY			
Liabilities			
Term loans	16	**45,268,701**	98,990,451
Islamic finance payables	17	**189,174,495**	173,363,088
Accounts payable and accruals	18	**49,781,855**	44,981,430
Total liabilities		**284,225,051**	317,334,969
Equity			
Share capital	19	**53,482,275**	53,482,275
Treasury shares	20	**(1,941,645)**	(9,621,523)
Treasury shares reserve	20	**2,807,455**	9,419,688
Statutory reserve	21	**26,741,138**	26,741,138
Foreign currency translation reserve	21	**775,040**	773,679
Fair value reserve	21	**130,569,981**	139,927,170
Other reserve	21	**(42,568)**	(3,401,222)
Retained earnings		**65,636,771**	59,968,977
Equity attributable to holders of the Parent Company		**278,028,447**	277,290,182
Non-controlling interests		**36,533,672**	30,925,395
Total equity		**314,562,119**	308,215,577
TOTAL LIABILITIES AND EQUITY		**598,787,170**	625,550,546

Dabbous M. Al-Dabbous
Chairman

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2023

	Attributable to equity holders of the Parent Company											
	Share capital KD	*Share premium KD*	*Treasury shares KD*	*Treasury shares reserve KD*	*Statutory reserve KD*	*Foreign currency translation reserve KD*	*Fair value reserve KD*	*Other Reserve KD*	*Retained earnings KD*	*Sub-total KD*	*Non-controlling interests KD*	*Total equity KD*
As at 1 May 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
Profit for the year	-	-	-	-	-	-	-	-	35,040,980	35,040,980	7,058,067	42,099,047
Other comprehensive income (loss) for the year	-	-	-	-	-	1,361	(4,372,721)	-	-	(4,371,360)	1,941,669	(2,429,691)
Total comprehensive income (loss) for the year	-	-	-	-	-	1,361	(4,372,721)	-	35,040,980	30,669,620	8,999,736	39,669,356
Cancellation of treasury shares (Note 3a & Note 20)	(1,067,645)	-	7,679,878	(6,612,233)	-	-	-	-	-	-	-	-
Merger transaction (Note 3a & Note 19.1)	1,067,645	-	-	-	-	-	-	289,235	-	1,356,880	(1,356,880)	-
Transfer of other reserve to retained earnings on merger (Note 3a & Note 21.5)	-	-	-	-	-	-	-	3,071,278	(3,071,278)	-	-	-
Acquisition of a subsidiary (Note 3b)	-	-	-	-	-	-	-	-	-	-	804,200	804,200
Dividends (Note 19.3)	-	-	-	-	-	-	-	-	(31,286,376)	(31,286,376)	-	(31,286,376)
Transfer of fair value reserve on derecognition of equity investments at FVOCI to retained earnings	-	-	-	-	-	-	(4,984,468)	-	4,984,468	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,750,638)	(2,750,638)
Acquisition of non-controlling interests without change in control	-	-	-	-	-	-	-	(1,859)	-	(1,859)	(88,141)	(90,000)
At 30 April 2023	**53,482,275**	-	**(1,941,645)**	**2,807,455**	**26,741,138**	**775,040**	**130,569,981**	**(42,568)**	**65,636,771**	**278,028,447**	**36,533,672**	**314,562,119**
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 19.3)	-	(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	-	-	-	-	-	-	-	(9,576)	-	(9,576)	(8,994)	(18,570)
Net sale of treasury shares (Note 20)	-	-	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

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 April 2023

	Notes	***2023*** ***KD***	*2022* *KD*
OPERATING ACTIVITIES			
Profit before tax and directors' fees		**42,863,828**	45,404,535
Adjustments to reconcile profit before tax and directors' fees to net cash flows:			
Dividend income	5	**(18,313,252)**	(32,257,832)
Net gain on investment securities		**(6,184,913)**	(508,393)
Share of results of associates	13	**(8,769,775)**	(7,714,495)
Gain on disposal of property, plant and equipment		**(687,878)**	-
Impairment of property, plant and equipment	14	**-**	8,263
Depreciation of property, plant and equipment	14	**5,278,136**	5,220,764
Depreciation of right-of-use assets	14	**840,724**	858,441
Amortisation of intangible assets	15	**310,096**	310,096
Loss on remeasurement of leases		**13,230**	-
Gain on derecognition of leases		**(8,408)**	-
Finance costs		**8,006,497**	4,809,177
		23,348,285	16,130,556
Working capital adjustments:			
Accounts receivable and prepayments		**(4,455,898)**	4,581,777
Inventories		**771,188**	909,260
Accounts payable and accruals		**(1,563,221)**	(2,478,183)
Cash flows from operating activities		**18,100,354**	19,143,410
Taxes paid		**(212,391)**	(516,219)
Net cash flows from operating activities		**17,887,963**	18,627,191
INVESTING ACTIVITIES			
Acquisition of a subsidiary, net of cash acquired	3b	**(3,712,893)**	-
Dividends received from associates	13	**2,142,919**	4,815,783
Purchase of property, plant and equipment	14	**(7,595,790)**	(4,697,125)
Proceeds from disposal of property, plant and equipment		**687,900**	218
Purchase of investment securities		**(304,179)**	(10,168,089)
Proceeds from disposal of investment securities		**74,720,747**	5,745,635
Dividends received from investment securities		**18,313,252**	32,257,832
Net movement in short-term deposits		**(30,306,516)**	(52,238,023)
Acquisition of non-controlling interests		**(90,000)**	(18,570)
Net cash flows from (used in) investing activities		**53,855,440**	(24,302,339)
FINANCING ACTIVITIES			
Dividends paid to equity holders of the Parent Company		**(30,988,923)**	(28,544,753)
Dividends paid to non-controlling interests		**(2,750,638)**	(4,463,968)
Amounts paid to non-controlling interests on capital reduction in subsidiaries		**-**	(2,178,966)
Net repayment of term loans		**(53,958,623)**	(19,626,400)
Net proceeds from Islamic finance payables		**15,672,075**	52,058,568
Finance costs paid		**(7,894,288)**	(4,665,419)
Payment of principal portion of lease liabilities	18	**(970,846)**	(981,846)
Purchase of treasury shares	20	**-**	(1,129,665)
Proceeds from sale of treasury shares	20	**-**	16,739,542
Net cash flows (used in) from financing activities		**(80,891,243)**	7,207,093
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(9,147,840)**	1,531,945
Foreign currency translation adjustment – net		**19,106**	56,099
Cash and cash equivalents at the beginning of the year		**34,410,224**	32,822,180
CASH AND CASH EQUIVALENTS AS AT 30 APRIL	9	**25,281,490**	34,410,224

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS (continued)
For the year ended 30 April 2023

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

	Notes	***2023 KD***	*2022 KD*
Rent concessions (adjusted with accounts payable and accruals)	18	-	(31,705)
Additions to lease liabilities (adjusted with accounts payable and accruals)	18	**172,326**	519,750
Additions to right-of-use assets (adjusted with property, plant and equipment)	14	**(172,326)**	(510,781)
Remeasurement of lease liabilities (adjusted with accounts payable and accruals)	18	**201,967**	93,254
Remeasurement of right-of-use assets (adjusted with property, plant and equipment)	14	**(188,737)**	(93,254)
Derecognition of lease liabilities (adjusted with accounts payable and accruals)	18	**(97,657)**	-
Derecognition of right-of-use assets (adjusted with property, plant and equipment)	14	**89,249**	-
Purchase of investment securities (adjusted with proceeds from disposal of investment securities)		-	(890,657)
Proceeds from disposal of investment securities (adjusted with purchase of investment securities)		-	890,657

1 CORPORATE INFORMATION

The consolidated financial statements of Boubyan Petrochemical Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the year ended 30 April 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 16 May 2023 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 2022 were approved by the Parent Company's shareholders at the AGM held on 1 June 2022. Dividends declared and paid by the Parent Company for the year then ended are provided in Note 19.3.

