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

CONSOLIDATED FINANCIAL STATEMENTS

30 APRIL 2014

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EY
Building a better working world

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

Report on the Consolidated Financial Statements

We have audited the accompanying 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 2014, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Parent Company's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 April 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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. 25 of 2012, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 30 April 2014 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI	ALI KHALED AL-FARAJ
LICENCE NO. 68 A	LICENCE NO. 28 A
EY	OF AL-FARAJ AUDITING OFFICE
AL AIBAN, AL OSAIMI & PARTNERS	

12 May 2014
Kuwait

CONSOLIDATED STATEMENT OF INCOME
For the year ended 30 April 2014

	Notes	*2014 KD*	*2013 KD Restated**
Sales		30,669,422	27,237,283
Cost of sales		(26,356,095)	(22,195,205)
GROSS PROFIT		4,313,327	5,042,078
Dividend income	3	32,249,928	30,247,522
Investment income	4	2,495,392	6,882,086
Share of results of associates	14	1,435,537	1,323,074
Other income		1,201,190	438,570
General and administrative expenses	25	(3,482,411)	(3,780,454)
Finance cost		(3,959,033)	(6,473,186)
Foreign exchange gain		48,167	156,876
Profit before impairment of investments available-for-sale		34,302,097	33,836,566
Impairment of investments available-for-sale (others)	13	(6,845,840)	(6,027,767)
Profit before taxation and directors' fees		27,456,257	27,808,799
Taxation	5	(1,127,308)	(1,183,270)
Directors' fees		(75,000)	(75,000)
Profit for the year from continuing operations		26,253,949	26,550,529
Discontinued operations			
Profit (loss) after tax for the year from discontinued operations	6	1,247,740	(180,775)
PROFIT FOR THE YEAR		27,501,689	26,369,754

* Certain amounts shown here do not correspond to the consolidated financial statements as at 30 April 2013 and reflect adjustments made due to the discontinued operations (Note 6).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2014

	Notes	*2014* *KD*	*2013* *KD* *Restated**
PROFIT FOR THE YEAR		**27,501,689**	26,369,754
Other comprehensive income (loss)			
Other comprehensive income (loss)not to be reclassified to statement of income in subsequent periods:			
Realised gain on partial sale of investment available-for-sale (Equate)	12	**-**	(4,488,931)
Realised gain on sale of investments available-for-sale (others)		**(2,495,392)**	(1,210,673)
Revaluation of property, plant and equipment		**(700,000)**	-
Transfer to statement of income on impairment of investments available-for-sale (others)	13	**6,845,840**	6,027,767
Net other comprehensive income not to be reclassified to statement of income in subsequent periods		**3,650,448**	328,163
Other comprehensive income (loss) to be reclassified to statement of income in subsequent periods:			
Unrealised loss on investments available-for-sale(others)		**(6,271,299)**	(4,702,837)
Unrealised gain on investments available-for-sale (Equate)	12	**5,306,000**	1,003,000
Share of other comprehensive income (loss) income of associates	14	**310,960**	(578,479)
Others		**(15,761)**	28,257
Net other comprehensive loss to be reclassified to statement of income in subsequent periods		**(670,100)**	(4,250,059)
OTHER COMPREHENSIVE INCOME (LOSS)		**2,980,348**	(3,921,896)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**30,482,037**	22,447,858
Profit attributable to:			
Equity holders of the Parent Company		**27,323,065**	26,213,810
Non-controlling interests		**178,624**	155,944
		27,501,689	26,369,754
Total comprehensive income attributable to:			
Equity holders of the Parent Company		**30,514,493**	22,353,917
Non-controlling interests		**(32,456)**	93,941
		30,482,037	22,447,858
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	7	**57.20 fils**	54.68 fils

* Certain amounts shown here do not correspond to the consolidated financial statements as at 30 April 2013 and reflect adjustments made due to the discontinued operations (Note 6).

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2014

	Notes	*2014 KD*	*2013 KD*
ASSETS			
Bank balances and short term deposits	8	**21,075,374**	21,052,346
Accounts receivable and prepayments	9	**9,960,772**	10,866,383
Inventories	10	**5,640,731**	5,413,671
Investments carried at fair value through income statement	11	**100,998,029**	100,998,029
Investments available-for-sale(Equate)	12	**141,456,608**	136,150,608
Investments available-for-sale(others)	13	**56,277,533**	72,073,811
Investment in associates	14	**33,407,365**	33,250,428
Exchange of deposits	15	**-**	5,093,413
Property, plant and equipment	16	**19,632,337**	20,534,012
Goodwill		**6,002,464**	6,002,464
TOTAL ASSETS		**394,451,213**	411,435,165
LIABILITIES AND EQUITY			
LIABILITIES			
Term loans	17	**53,862,628**	50,808,178
Islamic financing payables	18	**37,237,530**	62,704,730
Accounts payable and accruals	19	**11,853,635**	14,625,641
Dividends payable		**3,161,614**	3,113,399
Total liabilities		**106,115,407**	131,251,948
EQUITY			
Share capital	20	**48,510,000**	48,510,000
Share premium		**2,400,000**	2,400,000
Treasury shares	21	**(4,676,586)**	(3,858,340)
Treasury shares reserve		**998,971**	998,971
Statutory reserve	22	**24,255,000**	24,255,000
Voluntary reserve	22	**24,255,000**	24,255,000
Other reserve		**(181,744)**	(181,744)
Revaluation reserve		**5,106,784**	5,806,784
Cumulative changes in fair values reserve		**116,032,537**	112,141,109
Retained earnings		**70,203,584**	64,391,721
Equity attributable to equity holders of the Parent Company		**286,903,546**	278,718,501
Non-controlling interests		**1,432,260**	1,464,716
Total equity		**288,335,806**	280,183,217
TOTAL LIABILITIES AND EQUITY		**394,451,213**	411,435,165

Dabbous M. Al-Dabbous
(Deputy Chairman)

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2014

	Attributable to shareholders of the Parent Company											*Non-controlling interests*	*Total equity*
	Share capital	*Share premium*	*Treasury shares*	*Treasury shares reserve*	*Statutory reserve*	*Voluntary reserve*	*Other reserve*	*Revaluation reserve*	*Cumulative changes in fair values reserve*	*Retained earnings*	*Sub total*		
	KD	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*
As at 1 May 2013	48,510,000	2,400,000	(3,858,340)	998,971	24,255,000	24,255,000	(181,744)	5,806,784	112,141,109	64,391,721	278,718,501	1,464,716	280,183,217
Profit for the year	-	-	-	-	-	-	-	-	-	27,323,065	27,323,065	178,624	27,501,689
Discontinued operations (note 6)	-	-	-	-	-	-	-	(700,000)	-	-	(700,000)	700,000	-
Other comprehensive income(loss)	-	-	-	-	-	-	-	-	3,891,428	-	3,891,428	(911,080)	2,980,348
Total comprehensive (loss) income for the year	-	-	-	-	-	-	-	(700,000)	3,891,428	27,323,065	30,514,493	(32,456)	30,482,037
Purchase of treasury shares	-	-	(818,246)	-	-	-	-	-	-	-	(818,246)	-	(818,246)
Dividends (note 20)	-	-	-	-	-	-	-	-	-	(21,511,202)	(21,511,202)	-	(21,511,202)
As at 30 April 2014	**48,510,000**	**2,400,000**	**(4,676,586)**	**998,971**	**24,255,000**	**24,255,000**	**(181,744)**	**5,106,784**	**116,032,537**	**70,203,584**	**286,903,546**	**1,432,260**	**288,335,806**

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 30 April 2014

	Attributable to shareholders of the Parent Company											*Non-controlling interests*	*Total equity*
	Share capital	*Share premium*	*Treasury Shares*	*Treasury shares reserve*	*Statutory reserve*	*Voluntary reserve*	*Other reserve*	*Revaluation reserve*	*Cumulative changes in fair values reserve*	*Retained earnings*	*Sub total*		
	KD	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*
As at 1 May 2012	48,510,000	2,400,000	(949,972)	993,574	24,255,000	24,255,000	(181,744)	5,806,784	116,001,002	57,359,488	278,449,132	1,370,775	279,819,907
Profit for the year	-	-	-	-	-	-	-	-	-	26,213,810	26,213,810	155,944	26,369,754
Other comprehensive (loss) income	-	-	-	-	-	-	-	-	(3,859,893)	-	(3,859,893)	(62,003)	(3,921,896)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	-	-	(3,859,893)	26,213,810	22,353,917	93,941	22,447,858
Purchase of treasury shares	-	-	(2,969,991)	-	-	-	-	-	-	-	(2,969,991)	-	(2,969,991)
Sale of treasury shares	-	-	61,623	5,397	-	-	-	-	-	-	67,020	-	67,020
Dividends (note 20)	-	-	-	-	-	-	-	-	-	(19,181,577)	(19,181,577)	-	(19,181,577)
As at 30 April 2013	48,510,000	2,400,000	(3,858,340)	998,971	24,255,000	24,255,000	(181,744)	5,806,784	112,141,109	64,391,721	278,718,501	1,464,716	280,183,217

Cumulative changes in fair values reserve consist of the following:

	2014 *KD*	*2013* *KD*
a) Unrealised gain relating to investments available-for-sale (Equate)	116,865,106	111,559,106
b) Unrealised gain relating to investments available-for-sale (others)	212,931	1,582,398
c) Foreign currency translation reserve	(424,040)	(67,976)
d) Share of cumulative changes in fair values in the equity of associates	(621,460)	(932,419)
	116,032,537	112,141,109

During the year, the unrealized profit on investments available-for-sale (others and Equate) includes an amount of KD 681,914 (2013: unrealized loss of KD 55,977) in respect of foreign currency movements.

