

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

CONSOLIDATED FINANCIAL STATEMENTS

30 APRIL 2025

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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 2025, 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 material accounting policy information.

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 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB).

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 this 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 45% 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 14 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 30 to the consolidated financial statements.

The Group's policies on valuation of investment securities is disclosed in Note 2.5.13 and in Note 30 of the 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)

Other information included in the Group's Annual Report for the year ended 30 April 2025

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 2025, 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 IFRS Accounting Standards as issued by IASB, 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.



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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)

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

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

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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.



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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)

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

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 2025, that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning establishment of Capital Markets Authority "CMA" and organization of security activity and its executive regulations, as amended, during the year ended 30 April 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

ABDULKARIM ALSAMDAN
LICENCE NO. 208 A

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AL AIBAN, AL OSAIMI & PARTNERS

8 May 2025
Kuwait

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 April 2025

	<i>Notes</i>	2025 KD	2024 KD
Revenue from contracts with customers	6	102,399,827	82,985,103
Costs of revenue		(62,665,392)	(52,142,618)
GROSS PROFIT		39,734,435	30,842,485
Gain on sale of subsidiaries	5	847,834	-
Dividend income	7	18,900,474	8,677,022
Interest income		3,370,987	3,828,810
Other income		1,012,630	723,414
Net gain (loss) on investment securities		3,943,841	(1,573,480)
Share of results of associates	15	9,336,015	11,797,297
Impairment of associates	15	(3,537,783)	(181,335)
Impairment of property, plant and equipment	16	-	(154,398)
General and administrative expenses	8	(19,907,032)	(17,187,413)
Finance costs		(14,925,548)	(13,104,903)
Foreign exchange differences		(19,284)	(23,660)
PROFIT BEFORE TAX AND DIRECTORS' FEES		38,756,569	23,643,839
Taxation	9	(643,771)	(324,345)
Directors' fees	27	(200,000)	(90,000)
PROFIT FOR THE YEAR		37,912,798	23,229,494
Attributable to:			
Equity holders of the Parent Company		30,142,538	17,675,177
Non-controlling interests		7,770,260	5,554,317
		37,912,798	23,229,494
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	10	56.49 fils	33.14 fils

The attached notes 1 to 31 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2025

	Notes	2025 KD	2024 KD
Profit for the year		37,912,798	23,229,494
Other comprehensive loss			
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(157,728)	242,978
Share of other comprehensive loss of associates	15	(398,995)	-
Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods		(556,723)	242,978
<i>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</i>			
Net loss on equity instruments designated at fair value through other comprehensive income		(6,156,335)	(2,812,076)
Share of other comprehensive (loss) income of associates	15	(1,272,229)	896,551
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		(7,428,564)	(1,915,525)
Other comprehensive loss for the year		(7,985,287)	(1,672,547)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		29,927,511	21,556,947
Attributable to:			
Equity holders of the Parent Company		22,658,903	15,707,978
Non-controlling interests		7,268,608	5,848,969
		29,927,511	21,556,947

The attached notes 1 to 31 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2025

	<i>Notes</i>	2025 KD	2024 KD
ASSETS			
Cash and short-term deposits	11	61,037,768	80,441,135
Accounts receivable and prepayments	12	47,996,882	44,310,803
Inventories	13	8,993,995	7,514,905
Investment securities	14	285,526,712	289,896,956
Investment in associates	15	82,618,676	82,259,761
Property, plant and equipment	16	70,728,927	73,853,931
Intangible assets	17	75,488,213	76,453,769
TOTAL ASSETS		632,391,173	654,731,260
LIABILITIES AND EQUITY			
Liabilities			
Term loans	18	135,000,000	75,000,000
Islamic finance payables	19	144,361,739	208,941,027
Accounts payable and accruals	20	64,986,856	69,078,945
Total liabilities		344,348,595	353,019,972
Equity			
Share capital	21	53,482,275	53,482,275
Treasury shares	22	(858,357)	(858,357)
Treasury shares reserve	22	2,838,016	2,838,016
Statutory reserve	23	26,741,138	26,741,138
Foreign currency translation reserve	23	833,860	941,053
Fair value reserve	23	119,984,241	127,508,680
Other reserve	23	(23,248)	(42,568)
Retained earnings		50,586,290	52,313,075
Equity attributable to holders of the Parent Company		253,584,215	262,923,312
Non-controlling interests		34,458,363	38,787,976
Total equity		288,042,578	301,711,288
TOTAL LIABILITIES AND EQUITY		632,391,173	654,731,260


 Dabbous M. Al-Dabbous
 Chairman

The attached notes 1 to 31 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2025

	<i>Attributable to equity holders of the Parent Company</i>										
	<i>Share capital KD</i>	<i>Treasury shares KD</i>	<i>Treasury shares reserve KD</i>	<i>Statutory reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Fair value reserve KD</i>	<i>Other Reserve KD</i>	<i>Retained earnings KD</i>	<i>Sub-total KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
As at 1 May 2024	53,482,275	(858,357)	2,838,016	26,741,138	941,053	127,508,680	(42,568)	52,313,075	262,923,312	38,787,976	301,711,288
Profit for the year	-	-	-	-	-	-	-	30,142,538	30,142,538	7,770,260	37,912,798
Other comprehensive loss for the year	-	-	-	-	(107,193)	(7,376,442)	-	-	(7,483,635)	(501,652)	(7,985,287)
Total comprehensive (loss) income for the year	-	-	-	-	(107,193)	(7,376,442)	-	30,142,538	22,658,903	7,268,608	29,927,511
Transfer of gain on derecognition of equity investments at FVOCI to retained earnings	-	-	-	-	-	(147,997)	-	147,997	-	-	-
Dividends (Note 21.2)	-	-	-	-	-	-	-	(32,017,320)	(32,017,320)	-	(32,017,320)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(9,842,280)	(9,842,280)
Acquisition of non-controlling interests (Note 4.3)	-	-	-	-	-	-	19,320	-	19,320	(153,224)	(133,904)
Non-controlling interests relating to subsidiaries sold during the year (Note 5)	-	-	-	-	-	-	-	-	-	(1,602,717)	(1,602,717)
At 30 April 2025	53,482,275	(858,357)	2,838,016	26,741,138	833,860	119,984,241	(23,248)	50,586,290	253,584,215	34,458,363	288,042,578
As at 1 May 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	39,613,301	317,641,748
Profit for the year	-	-	-	-	-	-	-	17,675,177	17,675,177	5,554,317	23,229,494
Other comprehensive income (loss) for the year	-	-	-	-	166,013	(2,133,212)	-	-	(1,967,199)	294,652	(1,672,547)
Total comprehensive income (loss) for the year	-	-	-	-	166,013	(2,133,212)	-	17,675,177	15,707,978	5,848,969	21,556,947
Transfer of gain on derecognition of equity investments at FVOCI to retained earnings	-	-	-	-	-	(928,089)	-	928,089	-	-	-
Acquisition of a subsidiary (Note 4.1)	-	-	-	-	-	-	-	-	-	55,896	55,896
Dividends (Note 21.2)	-	-	-	-	-	-	-	(31,926,962)	(31,926,962)	-	(31,926,962)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,248,659)	(3,248,659)
Amounts paid to non-controlling interests on capital reduction in subsidiaries	-	-	-	-	-	-	-	-	-	(3,481,531)	(3,481,531)
Sale of treasury shares (Note 22)	-	1,083,288	30,561	-	-	-	-	-	1,113,849	-	1,113,849
At 30 April 2024	53,482,275	(858,357)	2,838,016	26,741,138	941,053	127,508,680	(42,568)	52,313,075	262,923,312	38,787,976	301,711,288

The attached notes 1 to 31 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 April 2025