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	
	2023	*2022*
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%
Kuwait Projects Company Holding K.S.C.P. (KIPCO)*	**6%**	6%

* Formerly, Qurain Petrochemical Company K.S.C.P. ("QPIC"). In November 2022, KIPCO completed the merger, by way of amalgamation, with QPIC.

Information on the Group's structure is provided in Note 2.2. Information on other related party relationships of the Group is provided in Note 25.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on a historical cost basis, except for investment securities and contingent consideration payable, 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 23.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 30 April 2023. 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 a subsidiary has a reporting date that differs from the Group's reporting date, by no more than three months, adjustments are made for the effects of significant transactions or events that occur between the subsidiary's reporting date and the date of the Group's consolidated financial statements. Additionally, when necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full, on consolidation.

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

The consolidated financial statements of the Group include:

Name of the company	*Country of incorporation*	*Principal activities*	*% effective equity interest*	
			2023	*2022*
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	**100%**	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	**100%**	99.43%
Muna Noor LLC – Salalah	Sultanate of Oman	Manufacturing and trading of plastic pipes	**100%**	96.44%
Educational Holding Group K.S.C.P.[1]	State of Kuwait	Educational services	**-**	83.11%
Eyas for Higher and Technical Education Company K.S.C. (Closed) [2]	State of Kuwait	Educational services	**62.84%**	55.74%
Al Kout Industrial Projects Company K.S.C.P.	State of Kuwait	Production of chlorine, salt and other petrochemical products	**54.14%**	54.14%
Afaq Educational Company K.S.C. (Closed) [3]	State of Kuwait	Educational services	**90.32%**	-
Knowledge Village Educational Company K.S.C. (Closed) [3]	State of Kuwait	Educational services	**84.58%**	-
Knowledge City North S.A.L. [3 and 4]	Lebanon	Educational services	**75%**	-
Warba Capital Holding Company K.S.C.P.	State of Kuwait	Undertaking industrial investments	**50.26%**	50.26%
Yaleen Steel Company Limited (Note 3b)	Kingdom of Saudi Arabia	Manufacture of steel abrasive materials	**51%**	-
Indirectly held through BPIC:				
Muna Noor Manufacturing and Trading Company LLC	Sultanate of Oman	Manufacturing and trading of plastic pipes	-	20%
Muna Noor Plastic Industries LLC	Sultanate of Oman	Manufacturing and trading of plastic pipes	-	0.57%
Muna Noor LLC - Salalah	Sultanate of Oman	Manufacturing and trading of plastic pipes	-	3.56%

[1] During the year, Educational Holding Group K.S.C.P. ("EDU") was merged, by way of Amalgamation, with the Parent Company. This resulted in the transfer of all the assets and liabilities of EDU to the Parent Company (Note 3a).

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

[2] Prior to the merger with EDU, the Group held equity interest in Eyas for Higher and Technical Education Company K.S.C. (Closed) ("Eyas") partially through EDU. Following the merger, Eyas became a direct subsidiary of the Parent Company, resulting in the Group's equity interest in Eyas increasing to 62.84%.

[3] These entities became direct subsidiaries of the Parent Company as a result of the merger, by way of amalgamation, between the Parent Company and EDU.

[4] The subsidiary is currently dormant, and its commercial registration has expired. As of the date of authorisation of these consolidated financial statements, the commercial registration has not been renewed.

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 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). 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.

These amendments had no impact on consolidated financial statements as the Group had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts.

Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments replace a reference to a previous version of the IASB's *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* 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 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the year.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 *Leases*
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of 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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 *Leases* (continued)
In accordance with the transitional provisions, the Group applies the amendments retrospectively only 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 date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the Parent Company's consolidated financial statements, based on the Parent Company's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the Parent Company acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Group as it is not a first-time adopter.

IFRS 9 *Financial Instruments* – Fees in the '10 per cent' test for derecognition of financial liabilities
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. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

In accordance with the transitional provisions, the Group 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 date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

IAS 41 *Agriculture* – Taxation in fair value measurements
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.

These amendments had no impact on the consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 17 *Insurance Contracts* (continued)
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 amendments are not expected to have a material impact on the consolidated financial statements of the Group.

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

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 revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 (continued)

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are not expected to have a material impact on the Group's financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.5.1 Business combinations and goodwill

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

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

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

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

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

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

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

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

2 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 associates 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.

When an associate has a reporting date that differs from the Group's reporting date, by no more than three months, adjustments are made for the effects of significant transactions or events that occur between the associate's reporting date and the date of the Group's consolidated financial statements. Additionally, when necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

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

2.5.3 Fair value measurement

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

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

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

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.3 Fair value measurement (continued)
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.

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

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

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

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

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

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

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

2 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.

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 KD 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 authorised, and the distribution is no longer at the discretion of the Parent Company. As per the Companies Law, a distribution is authorised when it is approved by the shareholders at the AGM. A corresponding amount is recognised directly in equity.

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

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

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

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

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

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

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.10 Leases (continued)

Group as a lessee (continued)

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

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

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

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

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

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

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

- Student relationships 5 years

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

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

2.5.13 Financial instruments - initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables and tuition fees receivable, that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables and tuition fees receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

i) Financial assets (continued)

Initial recognition and measurement (continued)
In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

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

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

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

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

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

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

i) Financial assets (continued)

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

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

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

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

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

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

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

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

ii) Financial liabilities (continued)

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

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

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

Financial liabilities at fair value through profit or loss
The Group measures contingent consideration payable at fair value through profit or loss. Except for the contingent consideration payable, the Group has not designated any financial liability as at fair value through profit or loss.

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

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

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

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

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

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

2.5.14 Hedge accounting

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.14 Hedge accounting (continued)

Initial recognition and subsequent measurement (continued)
The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

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

Fair value hedges
The fair value hedges that meet all the qualifying criteria for hedge accounting are accounted for, as below:

The change in the fair value of a hedging instrument is recognised in the consolidated statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the consolidated statement of profit or loss as other expense.

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

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

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

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

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

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

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.16 Impairment of non-financial assets

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

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

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

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

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

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

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

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

2.5.17 Cash and short-term deposits

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.18 Treasury shares

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

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

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

2.5.19 Provisions

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

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

2.5.20 End of service benefits

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

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

2.5.21 Contingencies

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

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

2.5.22 Segment information

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

2.5.23 Other reserve

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.24 Events after the reporting period

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

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

2.6.1 Judgements

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

Classification of financial assets

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

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

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

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

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

Business combinations

At the time of Group's acquisition of subsidiaries, the Group considers whether the acquisition represents the acquisition of a business or of an asset (or a group of assets and liabilities). The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the assets. More specifically, consideration is made to the extent of which significant processes are acquired. The significance of processes requires significant judgment.

