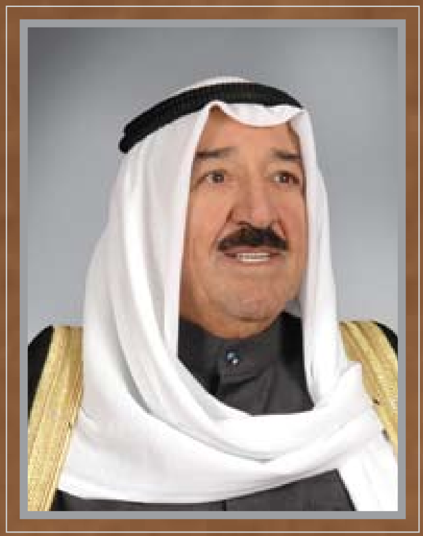
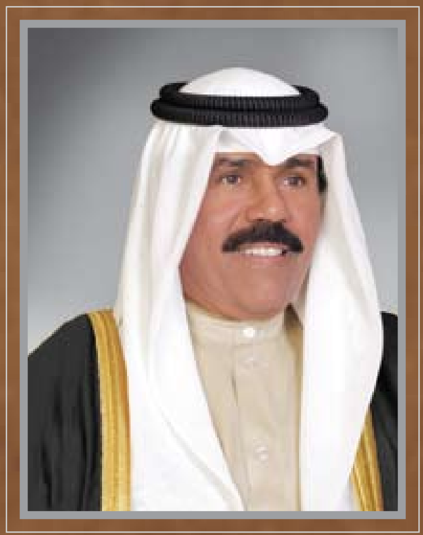
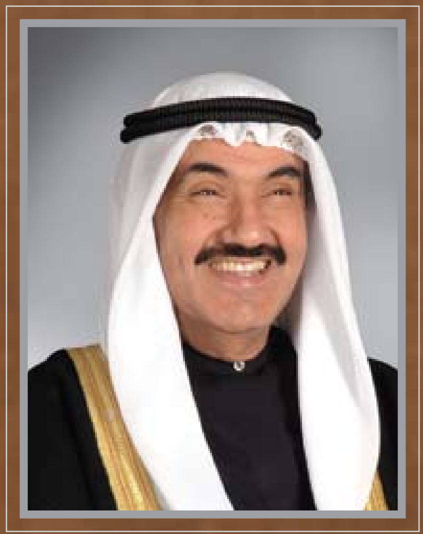


H.H. Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah
The Prince of The State of Kuwait



H.H. Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
The Crown Prince of The State of Kuwait



H.H. Sheikh Nasser Al-Muhammad Al-Ahmad Al-Sabah
The Prime Minister of The State of Kuwait