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

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

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 April 2014

	Notes	2014 KD	2013 KD Restated*
OPERATING ACTIVITIES			
Profit for the year before taxation and Directors' fees		27,456,257	27,808,799
Profit (loss) for the year from discontinued operations		(182,467)	(180,775)
Profit for the year		27,273,790	27,628,024
Adjustments for:			
Finance cost		3,959,033	6,473,186
Depreciation	16	871,489	1,035,776
Employees' end of service benefits		34,129	18,020
Realised gain on partial sale of investments available-for-sale (Equate)	4,12	-	(4,488,931)
Realised gain on sale of investments available-for-sale (others)	4	(2,495,392)	(1,413,620)
Impairment of investments available-for-sale (others)	13	6,845,840	6,027,767
Share of result of associates	14	(1,435,537)	(1,323,074)
		35,053,352	33,957,148
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		1,228,777	(3,126,919)
Inventories		(227,060)	(1,072,385)
Accounts payable and accruals		(2,772,006)	2,703,667
Taxation paid		(268,048)	(1,095,801)
Net cash flows from operating activities		33,015,015	31,365,710
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	16	(2,311,718)	(958,018)
Proceeds from sale of property, plant and equipment	16	16,923	15,180
Additions to investments available-for-sale (others)		(110,803)	(2,139,345)
Sale of subsidiary, net of cash disposal	6	1,476,774	-
Dividend received from associates	14	2,083,249	-
Acquisition/ addition of associates	14	(668,661)	(9,098,920)
Proceeds from sale of investments available-for-sale (Equate)	12	-	5,061,600
Proceeds from sale of investments available-for-sale (others)		10,466,828	10,485,293
Net cash flows from investing activities		10,952,592	3,365,790
FINANCING ACTIVITIES			
Dividends paid		(21,462,987)	(19,016,385)
Net movement in term loans		2,968,921	(9,634,309)
Net movement in islamic financing payables		(25,327,764)	(10,742,348)
Movement in exchange of deposits		4,773,188	
Finance cost paid		(4,029,524)	(6,696,215)
Purchase of treasury shares		(818,246)	(2,969,991)
Proceed from sale of treasury shares		-	67,020
Net cash flows used in financing activities		(43,896,412)	(48,992,228)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		71,195	(14,260,728)
Cash and cash equivalents at 1 May		21,052,346	35,469,950
Foreign exchange gain		(48,167)	(156,876)
CASH AND CASH EQUIVALENTS AS AT 30 APRIL	8	21,075,374	21,052,346

* Certain amounts shown here do not correspond to the consolidated financial statements as at 30 April 2013 and reflect adjustments made due to the discontinued operations (Note 6).

1 CORPORATE INFORMATION

The consolidated financial statements of Boubyan Petrochemical Company K.S.C.P. (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30April 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 12 May 2014 and are subject to the approval of the Annual General Assembly of the shareholders of the Parent Company. The Annual General Assembly of the shareholders has the power to amend the consolidated financial statements after issuance.

The Parent Company is a Kuwaiti Public Shareholding Company incorporated in the State of Kuwait on 12 February 1995 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The Parent Company is listed on the Kuwait Stock Exchange. The Parent Company's registered office is at Al Khaleejia Building, 5th and 6th Floor, P.O. Box 2383, 13024 Safat, Kuwait.

The principal objectives of the Parent Company include the following:

- To manufacture all kinds of petrochemical material and their derivatives.
- To sell, purchase, supply, distribute, export and store such materials and to participate in related activities including establishing and leasing the required services inside or outside Kuwait either as a principal or as an agent.
- Participating in, acquiring or taking over companies of similar activities or those that would facilitate in achieving the Parent Company's objectives inside or outside Kuwait.
- Investing the surplus funds in investment portfolios.

The Parent Company's primary investment to date is in 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 in the State of Kuwait to build and operate petrochemical plants in the Shuaiba Industrial Area of the State of Kuwait.

The percentage ownership of Equate and TKOC's share capital as at 30 April is as follows:

	2014	2013
Petrochemical Industries Company K.S.C.	42.5%	42.5%
Dow Chemical Company	42.5%	42.5%
Boubyan Petrochemical Company K.S.C.P.	9%	9%
Qurain Petrochemical Company K.S.C.P.	6%	6%

The new Companies Law issued on 26 November 2012 by Decree Law no. 25 of 2012 (the "Companies Law"), cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no. 97 of 2013 (the Decree). The Executive Regulations of the new amended law issued on 29 September 2013 and was published in the official Gazette on 6 October 2013. As per article three of the Executive Regulations, companies have one year from the date of publishing the Executive Regulations to comply with the new amended law.

2 SIGNIFICANT ACCONTING POLICIES

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and applicable requirements of Ministerial Order No. 18 of 1990.

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of investments at fair value through consolidated statement of comprehensive income, derivative financial instruments and investments available-for-sale.

The consolidated financial statements have been presented in Kuwaiti Dinars which is also the Parent Company's functional currency.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosures
The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the adoption of the following amended IASB Standards during the year:

IAS 1: Financial Statement Presentation – Presentation of Items of Other Comprehensive Income (OCI)
The amendments to IAS 1 change the grouping of items presented in other comprehensive income ('OCI'). Items that could be reclassified to statement of income at a future point in time would be presented separately from items that will never be reclassified. The amendment affects presentation only and therefore has no impact on the Group's financial position or performance.

IFRS 7: Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendment's to IFRS 7)
These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g, collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments do not impact the Group's financial position or performance.

IFRS 10: Consolidated Financial Statements
IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 require management to exercise significant judgement to determine which entities are controlled and therefore, are required to be consolidated by the Group, compared with the requirements that were in IAS 27. The Group, regardless of the nature of its involvement with an entity, shall determine whether it is a Parent by assessing whether it controls the entity. The Group controls an investee when it 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. Once control is established, the standard requires the Group to start consolidating the investee from the date the investor obtains control of the investee and cease consolidation when the investor loses control of the investee. The adoption of this standard has not resulted in any impact on the financial position or performance of the Group.

IFRS 12 Disclosure of Interests with Other Entities
IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries, for example, where a subsidiary is controlled with less than a majority of voting rights. While the Group has subsidiaries with material non-controlling interests, there are no unconsolidated structured entities. The adoption of this standard has not resulted in any impact on the financial position or performance of the Group.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Group re-assessed its policies for measuring fair values. IFRS 13 also requires additional disclosures.

Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 28.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments did not have a material impact the Group's financial position or performance.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective
The following new and amended IASB Standards have been issued but not yet effective, upto the date of issuance of the Group financial statements as discussed below. The Group intends to adopt these standards, if applicable, when they become effective:

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

Additional disclosures will be made in the consolidated financial statements when these standards become effective. The Group, however expects no material impact from the adoption of the amendments on its financial position or performance.