2.6.2 Estimates and assumptions

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

2.6.2 Estimates and assumptions (continued)

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

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

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

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

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The key assumptions take into consideration the probability of meeting each performance target (see Notes 3b for details).

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

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

2.6.2 Estimates and assumptions (continued)

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

Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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

3 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

a) Merger with Educational Holding Group K.S.C.P.

On 25 April 2022, the Parent Company reached an initial agreement with its subsidiary company, Educational Holding Group K.S.C.P. ("EDU"), to enter into a merger transaction by way of amalgamation through share swap in accordance with the provisions of Module 9 *Mergers and Acquisitions* of the Executive Bylaws of Law No. 7 of 2010, as amended, whereby the Parent Company shall be the merging company and EDU shall be the merged company. Accordingly, the Parent Company commenced the required procedures to obtain the regulatory authorities' approvals.

On 12 October 2022, the CMA approved the merger of the Parent Company and EDU by way of amalgamation through share swap at the exchange ratio of 3.01 shares of the Parent Company against every share of EDU.

On 21 December 2022, the extraordinary general assembly meeting ("EGM") of the shareholders of the Parent Company approved the merger, as well as the capital restructuring of the Parent Company by reducing the share capital by KD 1,067,645 through cancellation of 10,676,451 treasury shares and issuing 10,676,451 new shares at 100 fils per share to non-controlling interest holders of EDU (merged company). Further on 28 December 2022, the EGM of the shareholders of EDU resolved to approve the merger, including the transfer the assets and liabilities of EDU to the Parent Company and the subsequent dissolution of EDU upon completion of the merger.

On 16 March 2023, the share swap was executed following CMA's approval to execute the merger, which was issued on 12 February 2023. This resulted in cancellation of EDU's shareholders register with the Kuwait Clearing Company on the same date and the issuance of 10,676,451 new shares of the Parent Company to the non-controlling interest holders of EDU, in exchange for 3,546,994 shares of EDU. As a result of the merger, the share capital was increased by KD 1,067,645 and the difference between the non-controlling interests acquired of KD 1,356,880 and the new capital issued of KD 1,067,645 was recognised as a gain of KD 289,235 in the other reserve within the consolidated statement of changes in equity.

Additionally, the accumulated net other reserve of KD (3,071,278) relating to EDU, was transferred to retained earnings, subsequent to the completion of the merger.

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

b) Acquisition of Yaleen Steel Company Limited

On 1 March 2023, the Group acquired 51% equity interest in Yaleen Steel Company Limited ("Yaleen Steel") based in Sudair Industrial City, Kingdom of Saudi Arabia. Yaleen Steel is an unlisted company and is principally engaged in manufacture of steel abrasive materials.

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

Assets acquired and liabilities assumed
The consideration paid and the provisional values of the identifiable assets acquired and liabilities assumed at the acquisition date, are summarised as follows:

	Provisional values KD
ASSETS	
Cash at banks and in hand	**1,174,248**
Accounts receivable and prepayments	**27,383**
Inventories	**24,496**
Property, plant and equipment	**4,331,941**
	5,558,068
LIABILITIES	
Accounts payable and accruals	**3,916,843**
Total identifiable net assets acquired	**1,641,225**
Non-controlling interests (49% of net assets)	**(804,200)**
Provisional goodwill (included in intangible assets)	**6,230,251**
Purchase consideration transferred	**7,067,276**
Purchase consideration	
Cash paid	**4,887,141**
Contingent consideration payable (included in accounts payable and accruals)	**2,180,135**
TOTAL CONSIDERATION	**7,067,276**
Analysis of cash flows on acquisition	
Cash paid	**(4,887,141)**
Less: Net cash acquired with the subsidiary	**1,174,248**
NET CASH OUTFLOW ON ACQUISITION	**(3,712,893)**

The Group is in the process of assessing the fair values of identifiable assets and liabilities and these are subject to change on the completion of Purchase Price Allocation ("PPA") exercise.

At the reporting date, Yaleen Steel had not yet started commercial production, and as a result, the subsidiary did not generate any revenue, nor did it contribute to the Group's profit before tax and directors' fees. Additionally, if the combination had taken place at the beginning of the year, there would have been no material impact on the Group's revenue from contracts with customers or profit before tax and directors' fees.

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

b) Acquisition of Yaleen Steel Company Limited (continued)

Contingent consideration

As part of the purchase agreement with the previous owner of Yaleen Steel, a contingent consideration has been agreed upon. There will be additional cash payments to the previous owners of Yaleen Steel based on the entity's net profit during a 12-month period following the trial production period and an agreed probationary period. The amount of the pay-out will be determined by the pre-determined net profit range in which it falls.

As at the acquisition date, the fair value of the contingent consideration was estimated to be KD 2,180,135. This value was determined using the probability-weighted pay-out approach, which involves computing the probability-weighted average of pay-outs associates with each possible outcome.

Since the acquisition date is closer to the reporting date, no unrealised fair value changes have been identified and recognised in profit or loss.

A reconciliation of fair value measurement of the contingent consideration liability (Level 3) is provided below:

	KD
As at 1 May 2022	-
Liability arising on business combination	**2,180,135**
At 30 April 2023	**2,180,135**

A reasonable change in significant unobservable inputs, which include the projected probability-weighted net profit of Yaleen Steel, is not expected to have a material impact on the consolidated statement of profit or loss.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

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

	2023 ***KD***	*2022* *KD*
Type of goods or service		
Sale of goods		
Sale of Chlor Alkai	**26,967,005**	19,817,863
Sale of industrial materials	**11,951,929**	10,622,580
Blending of chemicals services	**61,113**	68,848
Construction of chlorine dioxide and plant for groundwater reservoirs	**320,607**	1,374,488
Logistic services	**64,867**	387,212
Sale of form-fill-seal (FFS) packaging bags and related products	**1,632,325**	2,467,065
Sale of polyethylene (PE) and polyvinyl chloride (PVC) pipes and fittings	**14,520,114**	12,574,053
Others	**1,065,217**	628,040
	56,583,177	47,940,149
Rendering of services (tuition fees)		
Educational services	**22,549,309**	24,079,237
Total revenue from contracts with customers	**79,132,486**	72,019,386

4 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Disaggregated revenue information (continued)

	2023 KD	*2022 KD*
Geographical markets		
Kuwait	**48,337,202**	49,463,052
Other MENA	**28,945,327**	19,614,184
Asia	**322,727**	265,747
South America and North America	**252,290**	1,418,252
Others	**1,274,940**	1,258,151
Total revenue from contracts with customers	**79,132,486**	72,019,386
Timing of revenue recognition		
Goods and services transferred at a point in time	**56,136,590**	46,109,601
Goods and services transferred over time	**22,995,896**	25,909,785
Total revenue from contracts with customers	**79,132,486**	72,019,386

5 DIVIDEND INCOME

	2023 KD	*2022 KD*
Dividend income from equity instruments at FVOCI	**17,767,726**	31,687,237
Dividend income from equity instruments at FVTPL	**545,526**	570,595
	18,313,252	32,257,832

Dividend income for the year includes dividends distributed by Equate and TKOC amounting to KD 10,236,017 (2022: KD 20,227,117) and KD 6,607,042 (2022: KD 10,018,320), respectively.