Table of Contents

Board of Directors 5

Message to the Shareholders 7

Summary of Major Direct Investments 8

Independent Auditors' Report 12

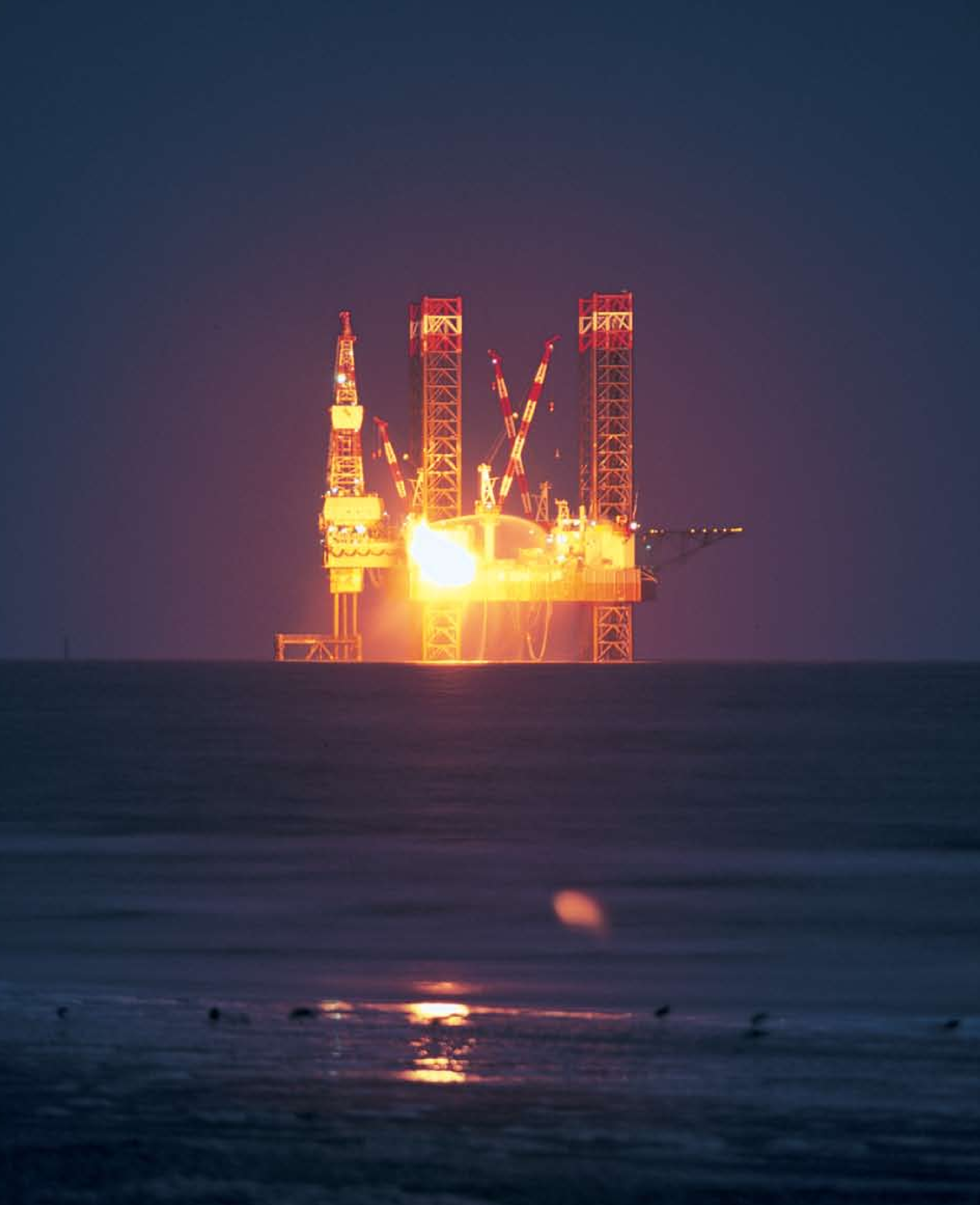
Consolidated Income Statement 13

Consolidated Balance Sheet 14

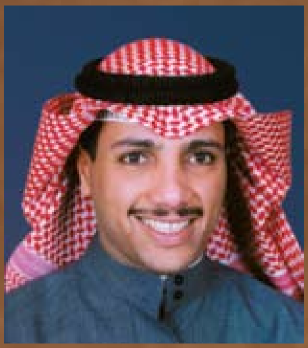
Consolidated Statement of Cash Flows 15

Consolidated Statement of Changes in Equity 16

Notes to the Consolidated Financial Statements 18



Board of Directors



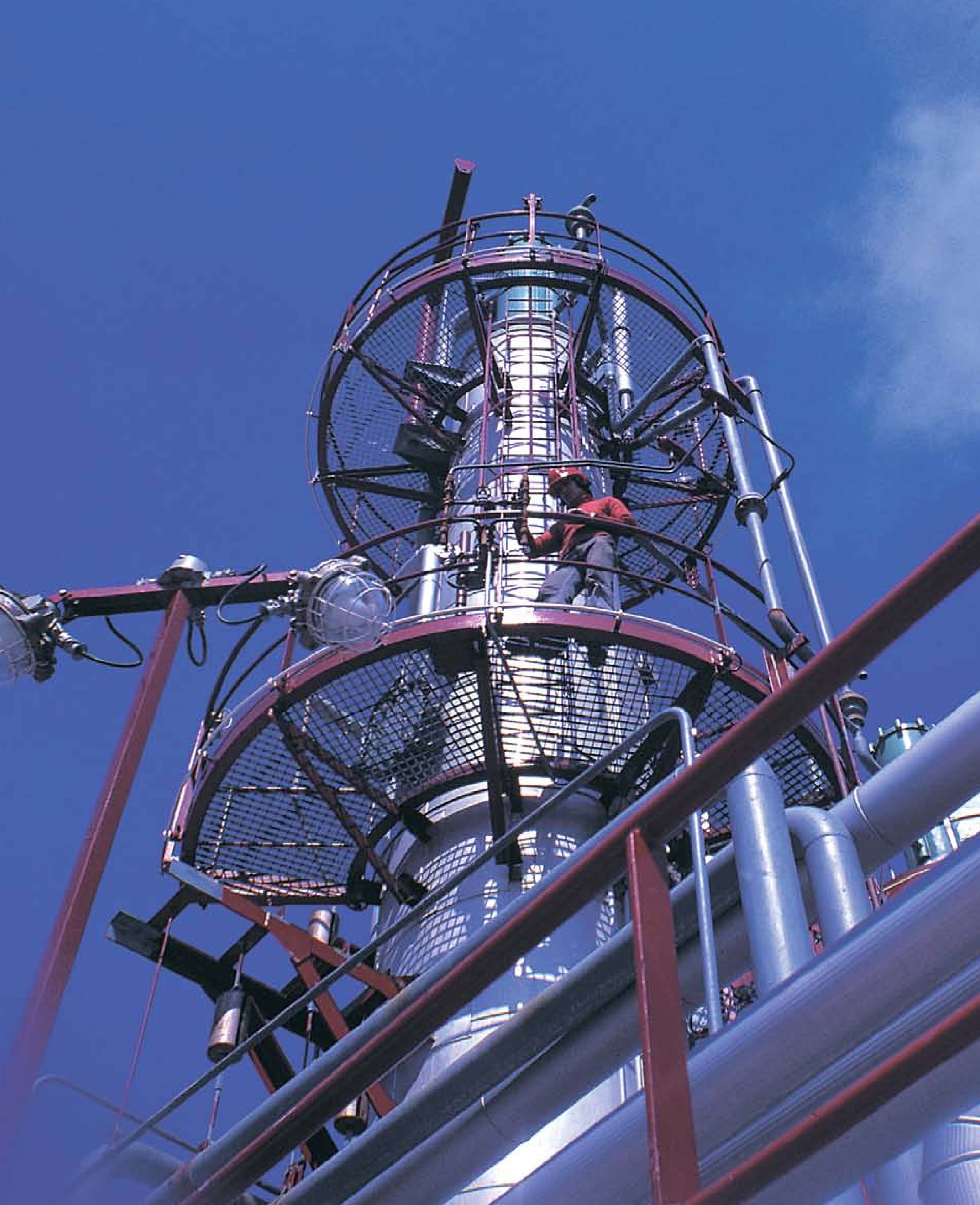
Marzouq Ali Al-Ghanim
Chairman

Dabbous Mubarak Al-Dabbous
Deputy Chairman

Saoud Abdulaziz Al-Babtain
Board Member

Khalid Abdulaziz Al-Muraikhi
Board Member

Hilal Fajhan Al-Mutairi
Board Member



Message to the Shareholders

Dear Shareholders,

On behalf of the Board of Directors and all staff operating the Boubyan Petrochemical Group of companies it gives me great pleasure to welcome you to the 12th Annual General Meeting of Boubyan Petrochemical Company (BPC), to reflect together on the general performance of the Company for the financial year ended on 30/04/2008.

The company has outperformed itself again this year, where its performance for the financial year ended 30/04/2008 was excellent and historic by all means, as net profits reached KD 52.6 million (equivalent to 114.3 fills per share) before reserves and dividends; an increase of 29.5% compared to the previous year. Shareholders equity soared by 17.2% compared to last year, reaching KD 278.1 million for the year ended 30/04/2008. As such, the Board recommended distributing dividends in the order of 70% in cash and 5% in bonus shares.

Looking at the balance sheet, one sees that total assets have exceeded the KD 403 million mark, a historic level, a 25.5% growth rate over last year's figure.