	Notes	2025 KD	2024 KD
OPERATING ACTIVITIES			
Profit before tax and directors' fees		38,756,569	23,643,839
<i>Adjustments to reconcile profit before tax and directors' fees to net cash flows:</i>			
Gain on sale of subsidiaries	5	(847,834)	-
Dividend income	7	(18,900,474)	(8,677,022)
Interest income		(3,370,987)	(3,828,810)
Loss (gain) on disposal of property, plant and equipment		1,251	(15,784)
Net (gain) loss on investment securities		(3,943,841)	1,573,480
Share of results of associates	15	(9,336,015)	(11,797,297)
Impairment of associates	15	3,537,783	181,335
Impairment of property, plant and equipment	16	-	154,398
Reversal of expected credit losses	8	(141,778)	(260,085)
Depreciation of property, plant and equipment	16	6,714,863	6,303,918
Depreciation of right-of-use assets	16	1,922,357	1,244,509
Amortisation of intangible assets	17	965,556	-
Gain on remeasurement of leases		(28,040)	(16,487)
Gain on derecognition of leases		(33,009)	(16,791)
Finance costs		14,925,548	13,104,903
		30,221,949	21,594,106
<i>Working capital changes:</i>			
Accounts receivable and prepayments		(3,644,432)	(7,930,648)
Inventories		(1,504,481)	213,698
Accounts payable and accruals		1,265,541	(1,935,125)
Cash flows from operating activities		26,338,577	11,942,031
Taxes paid		(827,296)	(765,907)
Net cash flows from operating activities		25,511,281	11,176,124
INVESTING ACTIVITIES			
Acquisition of a subsidiary, net of cash acquired	4.1	-	(48,288,036)
Settlement of contingent consideration of business combination	4.1	(4,500,000)	-
Proceeds from sale of subsidiaries, net of cash disposed	5	933,191	-
Dividends received from associates	15	3,754,649	7,280,588
Proceeds from capital reduction of an associate	15	-	168,675
Purchase of property, plant and equipment	16	(6,259,708)	(5,356,778)
Proceeds from disposal of property, plant and equipment		36,228	42,464
Purchase of investment securities		(1,854,067)	(171,964)
Proceeds from disposal of investment securities		3,961,817	292,197
Dividends received from investment securities		18,900,474	8,677,022
Interest income received		3,337,748	3,828,810
Net movement in short-term deposits		13,200,650	28,193,889
Net cash flows from (used in) investing activities		31,510,982	(5,333,133)
FINANCING ACTIVITIES			
Dividends paid to equity holders of the Parent Company		(31,840,144)	(31,996,463)
Dividends paid to non-controlling interests		(9,842,280)	(3,198,923)
Amounts paid to non-controlling interests on capital reduction in subsidiaries		-	(3,481,531)
Net proceeds from term loans		60,000,000	29,731,299
Net (repayment of) proceeds from Islamic finance payables		(64,579,288)	11,927,532
Finance costs paid		(14,550,952)	(12,903,218)
Payment of principal portion of lease liabilities	20	(2,161,676)	(1,437,680)
Proceeds from sale of treasury shares	22	-	1,113,849
Acquisition of non-controlling interests	4.3	(133,904)	-
Net cash flows used in financing activities		(63,108,244)	(10,245,135)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,085,981)	(4,402,144)
Foreign currency translation adjustment – net		(116,736)	150,003
Cash and cash equivalents at the beginning of the year		21,090,485	25,342,626
CASH AND CASH EQUIVALENTS AS AT 30 APRIL	11	14,887,768	21,090,485

The attached notes 1 to 31 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASHFLOWS (continued)

For the year ended 30 April 2025

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

	<i>Notes</i>	2025 KD	2024 KD
Proceeds from disposal of investment securities (adjusted with additions to investment in associates)	14	-	13,938,198
Additions to investment in associates (adjusted with proceeds from disposal of investment securities)	15	-	(13,938,198)
Additions to lease liabilities (adjusted with accounts payable and accruals)	20	2,191,354	3,796,214
Additions to right-of-use assets (adjusted with property, plant and equipment)	16	(2,198,171)	(3,793,639)
Remeasurement of lease liabilities (adjusted with accounts payable and accruals)	20	846,291	7,538
Remeasurement of right-of-use assets (adjusted with property, plant and equipment)	16	(874,331)	(24,025)
Derecognition of lease liabilities (adjusted with accounts payable and accruals)	20	(1,438,896)	(196,334)
Derecognition of right-of-use assets (adjusted with property, plant and equipment)	16	1,405,887	179,543
Derecognition of investment in associates	15	-	100,000
Purchase of investment securities		-	(50,264)
Dividends paid to non-controlling interests		-	(49,736)

The attached notes 1 to 31 form part of these consolidated financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

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 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 8 May 2025 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 2024 were approved by the Parent Company’s shareholders at the AGM held on 11 June 2024. Dividends declared and paid by the Parent Company for the year then ended are provided in Note 21.2.

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 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 support and contribute 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 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:

	<i>% shareholding stake</i>	
	<i>2025</i>	<i>2024</i>
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.	6%	6%

Information on the Group’s structure is provided in Note 2.2. Information on other related party relationships of the Group is provided in Note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRS accounting standards 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 25.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 30 April 2025. 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

The consolidated financial statements of the Group include:

<i>Name of the company</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>% effective equity interest</i>	
			<i>2025</i>	<i>2024</i>
<i>Directly held:</i>				
Boubyan Plastic Industries Company K.S.C. (Closed)	State of Kuwait	Manufacturing and trading of packaging material	100%	100%
Muna Noor Manufacturing and Trading Company LLC (“MNMT”)	Sultanate of Oman	Manufacturing and trading of plastic pipes	100%	100%
Jubail Integrated Packaging Company Limited	Kingdom of Saudi Arabia	Manufacturing and trading of packaging material	100%	100%
Muna Noor Plastic Industries LLC ¹	Sultanate of Oman	Manufacturing and trading of plastic pipes	-	100%
Muna Noor LLC – Salalah	Sultanate of Oman	Manufacturing and trading of plastic pipes	100%	100%
Eyas for Higher and Technical Education Company K.S.C. (Closed) (“Eyas”)	State of Kuwait	Educational services	62.84%	62.84%
Digital Projects for General Trading Company W.L.L. (“Digital Projects”)	State of Kuwait	General trading	100%	100%
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) (“Afaq”)	State of Kuwait	Educational services	90.32%	90.32%
Knowledge Village Educational Company K.S.C. (Closed)	State of Kuwait	Educational services	84.58%	84.58%
Knowledge City North S.A.L. ²	Lebanon	Educational services	-	75%
Warba Capital Holding Company K.S.C.P. ²	State of Kuwait	Undertaking industrial investments	-	50.26%
Yaleen Steel Company Limited (Note 4.3)	Kingdom of Saudi Arabia	Manufacture of steel abrasive materials	55%	51%
<i>Indirectly held through MNMT:</i>				
Muna Noor General Trading LLC	United Arab Emirates	General trading	100%	100%
<i>Indirectly held through Eyas:</i>				
Gulf Academy Company for Business Incubators, Communications, and Technology W.L.L.	State of Kuwait	Business incubators, communications, and technology	100%	-
<i>Indirectly held through Digital Projects:</i>				
English Educational Group Company W.L.L. (“EPG”)	State of Kuwait	Educational services	100%	100%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

Name of the company	Country of incorporation	Principal activities	% effective equity interest	
			2025	2024
Indirectly held through EPG:				
Abaad Educational Service Company W.L.L.	State of Kuwait	Educational services	98%	98%
Royal Britannia Education Company S.P.C. (Note 4.2) ³	State of Kuwait	Educational services	100%	-
Royal Britannia Company for Operating Private Universities S.P.C. (Note 4.2) ³	State of Kuwait	Educational services	100%	-
Indirectly held through Al-Kout:				
Al Kout Logistics and Transport Company W.L.L.	State of Kuwait	Transportation services	100%	100%
Al Kout Petrochemical Products Company W.L.L.	State of Kuwait	Blending of chemical products	100%	100%
Safewater Chemicals LLC	United Arab Emirates	Manufacture of Chlor Alkali products	100%	100%
United Materials General Trading Company W.L.L.	State of Kuwait	Sale of petrochemical product	100%	100%
Al Mawad Chemicals Trading Company LLC	United Arab Emirates	Sale of petrochemical product	100%	100%
Indirectly held through United Materials General Trading Company W.L.L.:				
CISCO Trading Company W.L.L.	State of Kuwait	Sale of petrochemical products	100%	100%
Safwan Enviro-Chem Technologies Company W.L.L.	State of Kuwait	Sale of petrochemical products	100%	100%
Indirectly held through Afaq:				
Kuwait Lab General Trading and Contracting Company W.L.L. ⁴	State of Kuwait	General trading	70%	70%

¹ During the current year, Muna Noor Manufacturing and Trading Company LLC (“MNMT”) merged with Muna Noor Plastic Industries LLC (“MNPI”) by way of amalgamation, with MNMT as the merging entity and MNPI as the merged entity. As both entities were wholly owned subsidiaries of the Group, the transaction had no impact on the Group’s profit or loss or total equity.

² The Parent Company sold its entire equity stakes of 75% in Knowledge City North S.A.L. and 50.26% in Warba Capital Holding Company K.S.C.P. during the current year (Note 5).

³ Royal Britannia Education Company S.P.C. and Royal Britannia Company for Operating Private Universities S.P.C. are currently dormant, with no operations under these companies.

⁴ This subsidiary is dormant, and its commercial registration has expired and has not been renewed as at the date of authorisation of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.3 CHANGES IN MATERIAL 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 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The standard had no impact on the consolidated financial statements of the Group.

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

The amendments to IAS 1 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.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the consolidated financial statements of the Group.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the consolidated financial statements of the Group.

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. This listing of standards issued is those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

2.5 MATERIAL 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 MATERIAL ACCOUNTING POLICIES (continued)

2.5.1 Business combinations and goodwill (continued)

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

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

2.5.2 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its 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. Thus, reversals of impairments may effectively include reversal of goodwill impairments.

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 as '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.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 MATERIAL ACCOUNTING POLICIES (continued)

2.5.3 Fair value measurement (continued)

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

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

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

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

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

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

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

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 services

The Group is primarily engaged in providing the following services:

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 MATERIAL ACCOUNTING POLICIES (continued)

2.5.4 Revenue from contracts with customers (continued)

Rendering of services (continued)

Blending chemicals services

The Group provides blending of chemicals services to customers under fixed-price contracts. Revenue from blending of chemicals services is recognised over-time when the services are rendered.

The Group elected to apply the 'right to invoice' practical expedient for contracts that contain fixed amounts and rates for manpower and materials specified in a contract, when the Group determines that right to consideration from a customer corresponds directly with the value of the Group's performance completed to date.