Summary of significant accounting policies

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 30 April 2014. 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; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in OCI from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences, recorded in equity;
- Derecognises the other reserve balance, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the consolidated statement of income;
- Reclassifies the Parent Company's share of components previously recognised in other comprehensive income to consolidated statement of income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)
Basis of consolidation (continued)

The consolidated financial statements include the following subsidiaries:

Name of company	*Principal activity*	*Country of incorporation*	*Legal ownership at 30 April* 2014	2013
Boubyan Plastic Industries Company K.S.C. (Closed) ["BPIC"]	Manufacturing and trading of packaging material	Kuwait	99%	99%
National Waste Management Company K.S.C. (Closed) ["NWMC"]	Recycling of house waste	Kuwait	-	50%
*Muna Noor Manufacturing and Trading Co. L.L.C. ("MNMT")	Manufacturing and trading of plastic pipes	Sultanate of Oman	100%	100%
Olayan Arabian Packaging Company L.L.C. ("Olayan")	Manufacturing and trading of packaging material	Kingdom of Saudi Arabia	60%	60%
*Muna Noor Plastic Industries L.L.C. ("MNPI")	Manufacturing and trading of plastic pipes	Sultanate of Oman	100%	100%

*20% is held through BPIC

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, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and financial 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 the consolidated statement of income. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either consolidated statement of income or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)
Business combinations and goodwill (continued)

Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

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 re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of income.

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 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 and part of the operation within that unit is disposed of, 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.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Interest income
Interest income is recognised on a time proportion basis, using the benefit interest rate method.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Taxation
Zakat
Contribution to Zakat is calculated at 1% of the profit of the Parent Company in accordance with the Ministry of Finance resolution No. 58/2007.

Kuwait Foundation for the Advancement of Sciences (KFAS)
The Parent Company calculates the contribution to KFAS at 1% in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that the income from associates and subsidiaries, Directors' fees and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

National Labour Support Tax (NLST)
The Parent Company calculates the NLST in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the period. As per law, income from associates and subsidiaries and cash dividends from listed companies which are subjected to NLST have been deducted from the profit for the year.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)
Taxation (continued)

Taxation on overseas subsidiaries
Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate. Income tax payable on taxable profit is recognised as an expense in the period in which the profits arise in accordance with the fiscal regulations of the respective countries in which the Group operates. Deferred tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses, tithe 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.

Financial assets
Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as investments at fair value through income statement, investments available-for-sale, investments held to maturity, loans and receivables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through income statement.

All regular way purchases and sales of financial assets are recognised on the settlement date, i.e. the date the asset is received from or delivered to the counterparty. Changes in fair value between the trade date and settlement date are recognised in the consolidated statement of income or in consolidated statement of comprehensive income through cumulative changes in fair values in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

The Group's financial assets includes "bank balances and short term deposits", "accounts receivable", "investments carried at fair value through income statement", "investments available-for-sale" and "exchange of deposits".

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Investments carried at fair value through income statement
Investments at fair value through income statement includes, investments held for trading and investments designated upon initial recognition at fair value through income statement. Investments are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Investments carried at fair value through income statement are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of income.

Investments designated upon initial recognition at fair value through income statement are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied.

The Group evaluates its investments held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these investments due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these investments. The reclassification to loans and receivables, investments available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any investments designated at fair value through income statement using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)
Financial assets (continued)

Subsequent measurement (continued)

Investments carried at fair value through income statement (continued)
Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though income statement. These embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Investments available-for-sale
Investments available-for-sale include equity securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through income statement. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, investments available-for-sale are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income until the investment is derecognised, at which time the cumulative gain or loss is recognised in the consolidated statement of income, or determined to be impaired, at which time the cumulative loss is reclassified to the consolidated statement of income. Investments available-for-sale whose fair value cannot be reliably measured are carried at cost less impairment losses, if any. Interest earned whilst holding investments available-for-sale is reported as interest income using the effective interest rate method.

The Group evaluates whether the ability and intention to sell its investments available-for-sale in the near term is still appropriate. When the Group is unable to trade these investments due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these investments in rare circumstances. Reclassification to loans and receivables is permitted when the investments meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to consolidated statement of income over the remaining life of the investment using the effective interest rate method. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of income.

Accounts receivables
Accounts receivables are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Exchange of deposits
The Parent Company enters into exchange of deposits agreements with financial institutions. These transactions are accounted as exchange of deposits and recorded in the consolidated statement of financial position on a net basis as a legal right to set off exists. Share of profit or loss is imputed on these amounts and amortised to the consolidated statement of comprehensive income on an effective yield basis.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)
Financial assets (continued)

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- 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, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. 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.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrowers or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Investments available-for-sale
For investments available-for-sale, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of comprehensive income is removed from other comprehensive income and recognised in the consolidated statement of income for the year.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)
Financial assets (continued)

Impairment of financial assets (continued)

Investments available-for-sale (continued)
Impairment losses on equity investments are not reversed through the consolidated statement of income; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as investments carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of income for the year.

Investments carried at amortised cost
For investments carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the investments original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded in the consolidated statement of income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other income in consolidated statement of income.

Financial liabilities
Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through income statement, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)
Financial liabilities (continued)

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Term loans
Term loans are carried at their principal amounts. Interest is charged as an expense as it accrues, with unpaid amounts included in 'accounts payable and accruals'.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Islamic finance payables
Islamic finance payables are classified as Murabaha payables and Tawarruq payables.

Murabaha payables
Murabaha payables represent amounts payable on a deferred settlement basis for assets purchased under murabaha arrangements. Murabaha payables are stated at the gross amount of the payable, net of deferred profit payable. Profit payable is expensed on a time apportioned basis taking account of the profit rate attributable and the balance outstanding. Murabaha payables are classified as "financial liabilities."

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

Derecognition of financial liabilities
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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

Fair value
The Group measures financial instruments, such as, financial assets available-for-sale, 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 to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)
Financial liabilities (continued)

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

All assets for which fair value is measured or disclosed in the financial statements are categorized 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 that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

For the purpose of consolidated statement of cash flows, cash and cash equivalent consist of bank balances and short term deposits as defined above, net of outstanding bank overdraft.

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

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, as follows:

Raw materials – purchase cost on a weighted average basis.
Work in progress and finished goods – cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

Investment in associates
An associate is one over which the Group has significant influence but not control over its operations, generally accompanying, directly or indirectly, a shareholding of between 20% and 50% of the equity share capital and are accounted for by the equity method.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Investment in associates (continued)
The Group recognises in the consolidated statement of income its share of the total recognised profit or loss of the associate from the date that influence or ownership effectively commenced until the date that it effectively ceases. Distributions received from an associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate arising from changes in the associate's other comprehensive income that have not been recognised in the associate's consolidated statement of income. The Group's share of those changes is recognised directly in the consolidated statement of comprehensive income.

The financial statements of the associate are prepared for the same reporting period as the Group. Where 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 additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining 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 retaining investment and proceeds from disposal is recognised in consolidated statement of income.

If an investor's share of losses of an associate equals or exceeds its "interest in the associate", the investor discontinues recognising its share of further losses. The "interest in an associate" is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate. After the investor's interest is reduced to zero, additional losses are recognised by a provision (liability) only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Property, plant and equipment
Property, plant and equipment is stated at cost (except for land, buildings and plant and equipment which are subsequently revalued to its market value using independent valuation) less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line over useful lives of assets as follows:

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

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

Capital work in progress is stated at cost. Following completion, capital work in progress is transferred into the relevant classification of property, plant and equipment.

When an asset is revalued, any increase in the carrying amount arising on revaluation is credited directly to consolidated statement of comprehensive income, except to the extent that a revaluation increase merely restores the carrying value of an asset to its original cost, whereby it is recognised as other comprehensive income. A decrease resulting from a revaluation is initially charged directly against any related revaluation surplus held in respect of that same asset, the remaining portion being charged as an expense. On disposal the related revaluation surplus is credited directly to retained earnings.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)
Property, plant and equipment (continued)
Valuations are performed periodically to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

An annual transfer from the assets revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

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.

End of service indemnity
The Company provides end of service benefits to its expatriate employees as per the Kuwait Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Company makes contributions to Public Authority for Social Security calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Foreign currencies
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are recorded in Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to Kuwaiti Dinars at rates of exchange prevailing on that date. Any resultant gains or losses are recognised in the consolidated statement of income for the year.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Kuwaiti Dinars at the foreign exchange rates ruling at the dates that the fair values were determined. In case of non monetary assets and liabilities whose change in fair values are recognised directly in other comprehensive income, foreign exchange differences are recognised directly in other comprehensive income and for non monetary assets and liabilities whose change in fair value are recognised in the consolidated statements of income for the year, foreign exchange differences are recognised in the consolidated statement of income for the year.

Assets (including goodwill) and liabilities, both monetary and non monetary, of foreign entities are translated at the exchange rates prevailing at the reporting date. Operating results of such entities are translated at average rates of exchange for the entities period of operations. The resulting exchange differences are taken to other comprehensive income and are accumulated in a separate section of the shareholder's equity ("foreign currency translation reserve") until the disposal of the respective entities.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

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) fair value less costs to sell and its value in use and 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. Where 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 to sell, recent market transactions are taken into account, if available. 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 subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of income in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Provisions
General
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. Where 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 any provision is presented in the consolidated statement of income net of any reimbursement.