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2023 KD	*2022 KD*
Staff costs	**7,411,201**	6,692,077
Depreciation of property, plant and equipment and right-of-use assets (Note 14)	**2,581,477**	2,636,478
Amortisation of intangible assets (Note 15)	**310,096**	310,096
(Reversal of) allowance for expected credit losses on trade receivables and tuition fees receivable (Note 10)	**(55,088)**	1,792,794
Other administrative expenses	**6,180,941**	4,864,523
	16,428,627	16,295,968

7 TAXATION

	2023 KD	*2022 KD*
National Labour Support Tax (NLST)	**674,781**	1,064,194
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)	**-**	241,402
	674,781	1,305,596

8 EARNINGS PER SHARE (EPS)

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

	2023	*2022*
Profit for the year attributable to the equity holders of the Parent Company (KD)	**35,040,980**	38,760,810
Weighted average number of ordinary shares outstanding (shares)*	**522,763,327**	519,963,199
Basic and diluted EPS (fils)	**67.03**	74.55

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

	2023	*2022*
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	**(12,059,423)**	(14,859,551)
	522,763,327	519,963,199

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

9 CASH AND CASH EQUIVALENTS

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

	2023	*2022*
	KD	*KD*
Cash at banks and in hand	**15,595,990**	12,940,224
Short-term deposits	**97,230,039**	78,708,023
Total cash and short-term deposits	**112,826,029**	91,648,247
Less: Short-term deposits with original maturity of more than three months	**(87,544,539)**	(57,238,023)
Total cash and cash equivalents	**25,281,490**	34,410,224

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.

10 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2023 ***KD***	*2022* *KD*
Trade receivables and tuition fees receivable, gross	**34,706,001**	33,169,613
Less: Allowance for expected credit losses	**(8,075,977)**	(8,427,251)
Trade receivables and tuition fees receivable, net	**26,630,024**	24,742,362
Advances and prepayments	**3,347,934**	3,353,941
Margin deposits and other refundable deposits	**323,599**	200,713
Other receivables	**4,892,506**	2,413,766
	35,194,063	30,710,782

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

	2023 ***KD***	*2022* *KD*
As at the beginning of the year	**8,427,251**	7,319,171
(Reversal of) provision for expected credit losses (Note 6)	**(55,088)**	1,792,794
Write-off	**(288,469)**	(644,500)
Foreign exchange movement	**(7,717)**	(40,214)
As at 30 April	**8,075,977**	8,427,251

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

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

11 INVENTORIES

	2023 ***KD***	*2022* *KD*
Raw materials (at cost)	**3,403,251**	3,880,523
Spare parts (at cost)	**629,537**	814,941
Work in progress (at cost)	**37,663**	31,961
Finished goods and goods held for resale (at lower of cost or net realisable value)	**2,842,774**	2,932,492
Total inventories at the lower of cost and net realisable value	**6,913,225**	7,659,917

12 INVESTMENT SECURITIES

	2023 ***KD***	*2022* *KD*
Financial assets at FVTPL		
Quoted equity securities	**194,385**	862,118
Unquoted equity securities	**2,138,867**	6,808,141
Unquoted funds	**15,805**	96,555
	2,349,057	7,766,814

12 INVESTMENT SECURITIES (continued)

	2023	*2022*
	KD	*KD*
Financial assets at FVOCI		
Quoted equity securities	**-**	52,646,580
Unquoted equity securities		
– Equate	**178,723,325**	181,613,795
– TKOC	**113,151,228**	119,125,900
– Others	**13,938,197**	17,680,279
	305,812,750	371,066,554
	308,161,807	378,833,368

- 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 loss in OCI amounting to KD 2,890,470 from Equate (2022: unrealised fair value gain of KD 8,301,237) and unrealised fair value loss of KD 5,974,672 from TKOC (2022: KD 1,909,704).

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

- Investment in Equate and TKOC denominated in US Dollars with an aggregate carrying value of KD 291,874,553 (2022: KD 300,739,695), 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.

- During the current year, the Group sold certain quoted and unquoted equity securities measured at FVOCI. The resultant net gain attributable to equity holders of the Parent Company of KD 4,984,468 (2022: Nil) recognised in OCI, that were presented under fair value reserve, was transferred to retained earnings.

13 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*	
			2023	*2022*	***2023***	*2022*	***2023***	*2022*
					KD	*KD*	***KD***	*KD*
Arabian Waterproofing Industries Company Limited	Kingdom of Saudi Arabia	Engaged in manufacture of waterproofing products and heat insulation materials	**20.78%**	20.78%	**-***	-*	**3,248,405**	3,362,033
Al Borg Medical Laboratories Company Limited	Kingdom of Saudi Arabia	Engaged in medical laboratories and environmental and scientific tests	**25.13%**	25.13%	**-***	-*	**5,748,004**	7,197,560
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%	**-***	-*	**12,326,048**	9,970,813
Sama Educational Company K.S.C. (Closed) ("Sama") [1]	State of Kuwait	Educational activities	**41.70%**	41.70%	**-***	-*	**35,580,527**	31,221,032
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%	**5,229,127**	5,362,353	**3,983,185**	1,674,909
Al Dorra Petroleum Services Company K.S.C. (Closed) [2]	State of Kuwait	Petroleum services to oil and gas sector	**37.99%**	37.99%	**-***	-*	**2,147,232**	2,640,075
Al Dhow for Environmental Projects Company K.S.C. (Closed) [3]	State of Kuwait	Manufacture and trading of environmental related products	**20%**	20%	**-***	-*	**281,335**	265,902
Total equity-accounted investments							**63,314,736**	56,332,324

* Private entity – no quoted price available

[1] Prior to the merger with EDU, the associate was held indirectly through EDU. Following the merger, Sama became a direct associate of the Parent Company.
[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.

13 INVESTMENT IN ASSOCIATES (continued)

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

	2023	*2022*
	KD	*KD*
At the beginning of the year	**56,332,324**	53,063,261
Share of results	**8,769,775**	7,714,495
Share of other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods	**9,678**	(1,560)
Share of other comprehensive income that will not be reclassified to profit or loss in the subsequent periods	**356,431**	206,399
Dividends received	**(2,142,919)**	(4,815,783)
Exchange differences	**(10,553)**	165,512
At 30 April	**63,314,736**	56,332,324

Impairment losses
As at 30 April 2023 and 2022, the management had not identified any indicators of impairment for investment in associates and therefore no impairment testing was required.