Logistic services

The Group generates revenues from providing transportation services to the customers. Revenue is recognised when the Group satisfies the performance obligation by transferring the control of service to the customer.

Construction of chlorine dioxide plant for groundwater reservoirs

The Group provides certain construction services that represents performing a contractually agreed-upon task(s) for a customer as part of a single arrangement which include a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer. The Group determines the transaction price by considering the terms of the contract and the amount of consideration that is enforceable and to which the Group expects to be entitled in exchange for services promised to the customer.

Revenue from construction services is recognised over-time, using an input method by reference to the stage of completion of the contract. When the outcome of the contract cannot be estimated reliably, revenue is recognised only to the extent of expenses incurred that are recoverable. In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on proportion of total contract costs incurred to date and the estimated costs to complete.

Variation orders and claims are recognised only when there is no uncertainty of acceptance by customers. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2.5.5 Government grants

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

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

2.5.6 Taxes

Zakat

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

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

The contribution to KFAS is calculated at 1% of the profit for the year attributable to the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, and transfer to statutory reserve, until the reserve reaches 50% of share capital, should be excluded from profit for the year when determining the contribution. The contribution to KFAS is payable in full before the AGM is held in accordance with the Ministerial Resolution (184/2022).

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 MATERIAL ACCOUNTING POLICIES (continued)

2.5.6 Taxes (continued)

National Labour Support Tax (NLST)

National Labor Support Tax is calculated at 2.5% of the profit for the year attributable to 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

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 MATERIAL ACCOUNTING POLICIES (continued)

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
▶ Furniture and office equipment	4-5 years
▶ Motor vehicles	5 years

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.

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 2.5.15 'Impairment of non-financial assets' accounting policy.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 MATERIAL ACCOUNTING POLICIES (continued)

2.5.10 Leases (continued)

Group as a lessee (continued)

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.

2.5.11 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 and is presented within general and administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 MATERIAL ACCOUNTING POLICIES (continued)

2.5.12 Intangible assets (continued)

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 7-15 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

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 MATERIAL ACCOUNTING POLICIES (continued)

2.5.13 Financial instruments (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

a) Financial assets at amortised cost (debt instruments)

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

The Group's financial assets at amortised cost includes trade and other receivables and cash and short-term deposits.

b) Financial assets designated at FVOCI (equity instruments)

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

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

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

c) Financial assets at FVTPL

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

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

Derecognition

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

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

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

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

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.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 MATERIAL ACCOUNTING POLICIES (continued)

2.5.13 Financial instruments (continued)

i) Financial assets (continued)

Impairment (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 MATERIAL ACCOUNTING POLICIES (continued)

2.5.13 Financial instruments (continued)

ii) Financial liabilities

Subsequent measurement (continued)

Financial liabilities at amortised cost (continued)

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 Inventories

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

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

2.5.15 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or 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.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 MATERIAL ACCOUNTING POLICIES (continued)

2.5.15 Impairment of non-financial assets (continued)

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 between 28 February and 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 28 February at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.5.16 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, that are held for the purpose of meeting short-term cash commitments and 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, excluding short-term deposits with an original maturity exceeding three months and net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.5.17 Treasury shares

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

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

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

2.5.18 Provisions

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

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 MATERIAL ACCOUNTING POLICIES (continued)

2.5.19 End of service benefits

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

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

2.5.20 Contingencies

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

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

2.5.21 Segment information

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. The operating segments 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.

2.5.22 Other reserve

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

2.5.23 Events after the reporting period

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

3 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.

3.1 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.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1 Judgements (continued)

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. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

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.

3.2 Estimates and assumptions

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

Impairment of financial assets at amortised cost

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

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

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

Business combinations

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

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Estimates and assumptions (continued)

Business combinations (continued)

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 or milestone (see Notes 4 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.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

4 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

4.1 Business combination in FY 2023-2024

Acquisition of English Educational Group Company W.L.L.

Effective from 1 November 2023, the Group acquired 100% equity interest in English Educational Group Company W.L.L. (“EPG”). EPG is a limited liability company registered and domiciled in the State of Kuwait, operating pre-schools and schools across the country.

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.

As of the authorisation date of the 2024 consolidated financial statements, the Group had not yet completed the accounting for the acquisition of EPG, and therefore the net assets recognised in the consolidated financial statements as of 30 April 2024 were determined provisionally. The Group completed the Purchase Price Allocation (“PPA”) exercise during the current year ended 30 April 2025, and accordingly, the comparative information as of 30 April 2024 has been restated to reflect the PPA adjustments to the provisional amounts.

	<i>Provisional values KD</i>	<i>Adjustments KD</i>	<i>Fair values recognised after adjustments KD</i>
ASSETS			
Cash at banks and in hand	4,711,964	-	4,711,964
Accounts receivable and prepayments	992,667	-	992,667
Inventories	826,401	-	826,401
Property, plant and equipment	13,456,053	(1,556,708)	11,899,345
Right-of-use assets	1,837,295	2,046,000	3,883,295
Intangible assets – Brand	-	8,307,534	8,307,534
Intangible assets - Student relationship	-	6,383,538	6,383,538
	<u>21,824,380</u>	<u>15,180,364</u>	<u>37,004,744</u>
LIABILITIES			
Islamic finance payables	7,839,000	-	7,839,000
Employees’ end of service benefits	1,165,030	-	1,165,030
Lease liabilities	1,988,416	-	1,988,416
Accounts payable and accruals	6,389,720	2,014,402	8,404,122
	<u>17,382,166</u>	<u>2,014,402</u>	<u>19,396,568</u>
	4,442,214	13,165,962	17,608,176
Less: Non-controlling interests*	(60,625)	4,729	(55,896)
	<u>4,381,589</u>	<u>13,170,691</u>	<u>17,552,280</u>
Total identifiable net assets acquired	4,381,589	13,170,691	17,552,280
Goodwill arising on acquisition (included in intangible assets)	48,618,411	(13,170,691)	35,447,720
	<u>53,000,000</u>	<u>-</u>	<u>53,000,000</u>
Purchase consideration transferred	53,000,000	-	53,000,000
<i>Analysis of cash flows on acquisition</i>			
Cash paid			(53,000,000)
Less: Net cash acquired with the subsidiary			4,711,964
NET CASH OUTFLOW ON ACQUISITION			<u><u>(48,288,036)</u></u>

* Arising on EPG’s partly-owned subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

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

4.1 Business combination in FY 2023-2024 (continued)

Acquisition of English Educational Group Company W.L.L. (continued)

Contingent consideration

As part of the purchase agreement with the previous owner of EPG, a contingent consideration has been agreed upon. There will be additional cash payments to the previous owners of EPG subject to the fulfilment of specific milestones. These milestones include the completion and delivery of a new school building on land leased by EPG from the previous owner, attainment of requisite licenses, and enrolment of a certain minimum number of students. The amount of the earn-out associated with each milestone is contingent upon its successful achievement.

As at the acquisition date, the fair value of the contingent consideration was estimated to be KD 10,500,000. The fair value was determined using the probability-weighted pay-out approach, which involves computing the probability-weighted average of pay-outs associated with each milestone.

In addition to the goodwill of KD 35,447,720, the acquisition-date fair value of the contingent consideration is also included in the goodwill under intangible assets and the fair value of contingent consideration payable is included in accounts payable and accruals.

During the year, 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) in respect of acquisition of EPG is provided below:

	2025 KD	2024 KD
As at the beginning of the year	7,500,000	-
Liability arising on business combination	-	10,500,000
Payments made during the year	(4,500,000)	(3,000,000)
At 30 April	<u>3,000,000</u>	<u>7,500,000</u>

A reasonable change in significant unobservable inputs is not expected to have a material impact on the consolidated statement of profit or loss.

4.2 Business combination in FY 2024-2025

On 7 May 2024, the English Educational Group Company W.L.L. (“EPG”), an indirect subsidiary of the Parent Company, signed a share purchase agreement to acquire 100% equity interests in Education Consortium Company S.P.C. (“EC”), Royal Britannia Education Company S.P.C. (“RBE”) and Royal Britannia Company for Operating Private Universities S.P.C. (“RBU”) for a total consideration of KD 2,798,200.

EC was incorporated as a Single Person Company in the State of Kuwait on 26 January 2014. It is principally engaged in operating a special needs kindergarten in Kuwait.

RBE and RBU were incorporated as Single Person Companies in the State of Kuwait on 9 and 10 December 2018, respectively. Both companies are currently dormant.

On 26 May 2024, the Group completed the acquisition of RBE and RBU by transferring their ownership. However, as these companies are dormant and have no assets, no portion of the purchase price has been allocated to them.

On 26 January 2025, the Competition Protection Agency (“CPA”) approved the acquisition of EC.

Subsequent to the reporting date, on 6 May 2025, the acquisition of EC was completed through the transfer of its legal ownership to EPG.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

4.3 Acquisition of non-controlling interests of Yaleen Steel Company Limited

During the year, the Parent Company acquired an additional 4% equity interest in Yaleen Steel, increasing its ownership interest from 51% to 55%. Cash consideration of KD 133,904 was paid. The carrying value of the net assets of Yaleen Steel (excluding goodwill on the original acquisition) was KD 153,224. Following is a schedule of additional interest acquired in Yaleen Steel:

	<i>KD</i>
Cash consideration	133,904
Carrying value of the non-controlling interests acquired	(153,224)
Gain recognised in other reserve	(19,320)

5 SALE OF SUBSIDIARIES

5.1 Sale of Warba Capital Holding Company K.S.C.P.

On 30 September 2024, the Parent Company completed the sale of its entire equity stake of 50.26% in Warba Capital Holding Company K.S.C.P. ("Warba Capital") through the open market, for a net consideration of KD 2,451,768, resulting in a net gain of KD 529,990.