Contingent liabilities recognised in a business combination
A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of; the amount that would be recognised in accordance with the general guidance for provisions above in accordance with 'IAS 37: Provisions, Contingent Liabilities and Contingent Assets', or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition in accordance with 'IAS 18: Revenue'.

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

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

Dividendsonordinary shares
Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Parent Company's shareholders.

Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

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.

Significant accounting judgments and estimates
The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Group has used judgment and estimates principally in, but not limited to, the determination of impairment provisions and valuation of unquoted investments.

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

Classification of investments
The Group decides on acquisition of investments whether they should be classified as investments carried at fair value through income statement, held to maturity investments or investments available-for-sale.

The management classifies investments carried at fair value through income statement if they are acquired primarily for the purpose of short term profit making and the fair value of those investments can be reliably determined.

Classification of investments carried at fair value through income statement depends on how management monitor the performance of these investments when they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of statement of income in the management accounts, they are classified at fair value through statement of income.

The management classifies investments as held to maturity if they are non-derivative financial assets which carry fixed or determinable payments and fixed maturities and which the management has the positive intention and ability to hold to maturity. All other financial assets are classified as available-for-sale.

Impairment of investments
The Group treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment.

Discontinued operations
The Group classifies non-current assets and disposal groups as held for sale or for distribution to equity holders of the Parent Company if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale or as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding the finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution with be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification. Similar considerations apply to assets or a disposal group held for sale.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale or as held for distribution. Assets and liabilities classified as held for sale or for distribution are presented separately as current items in the statement of financial position.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates (continued)

A disposal group qualifies as discontinued operation if it is:

- A component of the Group that is a CGU or a group of CGUs
- Classified as held for sale or distribution or already disposed in such a way, or
- A major line of business or major geographical area

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of income. Additional disclosures are provided in Note 6. All other notes to the financial statements mainly includeamounts for continuing operations, unless otherwise mentioned.

Estimation uncertainty 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 discussed below:

Impairment of accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of property, plant and equipment
The management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of investment in associates
After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.

Valuation of unquoted financial assets
Where the fair value of financial assets recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The determination of the cash flows and discount factors for unquoted equity financial assets requires significant estimation.

3 DIVIDEND INCOME

Dividend income for the year include dividends received from Equate and TKOC amounting to KD 19,510,487 (2013: KD 14,774,189) and KD 11,134,836 (2013: KD 11,831,762) respectively.

4 INVESTMENT INCOME

	2014 *KD*	*2013* *KD*
Realised gain on sale of investments available-for-sale (others)	**2,495,392**	1,413,620
Realised gain on sale of investments available-for-sale (Equate) [note 12]	**-**	4,488,931
Other investments related income	**-**	979,535
	2,495,392	6,882,086

5 TAXATION

	2014 *KD*	*2013* *KD*
Contribution to NLST	**688,492**	657,009
Contribution to KFAS	**275,853**	267,249
Taxation arising from overseas subsidiary	**162,963**	259,012
	1,127,308	1,183,270

6 DISCONTINUED OPERATIONS

On 9 February 2014, the Group sold its entire investment (50%) in its subsidiary, National Waste Management Company (NWMC), for a cash consideration of KD 1,500,000.

In accordance with IFRS 5, the disposal of NWMC is classified as a discontinued operation. The results of NWMC as of the date of disposal are presented below:

	2014 *KD*	*2013* *KD*
Sales	**85,884**	82,967
Cost of sales	**(9,402)**	(10,721)
Gross profit	**76,482**	72,246
Other income	**24,068**	40,390
Unrealized gain (loss) on financial assets carried at fair value through statement of income	**285**	(255)
Operating income	**100,835**	112,381
General and administrative expenses	**(173,882)**	(175,274)
Depreciation and impairment	**(109,420)**	(117,882)
Loss for the year from a discontinued operation	**(182,467)**	(180,775)

6 DISCONTINUED OPERATIONS (continued)

	KD
Proceeds from disposal	1,500,000
Carrying value of investment in the books	(69,793)
Gain arising on disposal	1,430,207
Loss for the year	(182,467)
Total gain arising on disposal	**1,247,740**

As NWMC was sold prior to 30 April 2014, related assets and liabilities are not included in the consolidated statement of financial position as at 30 April 2014.

The net cash flows incurred by the NWMC are as follows:

	2014 *KD*	*2013* *KD*
Operating	**(72,596)**	(62,784)
Financing	**38,686**	60,000
Net cash outflow	**(33,910)**	(2,784)

Net cash inflow on disposal is as follows:

	KD
Cash consideration received	**1,500,000**
Cash disposed off with subsidiary	**(23,226)**
Net cash inflow	**1,476,774**

7 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the equity holders of the Parent Company by the weighted average number of shares outstanding during the year after adjusting for treasury shares as follows:

	2014 *KD*	*2013* *KD*
Profit from continuing operations	**25,984,092**	26,304,070
Profit (loss) from a discontinued operation	**1,338,973**	(90,260)
Profit for the year attributable to equity holders of the Parent Company	**27,323,065**	26,213,810
	Shares	*Shares*
Weighted average number of shares outstanding	**485,100,000**	485,100,000
Weighted average number of treasury shares	**(7,410,395)**	(5,718,778)
Weighted average number of outstanding shares	**477,689,605**	479,381,222
Basic and diluted earnings per share attributable to equity holders of the Parent Company	**57.20 fils**	54.68 fils
Basic and diluted earnings per share from continuing operations attributable to equity holders of the Parent Company	**54.40 fils**	54.87 fils

8 BANK BALANCES AND SHORT TERM DEPOSITS

	2014 *KD*	*2013* *KD*
Cash and bank balances	3,875,374	2,184,158
Murabaha deals and deposits	17,200,000	18,868,188
Bank balances and short term deposits	21,075,374	21,052,346

Murabaha deals and deposits carry profits at commercial rates and will mature within three months from the deposit date.

Included in cash and cash equivalents are balances denominated in foreign currencies amounting to KD 1,043,178 (2013: KD 2,835,813) mainly in US Dollars, Omani Riyals and Saudi Riyals.

9 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2014 *KD*	*2013* *KD*
Trade receivables	8,468,204	8,075,737
Accrued income	180,202	16,674
Other receivables	1,312,366	2,773,972
	9,960,772	10,866,383

Trade receivables are non-interest bearing and are generally 0 to 60 days terms.

As at 30 April, the analysis of trade receivables that were not impaired is as follows:

	Neither past due nor impaired	*Past due but not impaired*				
		< 30 days	*30 to 60 days*	*60 to 90 days*	*> 90 days*	*Total*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*
2014	1,747,216	37,838	3,032,553	2,042,626	1,607,971	8,468,204
2013	1,869,505	17,856	2,838,236	2,202,344	1,147,796	8,075,737

Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables.

10 INVENTORIES

	2014 *KD*	*2013* *KD*
Raw materials	4,066,106	3,882,941
Work in progress	165,354	188,163
Finished goods	1,131,613	518,375
Goods in transit	277,658	824,192
	5,640,731	5,413,671

11 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	2014 *KD*	*2013* *KD*
Investments designated at fair value through income statement		
Unquoted investments (TKOC)	**100,998,029**	100,998,029

Unquoted investments
Fair value of the unquoted investment has been estimated using a weighted average of two valuation models: dividend discount model and free cash flow model. The valuation requires management to make certain assumptions about the models inputs, including forecast cash flows, the discount rate, 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 fair value for these unquoted equity investments. As a result of this exercise, an unrealised gain of KD Nil (2013: KD Nil) was recognised in the consolidated statement of income for the year.

12 INVESTMENTS AVAILABLE-FOR-SALE (EQUATE)

The fair value of the 9% equity interest in Equate Petrochemicals Company K.S.C. (Closed) ("Equate") of KD 141,456,608 (2013: KD 136,150,608) has been estimated using a weighted average of two valuation models: dividend discount model and free cash flow model. The valuation requires management to make certain assumptions about the models inputs, including forecast cash flows, the discount rate, 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 fair value for these unquoted equity investments.

As a result of this exercise, an unrealised gain of KD 5,306,000 (2013: KD 1,003,000), after taking into account the foreign currency fluctuations, was recognised in the other comprehensive income.

During the year ended 30 April 2013, the Parent Company sold a portion of its shares in Equate for KD 5,061,600 and realised a gain of KD 4,488,931 in the consolidated statement of income. There was no such disposal in the current year.