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

	Nafais		***Sama***	
	2023	*2022*	***2023***	*2022*
Summarised statement of financial position	***KD***	*KD*	***KD***	*KD*
Assets	**84,660,003**	71,515,550	**71,307,977**	54,846,910
Liabilities	**(18,443,752)**	(16,590,789)	**(14,498,357)**	(8,491,960)
Non-controlling interests	**(7,854,281)**	(7,714,472)	**-**	-
Equity	**58,361,970**	47,210,289	**56,809,620**	46,354,950
Group's share in equity %	**21.12%**	21.12%	**41.70%**	41.70%
Group's share in equity	**12,326,048**	9,970,813	**23,689,056**	19,329,561
Add: Goodwill	**-**	-	**11,891,471**	11,891,471
Group's carrying amount	**12,326,048**	9,970,813	**35,580,527**	31,221,032

	Nafais		***Sama***	
	2023	*2022*	***2023***	*2022*
Summarised statement of profit or loss	***KD***	*KD*	***KD***	*KD*
Revenue from contracts with customers	**49,508,692**	47,544,224	**29,685,213**	18,490,497
Cost of revenue	**(31,810,975)**	(30,538,014)	**(15,883,815)**	(8,558,394)
Administrative and other expenses	**(5,459,275)**	(5,955,745)	**(1,435,171)**	(1,344,557)
Non-controlling interests	**(908,207)**	(1,014,774)	**-**	-
Profit for the year	**11,330,235**	10,035,691	**12,366,227**	8,587,546
Group's share in equity %	**21.12%**	21.12%	**41.70%**	41.70%
Group's share of profit	**2,393,426**	2,119,538	**5,156,596**	3,580,923

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold lands KD	*Buildings KD*	*Plant and equipment KD*	*Furniture and office equipment KD*	*Motor vehicles KD*	*Right-of-use assets KD*	*Construction in progress KD*	*Total KD*
Cost								
At 1 May 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**
Additions	-	911,178	151,729	296,185	16,500	172,326	6,220,198	7,768,116
Acquisition of a subsidiary (Note 3b)	-	1,612,142	1,086,402	1,613,392	20,005	-	-	4,331,941
Remeasurement of right-of-use assets	-	-	-	-	-	188,737	-	188,737
Disposals	-	-	(790)	(200,779)	(13,893)	-	-	(215,462)
Derecognition of right-of-use assets	-	-	-	-	-	(89,249)	-	(89,249)
Transfers	-	145,865	4,209,995	14,315	-	-	(4,370,175)	-
Exchange differences	-	19,358	49,411	194	6,007	(1,339)	(156)	73,475
At 30 April 2023	**11,741,400**	**36,121,620**	**35,342,333**	**4,682,236**	**2,159,142**	**5,085,412**	**11,469,346**	**106,601,489**
Depreciation and impairment								
At 1 May 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**
Depreciation charge for the year	-	2,415,697	2,441,971	174,391	246,077	840,724	-	6,118,860
Depreciation relating to disposals	-	-	(790)	(200,757)	(13,893)	-	-	(215,440)
Exchange differences	-	18,297	38,782	241	5,838	(267)	-	62,891
At 30 April 2023	**-**	**17,654,070**	**21,253,494**	**2,580,403**	**1,731,162**	**3,204,966**	**3,446,925**	**49,871,020**
Net book value								
At 30 April 2023	**11,741,400**	**18,467,550**	**14,088,839**	**2,101,833**	**427,980**	**1,880,446**	**8,022,421**	**56,730,469**
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

14 PROPERTY, PLANT AND EQUIPMENT (continued)

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

Impairment
As at 30 April 2023, the management has not identified any indicators of impairment for property, plant and equipment and therefore no impairment testing is required. During the year ended 30 April 2022, the management conducted an impairment analysis, which resulted in the recognition of an impairment charge of KD 8,263. The impairment charge was recorded as an expense within 'Impairment of property, plant and equipment' in the consolidated statement of profit or loss.

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

	2023 KD	*2022 KD*
Cost of revenue	**3,537,383**	3,442,727
General and administrative expenses (Note 6)	**2,581,477**	2,636,478
	6,118,860	6,079,205

15 INTANGIBLE ASSETS

	Goodwill KD	***Brand KD***	***Student relationships KD***	***Total KD***
Cost				
At 1 May 2021 and 30 April 2022	33,421,970	7,167,050	1,550,480	42,139,500
Acquisition of a subsidiary (Note 3b)	6,230,251	-	-	6,230,251
At 30 April 2023	**39,652,221**	**7,167,050**	**1,550,480**	**48,369,751**
Amortisation and impairment				
At 1 May 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
Amortisation charge for the year	-	-	310,096	310,096
At 30 April 2023	**31,172,430**	**-**	**1,550,480**	**32,722,910**
Net book value				
At 30 April 2023	**8,479,791**	**7,167,050**	**-**	**15,646,841**
At 30 April 2022	2,249,540	7,167,050	310,096	9,726,686

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 6).

15 INTANGIBLE ASSETS (continued)

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

	Goodwill		***Brand***	
	2023	*2022*	***2023***	*2022*
	KD	*KD*	***KD***	*KD*
CGUs				
Al Kout	**2,249,540**	2,249,540	**-**	-
Yaleen Steel	**6,230,251**	-	**-**	-
GUST	**-**	-	**7,167,050**	7,167,050
	8,479,791	2,249,540	**7,167,050**	7,167,050

a) Goodwill

Al Kout CGU
The Group performed its impairment test as at 30 April 2023. The recoverable amount of Al Kout CGU as at 30 April 2023 has been determined using fair value based on active market price. As a result of this exercise, management has concluded that there is no impairment as at 30 April 2023 (2022: Nil).

Yaleen Steel CGU
As at the reporting date, the Group had not yet completed the purchase price allocation (PPA) exercise for the acquisition of Yaleen Steel. Therefore, the goodwill recognised in relation to the acquisition is provisional and subject to finalisation. The Group will complete the PPA exercise and the necessary impairment testing during the next financial year, and any resulting adjustments to goodwill will be recognised in the financial statements for that period.

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	
	2023	*2022*
▸ Growth rate (CAGR)	**4.15%**	2.32%
▸ Royalty rate	**5.75%**	5.75%
▸ Discount rate	**19.12%**	17.15%
▸ Projected growth rates used to extrapolate royalty-savings beyond the budget period	**2.5%**	2%

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

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

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

16 TERM LOANS

	2023	*2022*
	KD	*KD*
Local currency	**45,268,701**	45,326,701
Foreign currency (USD)	**-**	53,663,750
	45,268,701	98,990,451

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

- Revolving term loan of KD 45,000,000 (2022: KD 44,950,000), denominated in local currency, carries interest at CBK discount rate plus a spread of 0.75% (2022: 0.75%) per annum, which will be rolled over on an annual basis.
- As at 30 April 2022, revolving term loans of KD 9,812,800, denominated in USD, carried interest thereon at LIBOR plus a spread of 1.5% per annum.
- As at 30 April 2022, term loans of KD 43,850,950, denominated in USD, carried interest thereon at LIBOR plus 1.5% per annum.

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 2023, the Group had available KD 81,557,885 (2022: KD 72,921,237) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

17 ISLAMIC FINANCE PAYABLES

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

2023	***Foreign currency (USD) KD***	***Local currency KD***	***Total KD***
Murabaha:			
Gross amount	**-**	**162,963,978**	**162,963,978**
Less: deferred finance cost	**-**	**(1,175,179)**	**(1,175,179)**
	-	**161,788,799**	**161,788,799**
Tawarruq:			
Gross amount	**-**	**27,513,544**	**27,513,544**
Less: deferred finance cost	**-**	**(127,848)**	**(127,848)**
	-	**27,385,696**	**27,385,696**
	-	**189,174,495**	**189,174,495**