The results of Warba Capital until the date of disposal included in the consolidated statement of income are presented as below:

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
Revenue from contracts with customers	349,105	843,613
Costs of revenue	(284,698)	(726,498)
GROSS PROFIT	64,407	117,115
Interest and other income	26,625	160,611
Net gain on investment securities	920,629	34,195
Impairment of associates	-	(181,335)
Impairment of property, plant and equipment	-	(154,398)
General and administrative expenses	(235,905)	(496,116)
Finance costs	-	(5,323)
Foreign exchange differences	-	1,256
PROFIT (LOSS) FOR THE YEAR	775,756	(523,995)
Attributable to:		
Equity holders of the Parent Company	389,925	(263,380)
Non-controlling interests	385,831	(260,615)
	775,756	(523,995)

The net cash flows generated from the sale of Warba Capital are, as follows:

	<i>2025</i> <i>KD</i>
Cash received from sale of Warba Capital	2,451,768
Cash disposed-off as a part of the sale of Warba Capital	(1,846,081)
Net cash inflow	605,687

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5 SALE OF SUBSIDIARIES (continued)

5.2 Sale of Knowledge City North S.A.L.

In November 2024, the Parent Company completed the sale of its entire equity stake of 75% in Knowledge City North S.A.L. ("KCN") through an agreement, for a net consideration of KD 327,504, resulting in a net gain of KD 317,844.

KCN was a dormant entity and, therefore, no results relating to it, have been included in the consolidated statement of income for the years ended 30 April 2025 and 30 April 2024.

The net cash flow generated from the sale amounted to KD 327,504.

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

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

	2025 KD	2024 KD
Type of goods or service		
<i>Sale of goods</i>		
Sale of Chlor Alkai	23,668,077	22,467,191
Sale of industrial materials	13,735,923	12,133,466
Sale of packaging bags and related products	1,631,289	1,662,612
Sale of polyethylene (PE) and polyvinyl chloride (PVC) pipes and fittings	13,595,414	11,423,872
Others	485,449	898,115
	<u>53,116,152</u>	<u>48,585,256</u>
<i>Rendering of services</i>		
Educational services	48,643,712	34,022,277
Blending of chemicals services	-	16,992
Construction of chlorine dioxide and plant for groundwater reservoirs	481,860	235,371
Logistic services	158,103	125,207
	<u>49,283,675</u>	<u>34,399,847</u>
Total revenue from contracts with customers	<u><u>102,399,827</u></u>	<u><u>82,985,103</u></u>
Geographical markets		
Kuwait	73,334,913	59,276,357
Other MENA	25,214,473	21,785,267
Asia	175,291	93,390
South America and North America	640,141	147,358
Others	3,035,009	1,682,731
	<u>102,399,827</u>	<u>82,985,103</u>
Total revenue from contracts with customers	<u><u>102,399,827</u></u>	<u><u>82,985,103</u></u>
Timing of revenue recognition		
Goods and services transferred at a point in time	53,116,152	48,602,248
Goods and services transferred over time	49,283,675	34,382,855
	<u>102,399,827</u>	<u>82,985,103</u>
Total revenue from contracts with customers	<u><u>102,399,827</u></u>	<u><u>82,985,103</u></u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7 DIVIDEND INCOME

	2025 KD	2024 KD
Dividend income from equity instruments at FVOCI	18,837,634	8,486,525
Dividend income from equity instruments at FVTPL	62,840	190,497
	<u>18,900,474</u>	<u>8,677,022</u>

Dividend income for the year includes dividends distributed by Equate and TKOC amounting to KD 11,850,154 (2024: KD 3,111,912) and KD 6,987,480 (2024: KD 5,374,613), respectively.

8 GENERAL AND ADMINISTRATIVE EXPENSES

	2025 KD	2024 KD
Staff costs	9,053,186	7,591,925
Depreciation of property, plant and equipment and right-of-use assets (Note 16)	3,554,461	2,909,116
Amortisation of intangible assets (Note 17)	965,556	-
Reversal of expected credit losses on trade receivables and tuition fees receivable (Note 12)	(141,778)	(260,085)
Other administrative expenses	6,475,607	6,946,457
	<u>19,907,032</u>	<u>17,187,413</u>

9 TAXATION

	2025 KD	2024 KD
National Labour Support Tax (NLST)	643,771	324,345

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

The Parent Company does not have taxable profits for the year subject to KFAS (2024: Nil), in accordance with the applicable regulations in Kuwait and accordingly no provision for KFAS has been accounted for in the consolidated financial statements. The Parent Company doesn't have any unpaid amounts due to KFAS.

Zakat

The Parent Company does not have Zakat liability payable for the current year (2024: Nil) in accordance with the applicable regulations in Kuwait and accordingly no provision for Zakat has been accounted for in the consolidated financial statements.

10 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

10 EARNINGS PER SHARE (EPS) (continued)

	2025	2024
Profit for the year attributable to the equity holders of the Parent Company (KD)	<u>30,142,538</u>	<u>17,675,177</u>
Weighted average number of ordinary shares outstanding (shares)*	<u>533,629,475</u>	<u>533,291,732</u>
Basic and diluted EPS (fils)	<u>56.49</u>	<u>33.14</u>

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

	2025	2024
Weighted average number of ordinary shares outstanding during the year	<u>534,822,750</u>	534,822,750
Less: Weighted average number of treasury shares outstanding during the year	<u>(1,193,275)</u>	<u>(1,531,018)</u>
	<u>533,629,475</u>	<u>533,291,732</u>

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.

11 CASH AND CASH EQUIVALENTS

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

	2025 KD	2024 KD
Bank balances and cash	<u>7,892,722</u>	15,154,885
Short-term deposits	<u>53,145,046</u>	65,286,250
Cash and short-term deposits in the consolidated statement of financial position	<u>61,037,768</u>	80,441,135
Less: Short-term deposits with original maturity of more than three months	<u>(46,150,000)</u>	<u>(59,350,650)</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>14,887,768</u>	<u>21,090,485</u>

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.

12 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2025 KD	2024 KD
Trade receivables and tuition fees receivable, gross	<u>38,871,182</u>	42,096,588
Less: Allowance for expected credit losses	<u>(6,697,654)</u>	<u>(7,801,490)</u>
Trade receivables and tuition fees receivable, net	<u>32,173,528</u>	34,295,098
Advances and prepayments	<u>11,401,925</u>	5,969,551
Accrued interest income	<u>1,163,754</u>	1,130,515
Margin deposits and other refundable deposits	<u>955,288</u>	781,616
Retention receivables	<u>637,571</u>	644,791
Other receivables	<u>1,664,816</u>	1,489,232
	<u>47,996,882</u>	<u>44,310,803</u>

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

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12 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

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

	2025 KD	2024 KD
As at the beginning of the year	7,801,490	8,075,977
Reversal of expected credit losses (Note 8)	(141,778)	(260,085)
Write-off	(636,281)	(26,169)
Relating to a subsidiary sold during the year	(315,870)	-
Foreign exchange movement	(9,907)	11,767
	<u>6,697,654</u>	<u>7,801,490</u>

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

13 INVENTORIES

	2025 KD	2024 KD
Raw materials (at cost)	3,197,217	2,375,874
Spare parts and consumables (at cost)	2,216,018	2,266,994
Work in progress (at cost)	24,893	29,408
Finished goods and goods held for resale (at lower of cost and net realisable value)	3,554,988	2,803,108
Goods in transit (at cost)	879	39,521
	<u>8,993,995</u>	<u>7,514,905</u>

14 INVESTMENT SECURITIES

	2025 KD	2024 KD
<i>Financial assets at FVTPL</i>		
Quoted equity securities	208,973	107,583
Unquoted equity securities	497,761	547,761
Unquoted funds	1,734,701	-
	<u>2,441,435</u>	<u>655,344</u>
<i>Financial assets at FVOCI</i>		
Unquoted equity securities		
– Equate	173,267,356	176,406,947
– TKOC	109,767,658	112,784,402
– Others	50,263	50,263
	<u>283,085,277</u>	<u>289,241,612</u>
	<u>285,526,712</u>	<u>289,896,956</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

14 INVESTMENT SECURITIES (continued)

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

As a result of this exercise, the Group recognised an unrealised fair value loss in OCI amounting to KD 3,139,591 from Equate (2024: KD 2,316,378) and of KD 3,016,744 from TKOC (2024: KD 366,826).

The fair value hierarchy disclosure and the basis of valuation is further detailed in Note 30.

- ▶ During the prior year, the Group reassessed its level of influence over its investments and concluded that it exercises significant influence over Boutiqaat Group for Perfumes and Beauty Products W.L.L. ("Boutiqaat"), which was classified as a financial asset measured at FVOCI. As a result of the reassessment exercise, the Group had reclassified its investment in Boutiqaat from a financial asset measured at FVOCI to an investment in associate. The fair value of the Group's investment in Boutiqaat as of the date of reclassification was KD 13,938,198 (Note 15).