13 INVESTMENTS AVAILABLE-FOR-SALE (OTHERS)

	2014 *KD*	*2013* *KD*
Quoted investments	**1,812,715**	3,960,328
Unquoted investments	**54,464,818**	68,113,483
	56,277,533	72,073,811

Management has performed a review of investments to assess whether impairment has occurred in the value of these investments. Based on specific information, management has recorded an impairment loss of KD 6,845,840 (2013: KD 6,027,767) in the consolidated statement of income for the year in respect of investments available-for-sale (others). Based on the latest available financial information, management is of the view that no further impairment is required as at 30 April 2014, in respect of these investments.

At 30 April 2014, certain unquoted investments available-for-sale amounting to KD 26,676,629 (2013: KD 27,078,187) are carried at cost due to no availability of reliable measures of their fair values.

Certain investments available-for-sale denominated in US Dollars and Pounds Sterling with a carrying value of KD 20,941,391(2013: KD 33,036,480) are designated as hedged items in fair value hedging relationships with amounts borrowed from banks as term loans (note 17).

14 INVESTMENT IN ASSOCIATES

The Parent Company has the following investment in associates:

	Country of incorporation	*Ownership*		*Principal activity*
		2014	*2013*	
Kuwaiti Qatari International Holding Company K.S.C. ("KQIHC")	Kuwait	**50%**	50%	To invest in stakes of different companies
Al-Kout Industrial Projects Company K.S.C P. ("Al-Kout") *	Kuwait	**24.76%**	24%	Involved in manufacturing activities
Boubyan International Industries Holding Company K.S.C.P. ("BIIHC")	Kuwait	**20%**	20%	To undertake industrial investments
Arabian Waterproofing Industries Company ("Awazel")	Saudi Arabia	**21%**	21%	Engaged in manufacture of waterproofing products and heat insulation materials
Al Borg Medical Laboratories ("Al-Borg")	Saudi Arabia	**20%**	20%	Engaged in medical laboratories and environmental and scientific tests

* During the current year Parent Company also acquired a 0.76% equity interest in Al-Kout during the year and this acquisition has been accounted for in accordance with the requirements of IAS 28: "Investment in associates".

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

	2014 *KD*	*2013* *KD*
As at 1 May	**33,250,428**	18,075,152
Additions	**668,661**	14,257,438
Share of results	**1,435,537**	1,323,074
Dividends received	**(2,083,249)**	-
Foreign currency translation reserve	**(174,972)**	173,243
Share of other comprehensive income (loss)	**310,960**	(578,479)
As at 30 April	**33,407,365**	33,250,428

The carrying value of each individual associate is as follows:

	2014 *KD*	*2013* *KD*
KQIHC	**1,914,127**	1,919,963
Al-Kout	**10,230,802**	9,408,800
BIIHC	**5,744,412**	6,761,452
Awazel	**9,570,857**	9,422,463
Al-Borg	**5,947,167**	5,737,750
	33,407,365	33,250,428

As at the reporting date, the management of the Parent Company has assessed the carrying value of the associates. Based on their assessment, the management believes that there is no objective evidence or circumstances that indicate any impairment in the value of the investments in associates. Therefore, no impairment is required to be recognised in respect of these associates in the consolidated statement of income for the year.

14 INVESTMENT IN ASSOCIATES (continued)

Summarised financial information of associates of the Group is as follows:

	Al-Kout Industrial Projects Company K.S.C.P. ("Al-Kout") KD	*Boubyan International Industries Holding Company K.S.C.P. ("BIIHC") KD*	*Arabian Waterproofing Industries Company ("Awazel") KD*	*Al Borg Medical Laboratories ("Al-Borg") KD*	*Kuwaiti Qatari International Holding Company K.S.C.("KQI HC") KD*	*Total 2014 KD*
Share of associates' statement of financial position:						
Assets	10,625,592	6,245,119	6,292,079	2,627,299	2,943,292	**28,733,381**
Liabilities	(1,995,268)	(500,707)	(593,019)	(805,828)	(1,029,165)	**(4,923,987)**
Equity	8,630,324	5,744,412	5,699,060	1,821,471	1,914,127	**23,809,394**
Share of associates' revenue and profit:						
Revenue	3,959,484	41,537	5,836,506	3,376,878	-	**13,214,405**
Profit/ (loss)	1,300,000	(1,328,000)	810,857	658,516	(5,836)	**1,435,537**

	Al-Kout Industrial Projects Company K.S.C.P. ("Al-Kout") KD	*Boubyan International Industries Holding Company K.S.C.P. ("BIIHC") KD*	*Arabian Waterproofing Industries Company ("Awazel") KD*	*Al Borg Medical Laboratories ("Al-Borg") KD*	*Kuwaiti Qatari International Holding Company K.S.C.("KQI HC") KD*	*Total 2013 KD*
Share of associates' statement of financial position:						
Assets	10,682,725	7,725,696	5,963,401	1,832,485	2,943,622	**29,147,929**
Liabilities	(2,680,348)	(964,246)	(276,621)	(357,421)	(1,023,659)	**(5,302,295)**
Equity	8,002,377	6,761,450	5,686,780	1,475,064	1,919,963	**23,845,634**
Share of associates' revenue and profit:						
Revenue	3,682,038	45,334	5,705,433	1,986,611	-	**11,419,416**
Profit/ (loss)	1,052,633	(550,000)	293,196	532,257	(5,012)	**1,323,074**

15 EXCHANGE OF DEPOSITS

The Parent Company had the following exchange of deposit agreement with a foreign bank which is settled during the year:

- Deposits of US Dollar equivalent to KD 9,038,903(2013: KD 9,107,646) and borrowings of Pounds Sterling, Euro and Japanese Yen equivalent to KD 3,821,854 (2013: KD 4,014,233) were settled during the year as per the agreed terms.

These transactions are presented as follows:

	2014 *KD*	*2013* *KD*
Deposits with banks	-	9,107,646
Due to banks	-	(4,014,233)
Shown in the consolidated statement of financial position	-	5,093,413

16 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land *KD*	*Buildings* *KD*	*Plant and equipment* *KD*	*Furniture and office equipment* *KD*	*Motor vehicles* *KD*	*Capital work in progress* *KD*	*Total* *KD*
Cost or valuation:							
As at 1 May 2013	2,600,000	8,016,415	13,721,222	1,049,733	362,566	4,852,593	30,602,529
Foreign currency translation	-	(14,983)	(99,362)	(804)	(2,537)	(53,514)	(171,200)
Additions	-	59,850	548,207	4,276	16,750	1,682,635	2,311,718
Disposals	(1,400,000)	(173,517)	(609,261)	-	(12,840)	-	(2,195,618)
As at 30 April 2014	**1,200,000**	**7,887,765**	**13,560,806**	**1,053,205**	**363,939**	**6,481,714**	**30,547,429**
Accumulated depreciation:							
As at 1 May 2013	-	2,540,621	6,645,731	580,411	298,567	3,187	10,068,517
Charge for the current year	-	143,064	705,692	5,156	6,999	10,578	871,489
Foreign currency translation	-	(1,312)	(6,472)	(47)	(64)	(97)	(7,992)
Relating to disposals	-	-	(6,621)	-	(10,301)	-	(16,922)
As at 30 April 2014	-	2,682,373	7,338,330	585,520	295,201	13,668	10,915,092
Net book value as at 30 April 2014	**1,200,000**	**5,205,392**	**6,222,476**	**467,685**	**68,738**	**6,468,046**	**19,632,337**

16 PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold Land KD	*Buildings KD*	*Plant and equipment KD*	*Furniture and office equipment KD*	*Motor vehicles KD*	*Capital work in progress KD*	*Total KD*
Cost or valuation							
As at 1 May 2012	2,600,000	7,921,715	13,515,596	1,002,659	341,254	4,001,985	29,383,209
Foreign currency translation	-	95,095	186,900	6,963	4,904	503	294,365
Additions	-	5,526	40,849	39,194	25,531	846,918	958,018
Disposals	-	-	(12,036)	-	(3,144)	-	(15,180)
As at 30 April 2013	2,600,000	8,022,336	13,731,309	1,048,816	368,545	4,849,406	30,620,412
Accumulated depreciation							
As at 1 May 2012	-	2,285,767	5,971,806	505,710	269,458	-	9,032,741
Depreciation	-	250,624	676,828	73,477	34,847	-	1,035,776
Foreign currency translation		4,327	11,687	1,268	601	-	17,883
As at 30 April 2013	-	2,540,718	6,660,321	580,455	304,906	-	10,086,400
Net book value as at 30 April 2013	2,600,000	5,481,618	7,070,988	468,361	63,639	4,849,406	20,534,012