17 ISLAMIC FINANCE PAYABLES (continued)

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

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

18 ACCOUNTS PAYABLE AND ACCRUALS

	2023 KD	*2022 KD*
Trade payables	**4,872,237**	6,825,979
Dividends payable	**5,266,052**	4,583,227
Employees' end of service benefits	**8,944,605**	8,629,633
Tuition fees received in advance and advance from customers	**9,273,503**	7,522,189
Lease liabilities	**2,026,693**	2,609,868
Accrued charges on credit facilities	**279,391**	320,446
Provision for taxation	**2,219,057**	1,615,627
Directors' fees payable	**90,000**	90,000
Accrued expenses	**3,276,587**	3,651,148
Provision for leave salaries	**1,719,880**	1,764,185
Contingent consideration payable (Note 3b)	**2,180,135**	-
Other accruals and payables	**9,633,715**	7,369,128
	49,781,855	44,981,430

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

	2023 KD	*2022 KD*
At the beginning of the year	**2,609,868**	2,856,130
Additions	**172,326**	519,750
Remeasurement	**201,967**	93,254
Derecognition	**(97,657)**	-
Accretion of interest	**112,209**	143,758
Payments	**(970,846)**	(981,846)
Rent concessions	**-**	(31,705)
Exchange differences	**(1,174)**	10,527
At 30 April	**2,026,693**	2,609,868

18 ACCOUNTS PAYABLE AND ACCRUALS (continued)

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

19 SHARE CAPITAL, SHARE PREMIUM AND DISTRIBUTIONS

19.1 Share capital
Authorised, issued and paid-up share capital of the Parent Company consists of 534,822,750 (2022: 534,822,750) shares of 100 (2022: 100) fils per share. These are comprised of 400,000,000 (2022: 400,000,000) shares which are fully paid-up in cash, and 134,822,750 (2022: 134,822,750) shares that were issued as bonus shares.

The extraordinary general assembly meeting ("EGM") of the shareholders of the Parent Company held on 21 December 2022 approved the following:

- To decrease the issued and paid-up share capital of the Parent Company by KD 1,067,645 by way of cancellation of 10,676,451 treasury shares. This resulted in a reduction of the total issued and paid-up share capital from KD 53,482,275 distributed over 534,822,750 shares of 100 fils per share to KD 52,414,630 distributed over 524,146,299 shares of 100 fils per share.
- To increase the issued and paid-up share capital by KD 1,067,645 by issuing 10,676,451 new shares at a nominal value of 100 fils per share in-kind to the non-controlling interest holders of EDU.

  The merger transaction was executed on 16 March 2023, and the share swap was effected on that date, resulting in an increase of the total issued and paid-up share capital from KD 52,414,630 distributed over 524,146,299 shares of 100 fils per share to KD 53,482,275 distributed over 534,822,750 shares of 100 fils per share (Note 3a).

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

19.3 Distributions made and proposed
The Board of Directors of the Parent Company proposed cash dividends of 60 fils per share (2022: 60 fils per share) on outstanding shares (excluding treasury shares) amounting to KD 31,927,410 (2022: KD 31,286,376) for the year ended 30 April 2023. This proposal is subject to the approval of the shareholders at the AGM of the Parent Company.

On 1 June 2022, the shareholders at the AGM of the Parent Company approved cash dividends of 60 fils per share for the year ended 30 April 2022 (30 April 2021: 55 fils per share) on outstanding shares (excluding treasury shares) aggregating to KD 31,286,376 (30 April 2021: KD 28,679,178).

20 TREASURY SHARES AND TREASURY SHARES RESERVE

	2023	*2022*
Number of treasury shares	**2,699,247**	13,375,698
Percentage of share capital	**0.50%**	2.50%
Cost of treasury shares – KD	**1,941,645**	9,621,523
Market value – KD	**2,175,593**	13,589,709
Weighted average market price – fils	**897.8**	920.4

- Reserves equivalent to the cost of treasury shares held are not available for distribution during the holding period of such shares as per Capital Markets Authority ("CMA") guidelines.
- During the current year, the Parent Company cancelled 10,676,451 treasury shares as per the resolution of the EGM held on 21 December 2022 (Note 19.1). The cost of the cancelled treasury shares was KD 7,679,878, and the transaction resulted in a loss of KD 6,612,233, which was recognised in the treasury share reserve.
- There are no purchase or sale transactions in treasury shares during the current year. During the year ended 30 April 2022, the Parent Company purchased 1,253,736 shares for a total consideration of KD 1,129,665 and sold 18,341,129 shares for a total consideration of KD 16,739,542. The resultant gain on sale of treasury shares amounted to KD 3,687,602 and was recognised in the treasury shares reserve.
- Treasury shares as at the reporting date include a certain number of shares lent to a 'Market Maker' by virtue of an agreement.

21 RESERVES

21.1 Statutory reserve

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

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

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

21.2 Voluntary reserve

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

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

21.3 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.

21.4 Fair value reserve

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

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

	2023 ***KD***	*2022* *KD*
Unrealised gain relating to financial assets at FVOCI	**130,133,768**	139,852,253
Share of fair value reserve in the equity of associates	**436,213**	74,917
	130,569,981	139,927,170

21.5 Other reserve

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

During the current year, the Parent Company has transferred the accumulated net other reserve of KD (3,071,278) relating to EDU, to retained earnings, subsequent to the completion of the merger, by way of Amalgamation, with EDU (Note 3a).

22 MATERIAL PARTLY-OWNED SUBSIDIARIES

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

Proportion of equity interest held by non-controlling interests:

Name	*Country of incorporation and operation*	***2023***	*2022*
Educational Holding Group K.S.C.P. ("EDU")	State of Kuwait	**-***	16.89%
Eyas for Higher and Technical Education Company K.S.C. (Closed) ("EYAS")	State of Kuwait	**37.16%**	44.26%
Al Kout Industrial Projects Company K.S.C.P. ("Al Kout")	State of Kuwait	**45.86%**	45.86%

* On March 16, 2023, EDU was merged, by way of Amalgamation, with the Parent Company. This resulted in the transfer of all the assets and liabilities of EDU as of that date, to the Parent Company (Note 3a).

Accumulated balances of material non-controlling interest:

	2023 KD	*2022 KD*
EDU	**-**	6,511,875
EYAS	**12,314,730**	4,895,049
Al Kout	**18,128,715**	15,889,694

Profit allocated to material non-controlling interest:

	2023 KD	*2022 KD*
EDU	**1,392,194**	1,184,495
EYAS	**1,215,415**	1,464,593
Al Kout	**4,449,618**	2,624,901

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 2023:	***EDU Year ended 28 February 2023 KD***	***EYAS Year ended 28 February 2023 KD***	***Al Kout Year ended 31 March 2023 KD***
Revenue from contracts with customers	**4,545,163**	**18,004,146**	**39,365,521**
Cost of revenue	**(3,194,579)**	**(8,489,034)**	**(23,430,297)**
Other income	**500,844**	**845,663**	**297,888**
Net gain on investment securities	**-**	**-**	**117,833**
Share of results of associates	**7,115,335**	**-**	**(492,843)**
General and administrative expenses and finance costs	**(1,480,915)**	**(5,700,035)**	**(6,156,171)**
PROFIT FOR THE YEAR	**7,485,848**	**4,660,740**	**9,701,931**
Attributable to non-controlling interests	**1,392,194**	**1,215,415**	**4,449,618**
Dividends paid to non-controlling interests	**124,092**	**775,492**	**1,851,054**

22 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

Summarised statement of profit or loss for 2022:	*EDU Year ended 28 February 2022 KD*	*EYAS Year ended 28 February 2022 KD*	*Al Kout Year ended 31 March 2022 KD*
Revenue from contracts with customers	3,767,671	20,311,566	32,270,991
Cost of revenue	(2,621,624)	(8,941,373)	(22,164,794)
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	-	-