On derecognition of financial asset at FVOCI, the associated fair value reserve of KD 992,865 was transferred to retained earnings.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15 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	
			2025	2024	2025 KD	2024 KD	2025 KD	2024 KD
Arabian Waterproofing Industries Company Limited	Kingdom of Saudi Arabia	Engaged in manufacture of waterproofing products and heat insulation materials	20.78%	20.78%	-*	-*	3,496,190	3,514,678
Al Borg Medical Laboratories Company Limited ("Al Borg") ¹	Kingdom of Saudi Arabia	Engaged in medical laboratories and environmental and scientific tests	25.13%	25.13%	-*	-*	-	5,544,052
Nafais Holding Company K.S.C. (Closed)	State of Kuwait	To invest in stakes mainly in educational and medical companies	21.12%	21.12%	-*	-*	12,507,066	11,015,137
Sama Educational Company K.S.C. (Closed) ("Sama")	State of Kuwait	Educational activities	41.70%	41.70%	-*	-*	46,591,076	40,989,596
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%	8,935,014	8,306,420	2,219,763	4,031,380
Al Dorra Petroleum Services Company K.S.C. (Closed) ²	State of Kuwait	Petroleum services to oil and gas sector	37.99%	37.99%	-*	-*	2,204,287	3,015,463
Boutiqaat Group for Perfumes and Beauty Products W.L.L. ³	State of Kuwait	E-commerce	18.49%	18.49%	-*	-*	15,600,294	14,149,455
Total equity-accounted investments							82,618,676	82,259,761

* Private entity – no quoted price available

¹ The investment in Al Borg has been fully impaired during the current year and the Group has no legal or constructive obligations to recognise any additional losses.

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

³ Indirectly held through Digital Projects for General Trading Company W.L.L.

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

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15 INVESTMENT IN ASSOCIATES (continued)

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

	2025 KD	2024 KD
As at the beginning of the year	82,259,761	63,314,736
Additions *	-	13,938,198
Share of results	9,336,015	11,797,297
Share of other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(398,995)	-
Share of other comprehensive (loss) income that will not be reclassified to profit or loss in the subsequent periods	(1,272,229)	896,551
Dividends received	(3,754,649)	(7,280,588)
Proceeds from capital reduction	-	(168,675)
Impairment losses	(3,537,783)	(181,335)
Derecognition	-	(100,000)
Exchange differences	(13,444)	43,577
At 30 April	<u>82,618,676</u>	<u>82,259,761</u>

* Recognition of investment in Boutiqaat Group for Perfumes and Beauty Products W.L.L.as an associate

During the prior year, the Group reassessed its level of influence over its investments and concluded that it exercises significant influence over Boutiqaat, which was classified as a financial asset measured at FVOCI. As a result of the reassessment exercise, the Group has reclassified its investment in Boutiqaat from a financial asset measured at FVOCI to an investment in associate. The fair value of the Group's investment in Boutiqaat as of the date of reclassification was KD 13,938,198 (Note 14).

Impairment losses

During the year, the Group reviewed the carrying values of its investment in associates to determine whether any impairment has occurred. Based on their assessment, the management has recognised an impairment loss of KD 3,537,783 in the consolidated statement of profit or loss, in respect of Al Borg (2024: KD 181,335).

The tables below provide summarised financial information for Sama, which is a material associate to the Group:

	<i>Sama</i>	
	2025 KD	2024 KD
Summarised statement of financial position		
Assets	99,427,989	84,076,894
Liabilities	(16,213,451)	(14,295,493)
Equity	83,214,538	69,781,401
Group's share in equity %	41.70%	41.70%
Group's share in equity	34,699,605	29,098,125
Add: Goodwill	11,891,471	11,891,471
Group's carrying amount	<u>46,591,076</u>	<u>40,989,596</u>

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

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15 INVESTMENT IN ASSOCIATES (continued)

	<i>Sama</i>	
	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>
Summarised statement of profit or loss		
Revenue from contracts with customers	37,551,856	34,807,448
Cost of revenue	(21,082,843)	(18,896,876)
Administrative and other expenses	(1,028,709)	(1,005,533)
Non-controlling interests	(95,605)	(21,770)
	<hr/>	<hr/>
Profit for the year	15,344,699	14,883,269
Group's share in equity %	41.70%	41.70%
	<hr/>	<hr/>
Group's share of profit	6,398,581	6,206,170
	<hr/> <hr/>	<hr/> <hr/>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

16 PROPERTY, PLANT AND EQUIPMENT

	<i>Leasehold lands KD</i>	<i>Buildings KD</i>	<i>Plant and equipment KD</i>	<i>Furniture and office equipment KD</i>	<i>Motor vehicles KD</i>	<i>Right-of-use assets KD</i>	<i>Construction in progress KD</i>	<i>Total KD</i>
Cost								
At 1 May 2023	11,741,400	35,971,263	35,820,203	4,400,887	2,139,137	5,085,412	11,469,346	106,627,648
Additions	-	148,846	779,053	582,234	559,108	3,793,639	3,287,537	9,150,417
Acquisition of a subsidiary (Note 4.1)	6,887,000	3,206,827	149,237	39,978	3,882	3,883,295	1,612,421	15,782,640
Remeasurement of right-of-use assets	-	-	-	-	-	24,025	-	24,025
Disposals	-	(189,913)	(1,174)	(60,528)	(103,420)	-	-	(355,035)
Derecognition of right-of-use assets	-	-	-	-	-	(179,543)	-	(179,543)
Transfers	-	3,684,354	2,747,281	252,548	-	-	(6,684,183)	-
Exchange differences	-	144,108	90,919	10,134	4,609	8,429	(103,860)	154,339
At 30 April 2024	18,628,400	42,965,485	39,585,519	5,225,253	2,603,316	12,615,257	9,581,261	131,204,491
Additions	-	737,586	767,922	688,351	88,535	2,198,171	3,977,314	8,457,879
Remeasurement of right-of-use assets	-	-	-	-	-	874,331	-	874,331
Disposals	-	-	(32,976)	(15,667)	(30,393)	-	-	(79,036)
Derecognition of right-of-use assets	-	-	-	-	-	(1,405,887)	-	(1,405,887)
Relating to a subsidiary sold during the year	(775,000)	(745,154)	(1,591,810)	(12,955)	(155,952)	-	(11,591)	(3,292,462)
Transfers	-	2,538,602	1,774,345	429,650	60,200	-	(4,802,797)	-
Exchange differences	-	(18,926)	(40,025)	6,254	168	(4,142)	(14,597)	(71,268)
At 30 April 2025	17,853,400	45,477,593	40,462,975	6,320,886	2,565,874	14,277,730	8,729,590	135,688,048
Depreciation and impairment								
At 1 May 2023	-	17,654,070	21,253,494	2,580,403	1,731,162	3,204,966	3,446,925	49,871,020
Depreciation charge for the year	-	2,821,148	2,918,985	342,100	221,685	1,244,509	-	7,548,427
Depreciation relating to disposals	-	(182,688)	(1,174)	(60,188)	(84,305)	-	-	(328,355)
Impairment	-	154,398	-	-	-	-	-	154,398
Exchange differences	-	18,973	76,825	3,474	4,601	1,197	-	105,070
At 30 April 2024	-	20,465,901	24,248,130	2,865,789	1,873,143	4,450,672	3,446,925	57,350,560
Depreciation charge for the year	-	3,000,386	2,990,955	539,879	183,643	1,922,357	-	8,637,220
Depreciation relating to disposals	-	-	(9,627)	(1,537)	(30,393)	-	-	(41,557)
Relating to a subsidiary sold during the year	-	(440,960)	(391,093)	(2,522)	(103,198)	-	(8,263)	(946,036)
Exchange differences	-	(3,077)	(34,042)	(2,999)	476	(1,424)	-	(41,066)
At 30 April 2025	-	23,022,250	26,804,323	3,398,610	1,923,671	6,371,605	3,438,662	64,959,121
Net book value								
At 30 April 2025	17,853,400	22,455,343	13,658,652	2,922,276	642,203	7,906,125	5,290,928	70,728,927
At 30 April 2024	18,628,400	22,499,584	15,337,389	2,359,464	730,173	8,164,585	6,134,336	73,853,931

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16 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 2025, 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 2024, the management conducted an impairment analysis, which resulted in the recognition of an impairment charge of KD 154,398. 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 costs of revenue and general and administrative expenses as follows:

	2025	2024
	KD	KD
Costs of revenue	5,082,759	4,639,311
General and administrative expenses (Note 8)	3,554,461	2,909,116
	8,637,220	7,548,427

17 INTANGIBLE ASSETS

	Goodwill	Brands with	Student	Total
	KD	indefinite	relationships	KD
		useful life	with definite	
		KD	useful life	
			KD	KD
Cost				
At 1 May 2023	39,820,357	7,167,050	1,550,480	48,537,887
Acquisition of a subsidiary (Note 4.1)	45,947,720	8,307,534	6,383,538	60,638,792
At 30 April 2024 and 30 April 2025	85,768,077	15,474,584	7,934,018	109,176,679
Amortisation and impairment				
At 1 May 2023 and 30 April 2024	31,172,430	-	1,550,480	32,722,910
Amortisation charge for the year	-	-	965,556	965,556
At 30 April 2025	31,172,430	-	2,516,036	33,688,466
Net book value				
At 30 April 2025	54,595,647	15,474,584	5,417,982	75,488,213
At 30 April 2024	54,595,647	15,474,584	6,383,538	76,453,769

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 8).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

17 INTANGIBLE ASSETS (continued)

Impairment assessment

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

	<i>Goodwill</i>		<i>Brands with indefinite useful life</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>CGUs</i>				
Al Kout	2,249,540	2,249,540	-	-
Yaleen Steel	6,398,387	6,398,387	-	-
EPG	45,947,720	45,947,720	8,307,534	8,307,534
GUST	-	-	7,167,050	7,167,050
	54,595,647	54,595,647	15,474,584	15,474,584

a) *Goodwill*

Al Kout CGU

The Group performed its impairment test as at 30 April 2025. The recoverable amount of Al Kout CGU as at 30 April 2025 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 2025 (2024: Nil).