Since inception, management of the company has been continuously seeking diversification of sources of revenue, a method that lead to reaping the fruits in the form of a diversified portfolio of investments with various risks profile, hence reaching the objective which is Great Results.

However dividends received from Equate Petrochemical Company (Equate) remains as the primary base and one of the most important revenue streams of your company; our commitment to the key investment in Equate is reconfirmed through our reinvestment in The Kuwait Olefins Company (Equate II) at a similar shareholding stake (i.e. 9% of TKOC – EQUATE II capital), where the latter is expected to begin its trial production in the 4th Quarter of 2008. Nonetheless, revenues from other investments have at the same time grown in a big way, Thank God.

As for our subsidiaries, by the grace of God, we have lately commissioned a new factory of Muna Noor Manufacturing & Trading Co. (MNMT) in Oman. The new factory is dedicated to the production of PE pipes; hence capacity is now double what it was when we first acquired MNMT at the end of 2005. Such development will certainly reflect positively on the future financial performance of MNMT. On the other hand, other studies were completed which confirmed the feasibility of diversifying the product range and production capacity of Olayan Arabian Packaging Company, which is 60% owned by BPC. Meanwhile efforts by company management continue to be in search for suitable investment opportunities and new strategic partnerships that serve the establishment of strong bases to support the company in its long term plans and enhances its position amongst the regional specialized industrial companies.

As usual, it gives us great pleasure to include at the end of this report a summary of the major direct investments of your company.

Finally and on behalf of my fellow directors of the board, I would like to express our gratitude for the support and blessing that you, our respectful shareholders, have given to projects and long term plans of the company, and for the trust that you have placed in us over the past many years, the benefits of which continue to surface through the great financial results, Thank God.

May God bless you.

The Board of Directors

SUMMARY OF MAJOR DIRECT INVESTMENTS

- **Equate Petrochemicals Company (Equate) :**

  Equate was established in 1995 as a joint venture between Petrochemical Industries Co. (45% of equity) and Union Carbide (now Dow Chemicals) which also had a 45% equity stake. The balance (which is 10%) belongs to Boubyan Petrochemical Company (BPC). Equate is one of the most efficiently operated and successfully managed olefins plants in the region. This is mainly due to the technology used, high caliber technical staff and efficient marketing and management team.

  The shareholding structure of Equate has changed since the beginning of 2005 through the introduction of a new shareholder, Al-Qurain Petrochemical Industries Company (Al-Qurain), with a 6% equity stake; and as such BPC's stake was reduced to 9% while PIC and DOW became 42.5% each.

- **The Kuwait Olefins Company (TKOC - Equate II) :**

  The Kuwait Olefins Company was established in 2005 by PIC (42.5%), Dow Chemical (42.5%), BPC (9%) and Al-Qurain (6%). The new company is simply an extension of Equate, whose existing facilities will be expanded to result in an increase in the production capacities of the current products. Therefore the optimum capacity will be attained with a minimal capital investment.

  It is expected that construction will be completed and hence trial operation with the new expanded capacity is expected during the fourth quarter of 2008.

- **Boubyan Plastic Industries Company (BPIC) :**

  BPIC is a wholly owned subsidiary of BPC. It's plant is located in Shuaiba Industrial Area, and produces heavy duty plastic bags. These bags are used for packing petrochemical materials. The plant also produces stretch film, shrink film as well as green house film for the agriculture industry, in addition to various packaging materials.

  The company's plant proved to be competitive in terms of international quality standards at competitive rates, despite its short operational age. The plant has managed to secure annual contracts from major clients and specialized petrochemical companies in the region, including our strategic partner, Equate. It is worth noting that BPIC has obtained the ISO 9001: 2000 certificate. Furthermore, production capacity of BPIC has doubled since inception to reach 12,000 tpa.

- **National Waste Management Company (NWMC):**

  NWMC is a wholly owned subsidiary of BPC. Sufficient studies were carried out which indicated the feasibility of proceeding with rehabilitation and reconstruction of the company's plant at Amghara area, using an innovative technology that converts the solid household waste to high quality organic fertilizers. We must note that last year NWMC received a letter from Kuwait Municipality indicating that they declined our request for a tipping fee, a standard request worldwide for such projects. This will obviously lead to delays in project implementation since we must start afresh the search for less advanced/costly technologies that will maintain feasibility of the project. On the other hand, two years ago BPC divested 50% of the equity of NWMC to a strategic investor, which is expected to enhance the chances of implementing the project in the most optimum way.