Summarised statement of financial position as at 2023:	***EYAS 28 February 2023 KD***	***Al Kout 31 March 2023 KD***
Cash and short-term deposits	**7,733,978**	**5,243,472**
Accounts receivable and prepayments	**14,104,796**	**11,565,773**
Inventories	**120,511**	**3,519,630**
Investment in associates	**201,900**	**2,147,232**
Property, plant and equipment and intangible assets	**26,076,902**	**27,999,335**
Accounts payable and accruals	**(15,096,732)**	**(8,067,555)**
Total equity	**33,141,355**	**42,407,887**
Attributable to:		
Equity holders of the Parent Company	**20,826,625**	**24,279,172**
Non-controlling interests	**12,314,730**	**18,128,715**

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

22 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

Summarised cash flow information for 2023:	***EDU Year ended 28 February 2023 KD***	***EYAS Year ended 28 February 2023 KD***	***Al Kout Year ended 31 March 2023 KD***
Operating	**1,926,203**	**4,882,337**	**14,031,041**
Investing	**1,018,111**	**(3,808,131)**	**(2,507,075)**
Financing	**(3,223,433)**	**(2,147,495)**	**(9,681,386)**
Net (decrease) increase in cash and cash equivalents	**(279,119)**	**(1,073,289)**	**1,842,580**

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

23 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

The maturity profile of assets and liabilities is as follows:

As at 30 April 2023	***Within 12 months KD***	***After 1 year KD***	***Total KD***
ASSETS			
Cash and short-term deposits	**112,826,029**	**-**	**112,826,029**
Accounts receivable and prepayments	**34,549,270**	**644,793**	**35,194,063**
Inventories	**6,913,225**	**-**	**6,913,225**
Investment securities	**2,349,057**	**305,812,750**	**308,161,807**
Investment in associates	**-**	**63,314,736**	**63,314,736**
Property, plant and equipment	**-**	**56,730,469**	**56,730,469**
Intangible assets	**-**	**15,646,841**	**15,646,841**
TOTAL ASSETS	**156,637,581**	**442,149,589**	**598,787,170**
LIABILITIES			
Term loans	**64,454**	**45,204,247**	**45,268,701**
Islamic finance payables	**26,266,423**	**162,908,072**	**189,174,495**
Accounts payable and accruals	**37,317,767**	**12,464,088**	**49,781,855**
TOTAL LIABILITIES	**63,648,644**	**220,576,407**	**284,225,051**
NET LIQUIDITY GAP	**92,988,937**	**221,573,182**	**314,562,119**

23 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

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

24 SEGMENT INFORMATION

For management purposes, the Group is organised into three 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, Muna Noor Plastic Industries LLC, Muna Noor LLC - Salalah, Jubail Integrated Packaging Company Limited LLC, Boubyan Plastics Industries Company K.S.C. (Closed), Al Kout Industrial Projects Company K.S.C.P., Warba Capital Holding Company K.S.C.P. and Yaleen Steel Company Limited.
- Services and education : The Group's subsidiaries and associates involved in providing educational and medical services.
- Others : Investing directly and through portfolios into various other sectors.

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

24 SEGMENT INFORMATION (continued)

The following tables present revenue and profit information for the Group's operating segments for the years ended 30 April 2023 and 2022:

Year ended 30 April 2023	*Energy, manufacturing and petrochemical sector KD*	*Services and education KD*	*Others KD*	*Total KD*
Revenue from contracts with customers	**56,583,177**	**22,549,309**	**-**	**79,132,486**
Dividend income	**17,348,226**	**-**	**965,026**	**18,313,252**
Share of results of associates	**1,529,008**	**7,235,012**	**5,755**	**8,769,775**
Segment revenue	**75,460,411**	**29,784,321**	**970,781**	**106,215,513**
Segment profit	**30,918,531**	**10,383,268**	**797,248**	**42,099,047**
Other disclosures:				
Depreciation	**3,860,252**	**2,258,608**	**-**	**6,118,860**
Amortisation	**-**	**310,096**	**-**	**310,096**
Finance costs	**5,696,631**	**2,136,333**	**173,533**	**8,006,497**
Purchase of property, plant and equipment	**3,888,890**	**3,879,226**	**-**	**7,768,116**
Acquisition of non-controlling interests	**-**	**88,141**	**-**	**88,141**
Year ended 30 April 2022				
Revenue from contracts with customers	47,940,149	24,079,237	-	72,019,386
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

The following table presents assets and liabilities information for the Group's operating segments as at 30 April 2023 and 30 April 2022:

As at 30 April 2023	*Energy, manufacturing and petrochemical sector KD*	*Services and education KD*	*Others KD*	*Total KD*
Segment assets	**468,172,173**	**115,897,704**	**14,717,293**	**598,787,170**
Segment liabilities	**213,371,461**	**65,097,932**	**5,755,658**	**284,225,051**
Other disclosures:				
Investment in associates	**9,378,822**	**53,654,579**	**281,335**	**63,314,736**
Goodwill	**8,479,791**	**-**	**-**	**8,479,791**

24 SEGMENT INFORMATION (continued)

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

25 RELATED PARTY DISCLOSURES

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

The following tables provide the total amount of transactions that have been entered into with related parties during the years ended 30 April 2023 and 2022, as well as balances with related parties as at 30 April 2023 and 2022.

	2023 KD	*2022 KD*
Consolidated statement of profit or loss:		
Sales	**326,856**	571,404
Purchases	**360,533**	629,763

	2023 KD	*2022 KD*
Consolidated statement of financial position:		
Accounts receivable and prepayments	**11,910**	115,389
Accounts payable and accruals	**25,863**	-

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 2023, the Group has not recognised any provision for expected credit losses relating to amounts owed by related parties (2022: Nil).

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

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

	Transaction values for the year ended 30 April		*Balance outstanding as at 30 April*	
	2023 KD	*2022 KD*	***2023 KD***	*2022 KD*
Short-term benefits	**430,500**	407,855	**21,673**	39,216
Employees' end of service benefits	**17,178**	15,000	**53,109**	71,769
	447,678	422,855	**74,782**	110,985

25 RELATED PARTY DISCLOSURES (continued)

The Board of Directors in their meeting held on 16 May 2023 proposed directors' fees of KD 90,000 for the year ended 30 April 2023. 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 2022 were approved by the AGM of the shareholders held on 1 June 2022.

26 COMMITMENTS AND CONTINGENCIES

26.1 Commitments

At 30 April 2023, the Group had following commitments:

	2023 ***KD***	*2022* *KD*
Relating to construction in progress	**2,805,600**	3,453,656
Relating to acquisition of investments	**798,692**	799,866
	3,604,292	4,253,522

26.2 Contingencies

The Parent Company has provided corporate guarantees of KD 9,504,545 (2022: KD 37,218,098) to local and foreign banks on behalf of its subsidiaries. No material liabilities are expected to arise.

27 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. For the year ended 30 April 2023, there were no significant changes to the risk management objectives and policies.

The Group's principal financial liabilities comprise term loans, Islamic finance payables 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. 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.