Yaleen Steel CGU

The Group performed its impairment test as at 31 March 2025. The recoverable amount of Yaleen Steel CGU as at 31 March 2025 has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The discount rate applied to cash flow projections is 10.1% (2024: 10.8%) and cash flows beyond the five-year period are extrapolated using a 2.5% (2024: 2.8%) growth rate. Based on its assessment, the management has not recognised any impairment during the current year against goodwill (2024: Nil).

EPG CGU

The Group performed its impairment test as at 28 February 2025. The recoverable amount of EPG CGU as at 28 February 2025 has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The discount rate applied to cash flow projections is 10.0% and cash flows beyond the five-year period are extrapolated using a 2.4% growth rate. Based on its assessment, the management has not recognised any impairment during the current year against goodwill.

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

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

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

▶ *Discount rates*

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

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

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

▶ *Local inflation rates*

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

Sensitivity to changes in assumptions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17 INTANGIBLE ASSETS (continued)

Impairment assessment (continued)

b) Brands

The management has estimated the recoverable amount of brands 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:

	EPG		GUST	
	2025	2024	2025	2024
▶ Growth rate (CAGR)	7.1%	-	4.5%	5.2%
▶ Royalty rate	3.25%	-	3.25%	5.75%
▶ Discount rate	10.9%	-	12.3%	18.3%
▶ Projected growth rates used to extrapolate royalty-savings beyond the budget period	2.4%	-	2.4%	2.7%

▶ 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 brands, 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.

18 TERM LOANS

	2025 KD	2024 KD
Local currency	<u>135,000,000</u>	<u>75,000,000</u>

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

- ▶ Revolving term loan of KD 123,000,000 (2024: KD 60,000,000), denominated in local currency, carries interest at CBK discount rate plus a spread of 0.53% (2024: 0.75%) per annum, which will be rolled over on an annual basis.
- ▶ Term loan of KD 12,000,000 (2024: KD 15,000,000) denominated in local currency, carries interest at CBK discount rate plus a spread of 0.75% per annum (2024: 0.75%). The term loan is scheduled to mature on 31 October 2028.

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 2025, the Group had available KD 67,312,757 (2024: KD 67,631,424) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

19 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.

	<i>Local currency</i>	
	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>
<i>Murabaha:</i>		
Gross amount	124,665,546	167,825,491
Less: deferred finance cost	(865,652)	(1,376,333)
	123,799,894	166,449,158
<i>Tawarruq:</i>		
Gross amount	20,639,170	42,634,514
Less: deferred finance cost	(77,325)	(142,645)
	20,561,845	42,491,869
	144,361,739	208,941,027

- ▶ Murabaha payables and Tawarruq 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.

20 ACCOUNTS PAYABLE AND ACCRUALS

	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>
Trade payables	4,383,546	5,213,178
Dividends payable	5,373,727	5,196,551
Employees' end of service benefits	9,387,005	9,769,435
Tuition fees received in advance and advance from customers	20,121,813	18,424,799
Lease liabilities	6,195,419	6,386,403
Accrued charges on credit facilities	716,140	496,800
Provision for taxation	1,514,588	1,777,495
Directors' fees payable	200,000	90,000
Accrued expenses	3,294,618	3,280,668
Provision for leave salaries	1,985,579	1,958,191
Contingent consideration payables	5,180,856	9,690,815
Other accruals and payables	6,633,565	6,794,610
	64,986,856	69,078,945

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

	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>
At the beginning of the year	6,386,403	2,026,693
Acquisition of a subsidiary (Note 4.1)	-	1,988,416
Additions	2,191,354	3,796,214
Remeasurement	846,291	7,538
Derecognition	(1,438,896)	(196,334)
Accretion of interest	374,596	201,685
Payments	(2,161,676)	(1,437,680)
Exchange differences	(2,653)	(129)
At 30 April	6,195,419	6,386,403

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

20 ACCOUNTS PAYABLE AND ACCRUALS (continued)

For explanations on the Group's liquidity risk management processes, refer to Note 29.2.

21 SHARE CAPITAL AND DISTRIBUTIONS

21.1 Share capital

Authorised, issued and paid-up share capital of the Parent Company consists of 534,822,750 (2024: 534,822,750) shares of 100 (2024: 100) fils per share. These are comprised of 400,000,000 (2024: 400,000,000) shares which are fully paid-up in cash, and 134,822,750 (2024: 134,822,750) shares that were issued as bonus shares.

21.2 Distributions made and proposed

The Board of Directors of the Parent Company proposed cash dividends of 40 fils per share (2024: 60 fils per share) on outstanding shares (excluding treasury shares) amounting to KD 21,344,880 for the year ended 30 April 2025 (2024: KD 32,017,320). This proposal is subject to the approval of the shareholders at the AGM of the Parent Company.

On 11 June 2024, the shareholders at the AGM of the Parent Company approved cash dividends of 60 fils per share for the year ended 30 April 2024 (2023: 60 fils per share) on outstanding shares (excluding treasury shares) aggregating to KD 32,017,320 (2023: KD 31,926,962).

22 TREASURY SHARES AND TREASURY SHARES RESERVE

	2025	2024
Number of treasury shares	1,193,275	1,193,275
Percentage of share capital	0.22%	0.22%
Cost of treasury shares – KD	858,357	858,357
Market value – KD	825,746	815,007
Weighted average market price – fils	655.0	657.2

- ▶ 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.
- ▶ There were no transactions in treasury shares during the current year. During the year ended 30 April 2024, the Parent Company sold 1,505,972 shares for a total consideration of KD 1,113,849. The resultant gain on sale of treasury shares amounted to KD 30,561 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.

23 RESERVES

23.1 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.

23.2 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.

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

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23 RESERVES (continued)

23.2 Voluntary reserve (continued)

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

23.3 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.

23.4 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:

	2025 KD	2024 KD
Unrealised gain relating to financial assets at FVOCI	120,153,367	126,457,699
Share of fair value reserve in the equity of associates	(169,126)	1,050,981
	<u>119,984,241</u>	<u>127,508,680</u>

23.5 Other reserve

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

24 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:

<i>Name</i>	<i>Country of incorporation and operation</i>	2025	2024
Eyas for Higher and Technical Education Company K.S.C. (Closed) ("Eyas")	State of Kuwait	37.16%	37.16%
Al Kout Industrial Projects Company K.S.C.P. ("Al Kout")	State of Kuwait	45.86%	45.86%

Accumulated balances of material non-controlling interest:

	2025 KD	2024 KD
Eyas	10,066,165	13,731,523
Al Kout	21,069,474	19,953,197

Profit allocated to material non-controlling interest:

	2025 KD	2024 KD
Eyas	3,766,282	2,224,984
Al Kout	3,923,086	3,790,615

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24 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations and post purchase price allocation (“PPA”) adjustments.

Summarised statement of profit or loss for 2025:

	<i>Eyas</i> <i>Year ended</i> <i>28 February</i> <i>2025</i> <i>KD</i>	<i>Al Kout</i> <i>Year ended</i> <i>31 March</i> <i>2025</i> <i>KD</i>
Revenue from contracts with customers	24,611,033	38,043,963
Costs of revenue	(7,289,501)	(24,947,620)
Other income	1,356,553	158,672
Share of results of associates	(189)	172,438
General and administrative expenses and finance costs	(8,542,090)	(4,873,566)
PROFIT FOR THE YEAR	10,135,806	8,553,887
TOTAL COMPEHENSIVE INCOME FOR THE YEAR	10,135,806	7,478,971
Attributable to non-controlling interests	3,766,282	3,430,095
Dividends paid to non-controlling interests	7,431,640	2,313,818

Summarised statement of profit or loss for 2024:

	<i>Eyas</i> <i>Year ended</i> <i>29 February</i> <i>2024</i> <i>KD</i>	<i>Al Kout</i> <i>Year ended</i> <i>31 March</i> <i>2024</i> <i>KD</i>
Revenue from contracts with customers	20,413,879	34,978,227
Costs of revenue	(7,414,205)	(22,795,131)
Other income	611,312	236,179
Share of results of associates	3,217	253,833
General and administrative expenses and finance costs	(7,626,331)	(4,408,065)
PROFIT FOR THE YEAR	5,987,872	8,265,043
TOTAL COMPREHESNIVE INCOME FOR THE YEAR	5,987,872	9,023,133
Attributable to non-controlling interests	2,224,984	4,138,300
Dividends paid to non-controlling interests	808,191	2,313,818