The depreciation has been allocated to the cost of sales and general and administrative expenses as follows:

	2014 KD	*2013 KD*
Costs of sales	**783,884**	829,105
General and administrative expenses	**87,606**	206,671
	871,490	1,035,776

17 TERM LOANS

	2014 *KD*	*2013* *KD*
The loan is unsecured and denominated in KD which is repayable in 5 equal instalments starting from 31 March 2013 converted to Dollar with same term	**14,385,701**	19,200,000
The loan is unsecured and denominated in US Dollar which is repayable in November 2014	**14,930,100**	15,097,050
The loan is unsecured and denominated in KD which is repayable in October 2016	**10,000,000**	-
The loan is unsecured and denominated in Pound Sterling which is repayable in April 2015	**6,102,890**	-
The loan is unsecured and denominated in KD and has been settled during the year	**-**	10,000,000
The loan is unsecured and denominated in Omani Riyals which is repayable in 10 semi annual instalments starting from June 2013	**4,646,509**	4,353,394
The loan is unsecured and denominated in Saudi Riyals which is repayable in 16 equal quarterly instalments starting from April 2009	**748,650**	1,135,926
The loan is unsecured and denominated in Omani Riyals which is repayable in March 2015	**3,048,778**	572,526
Other revolving loans	**-**	449,282
	53,862,628	50,808,178

Other revolving loans are unsecured and are repayable within one year.

Loans denominated in foreign currencies are as follows:

	2014 *KD*	*2013* *KD*
Pound Sterling	**6,102,890**	-
Saudi Riyals	**748,650**	1,135,926
Omani Riyal	**7,695,287**	5,375,202
US Dollar	**35,203,331**	15,097,050
	49,750,158	21,608,178

All above mentioned term loans carry interest at commercial rates.

18 ISLAMIC FINANCING PAYABLES

	2014 *KD*	*2013* *KD*
Murabaha payables	**23,237,530**	34,704,730
Tawarruq payables	**14,000,000**	28,000,000
	37,237,530	62,704,730

Murabaha payables and tawarruq payables represent amount payable to local banks. The average cost rate attributable to murabaha payables and tawarruq payables is at commercial rates.

18 ISLAMIC FINANCING PAYABLES (continued)

Islamic financing payables denominated in foreign currencies are as follows:

	2014 *KD*	*2013* *KD*
US Dollar	**5,887,530**	15,704,730

The Pounds Sterling and US Dollar foreign currency borrowings had been designated as fair value hedging instruments to manage the exposure to fluctuations in foreign currency rates of certain investments available-for-sale (others) (note 13).

19 ACCOUNTS PAYABLE AND ACCRUALS

	2014 *KD*	*2013* *KD*
Accounts payable	**6,411,679**	5,095,976
Accrued charges on credit facilities	**347,928**	362,953
Provision for KFAS	**275,849**	267,249
Provision for NLST	**676,222**	655,853
Directors' fees	**75,000**	75,000
Other payables	**4,066,957**	8,168,610
	11,853,635	14,625,641

20 SHARE CAPITAL AND DIVIDENDS

Share capital
Authorised, issued and paid-up capital consists of 485,100,000 shares (2013: 485,100,000 shares) of 100 fils per share (2013: 100 fils per share).

Dividend
The Board of Directors of the Parent Company has proposed a cash dividend of 45 fils per share (2013: 45 fils per share) on outstanding shares (excluding treasury shares) amounting to KD 21,466,405 (2013: KD 21,511,202) and bonus shares at 5% (2013: Nil) of paid up share capital in respect of the year ended 30 April 2014, subject to being approved by the shareholders' Annual General Assembly, the dividend shall be payable to the shareholders registered in the Parent Company's records as of the date of the shareholders' Annual General Assembly meeting.

21 TREASURY SHARES

	2014	*2013*
Number of treasury shares	**8,068,783**	6,773,299
Percentage of issued shares	**1.66%**	1.40%
Market value in KD	**5,970,900**	4,334,911

Reserves equivalent to the cost of the treasury shares held are not available for distribution.

22 RESERVES

(a) Statutory reserve

In accordance with the Companies Law and Parent Company's articles of association, the Parent Company has resolved to discontinue the annual transfer of 10% of the profit for the year since the statutory reserve would exceed 50% of paid up share capital.

Distribution of the reserve up to the amount equivalent to 50% of paid up share capital is limited to the amount required to enable the payment of a dividend of up to 5% of paid up share capital in years when accumulated profits are not sufficient for the payment of a dividend of that amount.

(b) Voluntary reserve

In accordance with the Parent Company's articles of association, the Parent Company has resolved not to increase the voluntary reserve above the amount equal to 50% of its paid up share capital. Accordingly, no transfer has been made to the voluntary reserve during the year. There are no restrictions on the distribution of the voluntary reserve.

23 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturity profile of bank balances and short term deposits, exchange of deposits and term loans at the yearend is based on contractual repayment arrangements. The maturity profile for the remaining assets and liabilities is determined based on the management estimate of liquidation of those financial assets. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of assets and liabilities is as follows:

30 April 2014	*Within 3 months*	*3 to 12 months*	*1 to 5 years*	*Over five years*	*Total*
ASSETS	*KD*	*KD*	*KD*	*KD*	*KD*
Bank balances and short term deposits	21,075,374	-	-	-	**21,075,374**
Accounts receivable and prepayments	8,352,801	1,607,971	-	-	**9,960,772**
Inventories	5,640,731	-	-	-	**5,640,731**
Investments carried at fair value through income statement (designated)	-	100,998,029	-	-	**100,998,029**
Investments available-for-sale (Equate)	-	-	-	141,456,608	**141,456,608**
Investments available-for-sale (others)	-	1,812,715	54,464,818	-	**56,277,533**
Investment in associates	-	-	-	33,407,365	**33,407,365**
Property, plant and equipment	-	-	-	19,632,337	**19,632,337**
Goodwill	-	-	-	6,002,464	**6,002,464**
TOTAL ASSETS	**35,068,906**	**104,418,715**	**54,464,818**	**200,498,774**	**394,451,213**
LIABILITIES					
Term loans	2,806,942	27,521,541	23,534,145	-	**53,862,628**
Islamic financing payables	427,500	5,025,280	31,784,750	-	**37,237,530**
Accounts payable and accruals	10,726,327	1,127,308	-	-	**11,853,635**
Dividend payable	-	3,161,614	-	-	**3,161,614**
TOTAL LIABILITIES	**13,960,769**	**36,835,743**	**55,318,895**	-	**106,115,407**

23 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

30 April 2013 ASSETS	*Within 3 months KD*	*3 to 12 months KD*	*1 to 5 years KD*	*Over five years KD*	*Total KD*
Bank balances and short term deposits	21,052,346	-	-	-	21,052,346
Accounts receivable and prepayments	9,718,587	1,147,796	-	-	10,866,383
Inventories	5,413,671	-	-	-	5,413,671
Investments carried at fair value through income statement (designated)	-	100,998,029	-	-	100,998,029
Investments available-for-sale (Equate)	-	-	-	136,150,608	136,150,608
Investments available-for-sale (others)	-	-	72,073,811	-	72,073,811
Investment in associates	-	-	-	33,250,428	33,250,428
Exchange of deposits	-	5,093,413	-	-	5,093,413
Property, plant and equipment	-	-	-	20,534,012	20,534,012
Goodwill	-	-	-	6,002,464	6,002,464
TOTAL ASSETS	36,184,604	107,239,238	72,073,811	195,937,512	411,435,165
LIABILITIES					
Term loans	2,051,148	5,137,748	43,619,282	-	50,808,178
Islamic financing payables	450,000	8,453,365	53,801,365	-	62,704,730
Accounts payable and accruals	9,136,884	5,488,757	-	-	14,625,641
Dividend payable	-	3,113,399	-	-	3,113,399
TOTAL LIABILITIES	11,638,032	22,193,269	97,420,647	-	131,251,948

24 SEGMENTAL INFORMATION

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment.

For management purposes, the Group is organised into two major business segments. The Group does not have material inter-segment transactions. The principal activities and services under these segments are as follows:

Energy and Petrochemicals	:	Direct investment stakes in this sector comprising of basic materials (Equate, TKOC, Banagas and others), manufacturing activities of subsidiaries : Muna Noor Manufacturing & Trading Co. L.L.C., Oman, Olayan Packaging Co. L.L.C., Boubyan Plastics Industries Co. K.S.C. (Closed) and Energy (Power distribution and District cooling)
Others	:	Investing directly and through portfolios into shipping, services, funds etc.