27 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

27.1 Credit risk

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

The Group is mainly exposed to credit risk on its trade receivables and tuition fees receivable. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

Risk concentration of maximum exposure to credit risk

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

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

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

30 April 2023	***Kuwait KD***	***Other MENA KD***	***Total KD***
Cash and short-term deposits	**107,657,434**	**5,168,595**	**112,826,029**
Trade receivables and tuition fees receivable	**24,808,833**	**1,821,191**	**26,630,024**
Other receivables	**4,836,046**	**380,059**	**5,216,105**
Maximum exposure to credit risk	**137,302,313**	**7,369,845**	**144,672,158**

30 April 2022	*Kuwait KD*	*Other 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	2,242,995	371,484	2,614,479
Maximum exposure to credit risk	113,372,483	5,632,605	119,005,088

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

	2023 KD	*2022 KD*
Manufacturing	**16,070,452**	13,227,267
Banks	**112,826,029**	91,648,247
Services and education	**15,775,677**	14,129,574
	144,672,158	119,005,088

27 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.1 Credit risk (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 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

		Days past due				
30 April 2023	***Current KD***	***0-180 days KD***	***181-270 days KD***	***271-365 days KD***	***>365 days KD***	***Total KD***
Expected credit loss rate	**3.3%**	**9.1%**	**23.4%**	**64.2%**	**75.9%**	**23.3%**
Estimated total gross carrying amount at default	**7,854,572**	**17,736,975**	**1,169,375**	**869,129**	**7,075,950**	**34,706,001**
Expected credit loss	**262,371**	**1,608,085**	**273,225**	**558,148**	**5,374,148**	**8,075,977**

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

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 lifetime 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.

27 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.1 Credit risk (continued)

Expected credit loss assessment (continued)

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.

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

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

30 April 2023	***Within 12 months KD***	***1 to 5 years KD***	***Total KD***
Term loans	**2,207,810**	**53,760,103**	**55,967,913**
Islamic finance payables	**34,995,898**	**185,088,660**	**220,084,558**
Trade and other payables	**27,244,259**	**11,237,400**	**38,481,659**
Lease liabilities	**832,005**	**1,324,823**	**2,156,828**
Total undiscounted financial liabilities	**65,279,972**	**251,410,986**	**316,690,958**

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

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

27 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.3 Market risk (continued)

27.3.1 Interest rate risk

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

At the reporting date, the Group's borrowings at variable rate were mainly denominated in KD.

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:

	2023	*2022*
	KD	*KD*
Fixed-rate instruments		
Financial assets	**97,230,039**	78,708,023
Financial liabilities	**(189,174,495)**	(173,363,088)
	(91,944,456)	(94,655,065)
Variable-rate instruments		
Financial liabilities	**(45,268,701)**	(98,990,451)
	(137,213,157)	(193,645,516)

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 increase of 100 basis points in interest rates at the reporting date would have decreased profit before tax by KD 452,687 (2022: KD 989,905). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

27.3.2 Foreign currency risk

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

The Group is mainly exposed to US Dollars (USD) on its investment securities. Exposure to other currencies is not significant. Foreign exchange risk is managed on the basis of limits determined by the management and a continuous assessment of current and expected exchange rate movements.

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	
	2023	*2022*
	KD	*KD*
USD	**14,593,728**	5,164,481

The impact on the profit or loss would be immaterial due to movement of 5% in USD exchange rate.

27 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.3 Market risk (continued)

27.3.3 Equity price risk

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

At the reporting date, the exposure to non-listed equity investments at fair value was KD 307,951,617 (2022: KD 325,228,115). Sensitivity analyses of these investments have been provided in Note 28.

As at the reporting date, the Group's listed equity investments are publicly traded and are included in certain GCC markets. The exposure to equity investments at fair value listed on these markets was KD 194,385 (2022: KD 53,508,698). 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 9,720 increase/(decrease) on the profit for the year (2022: KD 2,974,532 and KD 43,106 increase/(decrease) on the OCI and profit for the year, respectively).

28 FAIR VALUE MEASUREMENT

Set out below is 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 2023 and 2022, the Group does not have any non-financial asset measured at fair value.

Financial instruments	***2023 KD***	*2022 KD*
Financial assets		
Investment securities (at fair value)		
Quoted equity securities	**194,385**	53,508,698
Unquoted equity securities	**307,951,617**	325,228,115
Unquoted funds	**15,805**	96,555
	308,161,807	378,833,368
Financial liabilities		
Contingent consideration payable*	**2,180,135**	-

* The fair value measurement disclosures relating to contingent consideration payable are presented in Note 3b.

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
- Accounts payable and accruals (excluding contingent consideration payable)

28 FAIR VALUE MEASUREMENT (continued)

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 approaches relating to Group's primary investments Equate and TKOC are detailed in Note 12. The Group classifies the fair value of these investments as Level 3.

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

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

		Fair value measurement using		
30 April 2023	*Total KD*	*Quoted prices in active markets (Level 1) KD*	*Significant observable inputs (Level 2) KD*	*Significant unobservable inputs (Level 3) KD*
Financial assets at FVTPL:				
Quoted equity securities	**194,385**	**194,385**	**-**	**-**
Unquoted equity securities	**2,138,867**	**-**	**-**	**2,138,867**
Unquoted funds	**15,805**	**-**	**15,805**	**-**
	2,349,057	**194,385**	**15,805**	**2,138,867**
Financial assets at FVOCI				
Unquoted equity securities	**305,812,750**	**-**	**-**	**305,812,750**
Investment securities (at fair value)	**308,161,807**	**194,385**	**15,805**	**307,951,617**

28 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

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

There were no transfers between any levels of the fair value hierarchy during the years ended 30 April 2023 or 2022.

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 2023	***Financial assets at FVTPL KD***	***Financial assets at FVOCI KD***	***Total KD***
As at 1 May 2022	**6,808,141**	**318,419,974**	**325,228,115**
Remeasurement recognised in OCI	**-**	**(946,789)**	**(946,789)**
Remeasurement recognised in profit or loss	**(35,218)**	**-**	**(35,218)**
Purchases / sales (net)	**(4,634,056)**	**(11,660,435)**	**(16,294,491)**
As at 30 April 2023	**2,138,867**	**305,812,750**	**307,951,617**

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

28 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, DLOM and DLOC.
▸ Financial assets at FVOCI	Cash flow projections, discount rate, terminal growth rates, dividend payouts, market multiples including PE multiple and EBIDTA multiple, DLOM and DLOC.

The discount for lack of marketability (DLOM) and discount for lack of control (DLOC) represent 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*	
		2023	*2022*
		KD	*KD*
Discount rate	***50 basis points***	**(11,078,966)**	(21,153,636)
Terminal growth rate	***(50 basis points)***	**(9,691,050)**	(13,541,100)
DLOM and DLOC	***5%***	**(19,113,297)**	(20,910,964)

The impact on the 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 measured at FVTPL.

29 CAPITAL MANAGEMENT

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

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

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

	2023	*2022*
	KD	*KD*
Term loans	**45,268,701**	98,990,451
Islamic financing payables	**189,174,495**	173,363,088
Less: cash and short-term deposits	**(112,826,029)**	(91,648,247)
Net debt	**121,617,167**	180,705,292
Equity attributable to holders of the Parent Company	**278,028,447**	277,290,182
Capital and net debt	**399,645,614**	457,995,474
Gearing ratio	**30%**	39%

29 CAPITAL MANAGEMENT (continued)

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 2023 and 2022.

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