Summarised statement of financial position as at 2025:

	<i>Eyas</i> <i>28 February</i> <i>2025</i> <i>KD</i>	<i>Al Kout</i> <i>31 March</i> <i>2025</i> <i>KD</i>
Cash and short-term deposits	6,221,052	7,042,350
Accounts receivable and prepayments	10,893,955	13,934,363
Inventories	89,749	3,942,929
Investment in associates	168,178	2,204,287
Property, plant and equipment and intangible assets	24,281,080	27,062,374
Accounts payable and accruals	(14,563,981)	(7,615,672)
Total equity	27,090,033	46,570,631
Attributable to:		
Equity holders of the Parent Company	17,023,868	25,501,157
Non-controlling interests	10,066,165	21,069,474

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

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24 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

Summarised statement of financial position as at 2024:

	<i>Eyas</i> 29 February 2024 KD	<i>Al Kout</i> 31 March 2024 KD
Cash and short-term deposits	9,894,401	5,808,894
Accounts receivable and prepayments	16,031,315	13,282,298
Inventories	98,231	3,312,098
Investment in associates	168,367	3,015,463
Property, plant and equipment and intangible assets	24,908,533	26,692,604
Accounts payable and accruals	(14,146,620)	(7,974,357)
Total equity	<u>36,954,227</u>	<u>44,137,000</u>
Attributable to:		
Equity holders of the Parent Company	23,222,704	24,183,803
Non-controlling interests	13,731,523	19,953,197

Summarised cash flow information for 2025:

	<i>EYAS</i> Year ended 28 February 2025 KD	<i>Al Kout</i> Year ended 31 March 2025 KD
Operating	17,656,589	9,896,117
Investing	(1,266,407)	(3,314,048)
Financing	(20,063,531)	(5,253,278)
Net foreign currency translation adjustment	-	(95,335)
Net (decrease) increase in cash and cash equivalents	<u>(3,673,349)</u>	<u>1,233,456</u>

Summarised cash flow information for 2024:

	<i>EYAS</i> Year ended 29 February 2024 KD	<i>Al Kout</i> Year ended 31 March 2024 KD
Operating	5,164,866	9,224,860
Investing	(1,758,579)	(3,440,512)
Financing	(2,245,864)	(5,356,579)
Net foreign currency translation adjustment	-	137,653
Net increase in cash and cash equivalents	<u>1,160,423</u>	<u>565,422</u>

25 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.

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25 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

The maturity profile of assets and liabilities is as follows:

<i>As at 30 April 2025</i>	<i>Within 12 months KD</i>	<i>After 1 year KD</i>	<i>Total KD</i>
ASSETS			
Cash and short-term deposits	61,037,768	-	61,037,768
Accounts receivable and prepayments	47,359,311	637,571	47,996,882
Inventories	8,993,995	-	8,993,995
Investment securities	2,441,435	283,085,277	285,526,712
Investment in associates	-	82,618,676	82,618,676
Property, plant and equipment	-	70,728,927	70,728,927
Intangible assets	-	75,488,213	75,488,213
TOTAL ASSETS	119,832,509	512,558,664	632,391,173
LIABILITIES			
Term loans	23,000,000	112,000,000	135,000,000
Islamic finance payables	8,981,014	135,380,725	144,361,739
Accounts payable and accruals	48,788,200	16,198,656	64,986,856
TOTAL LIABILITIES	80,769,214	263,579,381	344,348,595
NET LIQUIDITY GAP	39,063,295	248,979,283	288,042,578
<i>As at 30 April 2024</i>	<i>Within 12 months KD</i>	<i>After 1 year KD</i>	<i>Total KD</i>
ASSETS			
Cash and short-term deposits	80,441,135	-	80,441,135
Accounts receivable and prepayments	43,666,012	644,791	44,310,803
Inventories	7,514,905	-	7,514,905
Investment securities	655,344	289,241,612	289,896,956
Investment in associates	-	82,259,761	82,259,761
Property, plant and equipment	-	73,853,931	73,853,931
Intangible assets	-	76,453,769	76,453,769
TOTAL ASSETS	132,277,396	522,453,864	654,731,260
LIABILITIES			
Term loans	3,000,000	72,000,000	75,000,000
Islamic finance payables	19,014,062	189,926,965	208,941,027
Accounts payable and accruals	52,442,365	16,636,580	69,078,945
TOTAL LIABILITIES	74,456,427	278,563,545	353,019,972
NET LIQUIDITY GAP	57,820,969	243,890,319	301,711,288

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26 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 and others), manufacturing activities of subsidiaries: Muna Noor Manufacturing and Trading Company LLC, Muna Noor LLC - Salalah, Jubail Integrated Packaging Company Limited, 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.
- ▶ Education and services : 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.

The following tables present revenue and profit information for the Group's operating segments for the years ended 30 April 2025 and 2024:

<i>Year ended 30 April 2025</i>	<i>Energy, manufacturing and petrochemical sector KD</i>	<i>Education and services KD</i>	<i>Others KD</i>	<i>Total KD</i>
Revenue from contracts with customers	53,756,115	48,643,712	-	102,399,827
Dividend income	18,837,634	-	62,840	18,900,474
Share of results of associates	540,020	6,245,426	2,550,569	9,336,015
Segment revenue	73,133,769	54,889,138	2,613,409	130,636,316
Segment profit	17,342,662	18,335,571	2,234,565	37,912,798
Other disclosures:				
Costs of revenue	39,275,394	23,389,998	-	62,665,392
Impairment of associates	-	3,537,783	-	3,537,783
Depreciation of property, plant and equipment and right-of-use assets	4,240,837	4,394,795	1,588	8,637,220
Finance costs	8,975,580	5,572,712	377,256	14,925,548
Purchase of property, plant and equipment (including additions to right-of-use assets)	5,028,035	3,429,844	-	8,457,879

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26 SEGMENT INFORMATION (continued)

<i>Year ended 30 April 2024</i>	<i>Energy, manufacturing and petrochemical sector KD</i>	<i>Education and services KD</i>	<i>Others KD</i>	<i>Total KD</i>
Revenue from contracts with customers	48,962,826	34,022,277	-	82,985,103
Dividend income	8,490,878	-	186,144	8,677,022
Share of results of associates	2,259,848	8,309,059	1,228,390	11,797,297
	<u>59,713,552</u>	<u>42,331,336</u>	<u>1,414,534</u>	<u>103,459,422</u>
Segment revenue				
	<u>59,713,552</u>	<u>42,331,336</u>	<u>1,414,534</u>	<u>103,459,422</u>
Segment profit	<u>8,915,907</u>	<u>13,294,639</u>	<u>1,018,948</u>	<u>23,229,494</u>
Other disclosures:				
Costs of revenue	35,161,876	16,980,742	-	52,142,618
Impairment of associates	181,335	-	-	181,335
Impairment of property, plant and equipment	154,398	-	-	154,398
Depreciation of property, plant and equipment and right-of-use assets	4,243,067	3,303,505	1,855	7,548,427
Finance costs	8,499,425	4,314,419	291,059	13,104,903
Purchase of property, plant and equipment (including additions to right-of-use assets)	4,473,991	4,668,477	7,949	9,150,417

The following table presents assets and liabilities information for the Group's operating segments as at 30 April 2025 and 30 April 2024:

<i>As at 30 April 2025</i>	<i>Energy, manufacturing and petrochemical sector KD</i>	<i>Education and services KD</i>	<i>Others KD</i>	<i>Total KD</i>
Segment assets	<u>395,963,660</u>	<u>219,528,602</u>	<u>16,898,911</u>	<u>632,391,173</u>
Segment liabilities	<u>201,820,919</u>	<u>135,228,870</u>	<u>7,298,806</u>	<u>344,348,595</u>
Other disclosures:				
Investment in associates	7,920,240	59,098,142	15,600,294	82,618,676
Goodwill	8,647,927	45,947,720	-	54,595,647

<i>As at 30 April 2024</i>	<i>Energy, manufacturing and petrochemical sector KD</i>	<i>Education and services KD</i>	<i>Others KD</i>	<i>Total KD</i>
Segment assets	<u>427,741,825</u>	<u>212,199,644</u>	<u>14,789,791</u>	<u>654,731,260</u>
Segment liabilities	<u>207,359,395</u>	<u>131,900,310</u>	<u>13,760,267</u>	<u>353,019,972</u>
Other disclosures:				
Investment in associates	10,561,521	57,548,785	14,149,455	82,259,761
Goodwill	8,647,927	45,947,720	-	54,595,647

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27 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 2025 and 2024, as well as balances with related parties as at 30 April 2025 and 2024.

	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>
<i>Consolidated statement of profit or loss:</i>		
Sales	429,224	570,694
Purchases	460,207	368,131
	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>
<i>Consolidated statement of financial position:</i>		
Accounts receivable and prepayments	74,206	116,767
Accounts payable and accruals	16,706	16,088

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 2025, the Group has not recognised any provision for expected credit losses relating to amounts owed by related parties (2024: 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:

	<i>Transaction values for the year</i>		<i>Balance outstanding as at</i>	
	<i>ended 30 April</i>		<i>30 April</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Short-term benefits	402,000	325,615	11,925	22,583
Employees' end of service benefits	7,250	10,391	78,678	63,500
	409,250	336,006	90,603	86,083

The Board of Directors in their meeting held on 8 May 2025 proposed directors' fees of KD 200,000 for the year ended 30 April 2025. 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 2024 were approved by the AGM of the shareholders held on 11 June 2024.