24 SEGMENTAL INFORMATION (continued)

Year ended 30 April 2014	Energy and Petrochemical Sector			Others	Total
	Basic materials	*Manufacturing*	*Energy*		
	KD	*KD*	*KD*	*KD*	*KD*
Revenue					
Dividend income	32,100,751	149,177	-	-	**32,249,928**
Investment income	-	-	-	2,495,392	**2,495,392**
Share of results of associates	1,300,000	810,857	-	(675,320)	**1,435,537**
Sales	-	30,669,422	-	-	**30,669,422**
Total revenue	33,400,751	31,629,456	-	1,820,072	**66,850,279**
Result					
Segment profit	33,400,751	5,273,361	-	1,820,072	**40,494,184**
Other income	-	300,490	-	900,700	**1,201,190**
Profit from a discontinued operation	-	-	-	1,247,740	**1,247,740**
General and administrative expenses	(1,132,794)	(2,349,617)	-	-	**(3,482,411)**
Finance costs	(3,882,382)	(76,651)	-	-	**(3,959,033)**
Impairment loss on investments available-for-sale (others)	-	(696,345)	(2,010,720)	(4,138,775)	**(6,845,840)**
Foreign exchange (loss) gain	-	(490)	-	48,657	**48,167**
Profit (loss) before KFAS, zakat & NLST	28,385,575	2,450,748	(2,010,720)	(121,606)	**28,703,997**
Taxation	(964,345)	(162,963)	-	-	**(1,127,308)**
Directors' fee	(75,000)	-	-	-	**(75,000)**
Profit (loss) for the year	**27,346,230**	**2,287,785**	**(2,010,720)**	**(121,606)**	**27,501,689**
Total assets	**279,531,233**	**67,831,918**	**7,593,497**	**39,494,565**	**394,451,213**
Total assets - sector wise	**71%**	**17%**	**2%**	**10%**	**100%**

24 SEGMENTAL INFORMATION (continued)

Year ended 30 April 2013	Energy and Petrochemical Sector			Others	*Total*
	Basic materials	*Manufacturing*	*Energy*		
	KD	*KD*	*KD*	*KD*	*KD*
Revenue					
Dividend income	28,410,669	1,682,860	153,993	-	30,247,522
Investment income	4,488,931	-	-	2,393,155	6,882,086
Share of results of associates	1,606,136	-	-	(283,062)	1,323,074
Sales	-	27,237,283	-	-	27,237,283
Total revenue	34,505,736	28,920,143	153,993	2,110,093	65,689,965
Result					
Segment profit	34,505,736	6,724,938	153,993	2,110,093	43,494,760
Other income	278,165	160,405	-	-	438,570
Profit from a discontinued operation	-	-	-	(180,775)	(180,775)
General and administrative expenses	(1,597,822)	(2,182,632)	-	-	(3,780,454)
Finance costs	(6,317,093)	(156,093)	-	-	(6,473,186)
Impairment loss on investments available-for-sale (others)	(550,819)	-	(981,229)	(4,495,719)	(6,027,767)
Foreign exchange gain (loss)	166,382	(9,506)	-	-	156,876
Profit (loss) before KFAS, zakat and NLST	26,484,549	4,537,112	(827,236)	(2,566,401)	27,628,024
Taxation	(920,247)	(263,023)	-	-	(1,183,270)
Directors' fee	(75,000)	-	-	-	(75,000)
Profit (loss) for the year	25,489,302	4,274,089	(827,236)	(2,566,401)	26,369,754
Total assets	285,336,765	63,340,950	9,168,126	53,589,324	411,435,165
Total assets - sector wise	69%	16%	2%	13%	100%

25 GENERAL AND ADMINISTRATIVE EXPENSES

	2014 *KD*	*2013* *KD*
Staff cost	**1,834,129**	1,355,148
Fair value loss on interest rate swaps	**-**	12,799
Depreciation (note 16)	**87,606**	88,789
Other administrative expenses	**1,560,676**	2,323,718
	3,482,411	3,780,454

26 RELATED PARTY TRANSACTIONS

These represent transactions with related parties i.e. associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Transactions with related parties included in the consolidated financial statements are as follows:

	Associates *KD*	*Other related parties* *KD*	***2014*** ***KD***	*2013* *KD*
Sales	-	1,064,289	**1,064,289**	1,067,004
Purchases	-	621,321	**621,321**	835,079
Other income	55,594	-	**55,594**	-
Acquisition of an associate (note 14)	668,661	-	**668,661**	3,700,000

Compensation of key management personnel
The remuneration of key management personnel during the year was as follows:

	2014 ***KD***	*2013* *KD*
Short-term benefits	**335,600**	387,000
Employees' end of service benefits	**11,654**	12,634
	347,254	399,634

Directors' fees of KD 75,000 for the year ended 30 April 2014 is subject to approval by the Annual General Meeting of the shareholders of the Parent Company. The Directors' fees of KD 75,000 (2013: KD 75,000) for the year ended 30 April 2013 was approved by the Annual General Meeting of the shareholders held on 12 June 2013.

27 RISK MANAGEMENT

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group's principal financial liabilities comprise term loans and accounts payables and accruals. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds investments available-for-sale and investments carried at fair value through income statement.

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 interest rate risk, liquidity risk, foreign currency risk and credit risk. It is also subject to operating risks. The independent risk control process does not include business risks such as changes in the environment technology and industry. They are monitored through the Group's strategic planning process.

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

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

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

27 RISK MANAGEMENT (continued)

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk on its interest bearing assets and liabilities (mainly cash and cash equivalents, term loans and islamic financing payables). The Group negotiates interest rates and obtains commercial rates for term loans.

The sensitivity of the consolidated statement of income for the year is the effect of the assumed changes in interest rates on the Group's profit before taxation and directors' fees based on floating rate financial assets and financial liabilities held at 30 April 2014 and 2013. There is no impact on equity.

The following table demonstrates the sensitivity of the consolidated statement of income for the year to reasonably possible changes in interest rates, with all other variables held constant:

	Increase in basis points	*Effect on consolidated statement of income before taxation and directors' fees for the year KD*
2014		
KD	**+25**	**227,750**
2013		
KD	+25	283,782

The decrease will have an opposite effect on consolidated statement of income for the year.

Credit risk
Credit risk is the risk that a counter party to a financial instrument will fail to discharge its obligation and cause the Group to incur a financial loss.

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

One of the subsidiaries of the Parent Company sells its products mainly to Equate, a related party and its balances accounted for 29% of outstanding accounts receivable at 30 April 2014 (2013: 52%).

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 Group's gross maximum exposure to credit risk, before taking into account any collateral held or credit enhancements, can be analysed by the geographical regions as follows:

	Kuwait KD	***GCC and the rest of the Middle East KD***	***Total KD***
As at 30 April 2014			
Bank balances and short term deposits	18,595,000	2,480,374	**21,075,374**
Accounts receivable and prepayments	843,617	9,117,155	**9,960,772**
Maximum exposure to credit risk assets	**19,438,617**	**11,597,529**	**31,036,146**

27 RISK MANAGEMENT (continued)

Credit risk (continued)

Risk concentration of maximum exposure to credit risk (continued)

	Kuwait *KD*	*GCC and the rest of the Middle East* *KD*	*International* *KD*	*Total* *KD*
As at 30 April 2013				
Bank balances and short term deposits	19,320,721	1,731,625	-	21,052,346
Accounts receivable and prepayments	635,409	10,230,974	-	10,866,383
Exchange of deposits	-	-	5,093,413	5,093,413
Maximum exposure to credit risk assets	19,956,130	11,962,599	5,093,413	37,012,142

The Group's gross maximum exposure to credit risk can be analysed by the following industry sectors as:

	2014 ***KD***	*2013* *KD*
Manufacturing	**9,960,772**	10,866,383
Banks	**21,075,374**	26,145,759
	31,036,146	37,012,142

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group limits its liquidity risks by ensuring bank facilities are available. The Group's terms of sales require amounts to be paid within 60 days of the date of sale. Trade payables are normally settled within 90 days of the date of purchase.

The table below summarises the maturity profile of the Group's liabilities based on undiscounted contractual repayment obligations.