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28 COMMITMENTS AND CONTINGENCIES

28.1 Commitments

At 30 April, the Group had following commitments:

	2025 KD	2024 KD
Relating to construction in progress	1,180,185	2,127,716
Relating to acquisition of investments	798,953	802,605
	<u>1,979,138</u>	<u>2,930,321</u>

28.2 Contingencies

The Parent Company has provided corporate guarantees of KD 8,866,369 (2024: KD 9,711,155) to local and foreign banks on behalf of its subsidiaries. No material liabilities are expected to arise.

29 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 2025, 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.

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

29.1 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.

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29 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.1 Credit risk (continued)

Risk concentration of maximum exposure to credit risk

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

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

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

<i>30 April 2025</i>	<i>Kuwait KD</i>	<i>Other MENA KD</i>	<i>Total KD</i>
Cash and short-term deposits	59,756,671	1,281,097	61,037,768
Trade receivables and tuition fees receivable	27,971,316	4,202,212	32,173,528
Other receivables	4,161,718	259,711	4,421,429
Maximum exposure to credit risk	<u>91,889,705</u>	<u>5,743,020</u>	<u>97,632,725</u>
<i>30 April 2024</i>	<i>Kuwait KD</i>	<i>Other MENA KD</i>	<i>Total KD</i>
Cash and short-term deposits	75,592,014	4,849,121	80,441,135
Trade receivables and tuition fees receivable	31,849,055	2,446,043	34,295,098
Other receivables	3,709,810	336,344	4,046,154
Maximum exposure to credit risk	<u>111,150,879</u>	<u>7,631,508</u>	<u>118,782,387</u>

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

	<i>2025 KD</i>	<i>2024 KD</i>
Manufacturing	18,196,853	16,411,407
Banks	61,037,768	80,441,135
Education and services	18,398,104	21,929,845
	<u>97,632,725</u>	<u>118,782,387</u>

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 2025 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.

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29 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.1 Credit risk (continued)

Expected credit loss assessment (continued)

Trade receivables and tuition fees receivable (continued)

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

30 April 2025	Current KD	Days past due				Total KD
		0-180 days KD	181-270 days KD	271-365 days KD	>365 days KD	
Expected credit loss rate	2.3%	7.8%	7.4%	49.4%	69.4%	17.2%
Estimated total gross carrying amount at default	11,167,010	18,723,711	1,802,340	608,622	6,569,499	38,871,182
Expected credit loss	255,173	1,452,788	132,519	300,539	4,556,635	6,697,654

30 April 2024	Current KD	Days past due				Total KD
		0-180 days KD	181-270 days KD	271-365 days KD	>365 days KD	
Expected credit loss rate	10.2%	5.0%	22.4%	25.7%	75.3%	18.5%
Estimated total gross carrying amount at default	9,538,638	23,871,557	1,376,574	336,558	6,973,261	42,096,588
Expected credit loss	968,438	1,184,449	307,746	86,517	5,254,340	7,801,490

Other receivables

The Group performs an impairment analysis on its 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.

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.

29.2 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.

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29 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.2 Liquidity risk (continued)

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:

<i>30 April 2025</i>	<i>Within 12 months KD</i>	<i>1 to 5 years KD</i>	<i>Total KD</i>
Term loans	26,790,548	121,361,788	148,152,336
Islamic finance payables	14,707,869	149,121,693	163,829,562
Trade and other payables	27,290,715	11,378,909	38,669,624
Lease liabilities	1,437,576	5,470,413	6,907,989
Total undiscounted financial liabilities	70,226,708	287,332,803	357,559,511
<i>30 April 2024</i>	<i>Within 12 months KD</i>	<i>1 to 5 years KD</i>	<i>Total KD</i>
Term loans	6,590,959	85,357,397	91,948,356
Islamic finance payables	27,720,878	216,117,524	243,838,402
Trade and other payables	32,194,280	12,073,463	44,267,743
Lease liabilities	1,896,217	4,928,166	6,824,383
Total undiscounted financial liabilities	68,402,334	318,476,550	386,878,884

29.3 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.

29.3.1 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 denominated in KD.

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29 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.3 Market risk (continued)

29.3.1 Interest rate risk (continued)

Exposure to interest rate risk

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

	2025 KD	2024 KD
Fixed-rate instruments		
Financial assets	53,145,046	65,286,250
Financial liabilities	(144,361,739)	(208,941,027)
	<u>(91,216,693)</u>	<u>(143,654,777)</u>
Variable-rate instruments		
Financial liabilities	(135,000,000)	(75,000,000)
	<u>(226,216,693)</u>	<u>(218,654,777)</u>

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 50 basis points in interest rates at the reporting date would have decreased profit before tax by KD 675,000 (2024: KD 375,000). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

29.3.2 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 (2%) 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.

	<u>Effect on OCI</u>	
	2025 KD	2024 KD
USD	5,660,700	5,783,827

The impact on the profit or loss would be immaterial due to movement of 2% in USD exchange rate.

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29 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.3 Market risk (continued)

29.3.3 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 283,583,038 (2024: KD 289,789,373). Sensitivity analyses of these investments have been provided in Note 30.

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 208,973 (2024: KD 107,583). 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 7,068 increase/(decrease) on the profit for the year (2024: KD 5,380).

30 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 2025 and 2024, the Group does not have any non-financial asset measured at fair value.

Financial instruments	2025 KD	2024 KD
Financial assets		
Investment securities (at fair value)		
Quoted equity securities	208,973	107,583
Unquoted equity securities	283,583,038	289,789,373
Unquoted funds	1,734,701	-
	285,526,712	289,896,956
Financial liabilities		
Contingent consideration payable*	5,180,856	9,690,815

* The fair value measurement disclosures relating to contingent consideration payable are presented in Note 4.

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)

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30 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 14. 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		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
30 April 2025	Total KD	KD	KD
Financial assets at FVTPL:			
Quoted equity securities	208,973	208,973	-
Unquoted equity securities	497,761	-	497,761
Unquoted funds	1,734,701	-	-
	<u>2,441,435</u>	<u>208,973</u>	<u>497,761</u>
Financial assets at FVOCI			
Unquoted equity securities	283,085,277	-	283,085,277
Investment securities (at fair value)	<u>285,526,712</u>	<u>208,973</u>	<u>283,583,038</u>

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

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30 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

	Total KD	Fair value measurement using		
		Quoted prices in active markets (Level 1) KD	Significant observable inputs (Level 2) KD	Significant unobservable inputs (Level 3) KD
<i>30 April 2024</i>				
Financial assets at FVTPL:				
Quoted equity securities	107,583	107,583	-	-
Unquoted equity securities	547,761	-	-	547,761
	<u>655,344</u>	<u>107,583</u>	<u>-</u>	<u>547,761</u>
Financial assets at FVOCI				
Unquoted equity securities	289,241,612	-	-	289,241,612
Investment securities (at fair value)	<u>289,896,956</u>	<u>107,583</u>	<u>-</u>	<u>289,789,373</u>

There were no transfers between any levels of the fair value hierarchy during the years ended 30 April 2025 or 2024.

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 year:

	<i>Financial assets at FVTPL KD</i>	<i>Financial assets at FVOCI KD</i>	<i>Total KD</i>
<i>30 April 2025</i>			
As at 1 May 2024	547,761	289,241,612	289,789,373
Remeasurement recognised in OCI	-	(6,156,335)	(6,156,335)
Relating to a subsidiary sold during the year	(50,000)	-	(50,000)
As at 30 April 2025	<u>497,761</u>	<u>283,085,277</u>	<u>283,583,038</u>
<i>30 April 2024</i>			
As at 1 May 2023	2,138,867	305,812,750	307,951,617
Remeasurement recognised in OCI	-	(2,683,204)	(2,683,204)
Remeasurement recognised in profit or loss	(1,591,106)	-	(1,591,106)
Purchases / sales (net)	-	50,264	50,264
Reclassified to investment in associates (Note 14)	-	(13,938,198)	(13,938,198)
As at 30 April 2024	<u>547,761</u>	<u>289,241,612</u>	<u>289,789,373</u>

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

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30 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	
		2025 KD	2024 KD
Discount rate	50 basis points	(10,097,112)	(11,703,209)
Terminal growth rate	(50 basis points)	(10,221,210)	(12,079,091)
DLOM and DLOC	5%	(17,689,689)	(18,074,459)

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.

31 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.

	2025 KD	2024 KD
Term loans	135,000,000	75,000,000
Islamic financing payables	144,361,739	208,941,027
Less: cash and short-term deposits	(61,037,768)	(80,441,135)
Net debt	218,323,971	203,499,892
Equity attributable to holders of the Parent Company	253,584,215	262,923,312
Capital and net debt	471,908,186	466,423,204
Gearing ratio	46%	44%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 30 April 2025

31 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 year.

No changes were made in the objectives, policies, or processes for managing capital during the years ended 30 April 2025 and 2024.