30 April 2014	***Within 3 months*** ***KD***	***3 to 12 months*** ***KD***	***1 to 5 years*** ***KD***	***Total*** ***KD***
Accounts payable and accruals	10,726,327	1,127,308	-	**11,853,635**
Dividend payable	-	3,161,614	-	**3,161,614**
Term loans	3,190,279	28,671,551	24,702,713	**56,564,543**
Islamic financing payables	680,141	5,783,201	33,396,762	**39,860,104**
Total liabilities	**14,596,747**	**38,743,674**	**58,099,475**	**111,439,896**

30 April 2013	*Within 3 months* *KD*	*3 to 12 months* *KD*	*1 to 5 years* *KD*	*Total* *KD*
Accounts payable and accruals	9,136,885	5,488,756	-	14,625,641
Dividend payable	-	3,113,399	-	3,113,399
Term loans	2,599,609	6,384,190	47,332,235	56,316,034
Islamic financing payables	1,125,864	10,480,958	57,751,063	69,357,885
Total liabilities	12,862,358	25,467,303	105,083,298	143,412,959

27 RISK MANAGEMENT (continued)

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

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

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

	Change in currency rates by 5%			
	Effect on consolidated statement of income before taxation and directors' fees		*Effect on other comprehensive income*	
	2014	*2013*	***2014***	*2013*
	KD	*KD*	***KD***	*KD*
USD	**(1,278,435)**	(111,256)	**-**	-
Euro	**-**	-	**-**	96,828
GBP	**-**	-	**260,194**	415,753

Equity price risk
Equity price risk arises from the change in fair values of equity investments. The Group manages this risk through diversification of investments in various industrial sectors.

The effect on consolidated statement of income and other comprehensive income (as a result of a change in the fair value of investments carried at fair value through income statement and investments available-for-sale at 30 April) due to a reasonably possible change in market indices, with all other variables held constant is as follows:

	Change in equity price	*Effect on consolidated statement of income for the year before taxation and directors' fees*		*Effect on other comprehensive income*	
	%	***2014***	*2013*	***2014***	*2013*
		KD	*KD*	***KD***	*KD*
Investments available for sale (others)	**+20**	**-**	-	**362,210**	792,066
Investments available for sale (others)	**-20**	**(274,848)**	(574,493)	**(87,362)**	(217,573)
Total		**(274,848)**	(574,493)	**274,848**	574,493

The decrease in equity price percentage will have the opposite effect on other comprehensive income and consolidated statement of income for the year. If there is subsequent decline in the fair value of the investments available-for-sale (others), the decline in fair value will be taken to the consolidated statement of income for the year.

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

27 RISK MANAGEMENT (continued)

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 shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 30 April 2014 and 30 April 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, term loans, dividend payables and account payable and accruals less cash and cash equivalents and exchange of deposits. Total capital represents equity attributable to the equity holders of the Parent Company.

	2014 *KD*	*2013* *KD*
Term loans	**53,862,628**	50,808,178
Islamic financing payables	**37,237,530**	62,704,730
Accounts payable and accruals	**11,853,635**	14,625,641
Dividend payable	**3,161,614**	3,113,399
Less: exchange of deposits	**-**	(5,093,413)
Less: cash and cash equivalents	**(21,075,374)**	(21,052,346)
Net debt	**85,040,033**	105,106,189
Equity attributable to equity holders of the Parent Company	**286,903,546**	278,718,501
Gearing (debt to equity) ratio	**30%**	38%

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial instruments, with the exception of certain investments available-for-sale carried at cost (see note 13) are not materially different from their carrying values.

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

28 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

2014	*Level: 1* *KD*	*Level: 3* *KD*	*Total fair value* *KD*
Financial assets			
Investments available-for-sale (others)			
Quoted investments	**1,812,715**	**-**	**1,812,715**
Unquoted investments	**-**	**27,788,189**	**27,788,189**
	1,812,715	**27,788,189**	**29,600,904**
Investments available-for-sale (Equate)			
Unquoted investments	**-**	**141,456,608**	**141,456,608**
Investments carried at fair value through income statement			
Unquoted investments	**-**	**100,998,029**	**100,998,029**

2013	*Level: 1* *KD*	*Level: 3* *KD*	*Total fair value* *KD*
Financial assets			
Investments available-for-sale (others)			
Quoted investments	3,960,328	-	3,960,328
Unquoted investments	-	41,035,296	41,035,296
	3,960,328	41,035,296	44,995,624
Investments available-for-sale (Equate)			
Unquoted investments	-	136,150,608	136,150,608
Investments carried at fair value through income statement			
Unquoted investments	-	100,998,029	100,998,029

During the year, there have been no transfers between the hierarchies.

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of bank balances and cash, murabaha deals, deposits with banks, exchange of deposits, receivables and investments. Financial liabilities consist of term loans, payables and accrued expenses.

The fair values of financial instruments, with the exception of certain investments available-for-sale (others) carried at cost (note 13), are not materially different from their carrying values.

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets and financial liabilities which are recorded at fair value.

28 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Year ended 30 April 2014	*At 1 May 2013 KD*	*Gain recorded in consolidated statement of income for the year KD*	*(Loss) gain recorded in other comprehensive income KD*	*Net purchases, sales and settlements KD*	*Impairment recorded during the year KD*	*At 30 April 2014 KD*
Unquoted investments available-for-sale (others)	**41,035,296**	1,633,023	(437,986)	(8,144,880)	(6,297,264)	**27,788,189**
Unquoted investments available-for-sale (Equate)	**136,150,608**	-	5,306,000	-	-	**141,456,608**
Unquoted investments carried at fair value through income statement (designated)	**100,998,029**	-	-	-	-	**100,998,029**

Year ended 30 April 2013	*At 1 May 2012 KD*	*Gain recorded in consolidated statement of income for the year KD*	*(Loss) gain recorded in other comprehensive income KD*	*Net purchases, sales and settlements KD*	*Impairment recorded during the year KD*	*At 30 April 2013 KD*
Unquoted investments available-for-sale (others)	53,369,273	493,535	(1,722,686)	(5,866,139)	(5,238,687)	41,035,296
Unquoted investments available-for-sale (Equate)	138,301,724	4,488,931	1,003,000	(7,643,047)	-	136,150,608
Unquoted investments carried at fair value through income statement (designated)	100,998,029	-	-	-	-	100,998,029

29 CONTINGENCIES AND CAPITAL COMMITMENTS

	2014 KD	*2013 KD*
Acquisition of investments	734,786	743,003

During the year the Parent Company has given corporate guarantees amounting to KD 14,457,597 (2013: KD 13,922,950) to local and foreign Banks on behalf of its subsidiaries.

30 KEY SOURCES OF ESTIMATION UNCERTAINTY

Valuation of unquoted equity instruments
The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation (notes 11 and 12). There are a number of investments available-for-sale where fair values cannot be reliably determined, and as a result, investments with a carrying amount of KD 26,676,631 (2013: KD 27,078,187) are carried at cost (note 13).

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross raw materials were KD 4,343,764 (2013: KD 4,933,925) and gross finished goods and goods for resale were KD 1,477,361 (2013: KD 706,538), with provisions for old and obsolete inventories of KD 180,394 (2013: KD 226,792). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of income for the year.

31 MATERIAL PARTLY-OWNED SUBSIDIARIES

The Group has concluded that Olayan Arabian Packaging Company limited is the only subsidiary with non-controlling interest that is material to the Group. Financial information of subsidiary that has material non-controlling interest is provided below to the Group:

Proportion of equity interest held by non-controlling interests:

Name of company	*Country of incorporation*	*Legal ownership interest at 30 April*	
		2014 *KD*	*2013* *KD*
Olayan Arabian Packaging Company limited	Saudi Arabia		
Accumulated balances of material non-controlling interest:		**764,490**	604,650
Profit allocated to material non-controlling interest:		**178,624**	155,944

Profit (loss) allocated to material non-controlling interests:
The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss	*2014* *KD*	*2013* *KD*
Income	**1,230,168**	995,140
Expenses	**(783,607)**	(605,281)
Total Profit	**446,561**	389,859
Attributable to non-controlling interests	**178,624**	155,944

31 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

Summarised statement of financial position	*2014* *KD*	*2013* *KD*
Total assets	**6,760,800**	6,342,693
Total liabilities	**(3,180,375)**	(3,169,867)
Total equity	**3,580,425**	3,172,826
Attributable to:		
Equity holders of Parent Company	**2,148,165**	1,903,696
Non-controlling interests	**1,432,260**	1,269,130

Summarised cash flow information:	*2014* *KD*	*2013* *KD*
Cash flow from (used in) operating activities	**933,600**	(719,655)
Cash flow (used in) from investing activities	**(56,400)**	(21,470)
Cash flow used in financing activities	**(374,325)**	(282,749)
Net increase (decrease) in cash and cash equivalents	**502,875**	(1,023,874)