- **Boubyan International Industries Holding Company (BIIHC) :**

BIIHC was incorporated about 4 years ago (1/8/2004) with a KD 30 million paid up capital. BPC has a 20% equity stake in the newly established company (associate Co.). This makes us the largest single shareholder. The main investments for this company has been in operating companies and certain industrial equity holdings in the GCC and internationally, which resulted in distributing dividends for the third year in a row. Company management has successfully entered into strategic alliances to set up various projects in the infrastructure and real estate sectors throughout the GCC. On the other hand, BIIHC plans to be listed on the Kuwait Stock Exchange by end of 2008.

- **Kuwaiti Qatari International Real Estate Company KSC (KQIREC):**

BPC has participated in 50% of the capital of KQIREC about two years ago. Only half of KD 10 million capital of KQIREC was called and paid up-to-date. KQIREC is involved in the acquisition of land and its development within the Pearl project of United Development Company- Qatar. KRIREC expect to complete their key project within two years.

- **Muna Noor Manufacturing & Trading Company (MNMT),Oman:**

At the end of 2005, BPC acquired MNMT of Muscat, Oman, which in turn owns a PVC and PE pipes manufacturing facility. The pipes are multipurpose (i.e. electric conduits, sanitary and for irrigation use). MNMT also has a number of international trading agencies for products that compliment those being produced by its plant in Oman. BIIHC-an associate company of BPC- owns 20% of the equity of MNMT. The company has recently completed setting up a new factory in Rusayl Industrial Area in Muscat, which lead to doubling the PE pipes production capacity; meanwhile plans to expand the PVC pipes capacity, through upgrading lines are underway.

- **Olayan Arabian Packaging Company (OAPC), Saudi Arabia:**

BPC acquired 60% of the total equity of OAPC, which was originally a subsidiary of Olayan Finance Company. OAPC's main activity is the production and marketing of stretch/shrink wrap and cling film and plastic packaging material in general, which is complimenting the BPIC product range. The main market for its products is Saudi Arabia and the region at large. BPC's management is striving to enhance the position and market shares of BPIC and OAPC in the region through and exchange of technical and marketing expertise, while simultaneously working on exploring practical options to expand OAPC operation.

BOUBYAN PETROCHEMICAL COMPANY K.S.C.
AND SUBSIDIARIES

Consolidated Financial Statements
30 April 2008

ERNST & YOUNG
Ernst & Young
Al Aiban, Al Osaimi & partners
P.O.Box 74 Safat
13001 Safat, Kuwait
Baitak Tower, 18-21st floor
Safat Square
Ahmad Al Jaber Street
Tel: 245 2880 / 2955000
Fax: 245 6419
Email: kuwait@kw.ey.com
www.ey.com/me

Al-Faraj Auditing Office
Ali K. Al-Faraj
Chartered Accountant
Cause List Expert
Tel.: 2408568/2408569 - Fax: 2408571
P.O.Box 20870 Safat - 13069 Kuwait

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

We have audited the accompanying consolidated financial statements of Boubyan Petrochemical Company (the "Parent Company") and its Subsidiaries (the "Group"), which comprise the consolidated balance sheet as of 30 April 2008, the related consolidated income statement, consolidated cash flow statement and consolidated statement of changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Parent Company are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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' judgement, 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 auditor considers 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 for 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 the 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 30 April 2008, and its financial performance and its 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 Commercial Companies Law of 1960, as amended, and by the Parent Company's articles of association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, nor of the Parent Company's articles of association have occurred during the year ended 30 April 2008 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
OF ERNST & YOUNG

ALI KHALED AL-FARAJ
LICENCE NO. 28 A
OF AL-FARAJ AUDITING OFFICE

May 2008 / Kuwait 19

CONSOLIDATED INCOME STATEMENT

Year ended 30 April 2008

	Notes	2008 KD	2007 KD
Sales		**16,782,229**	11,067,680
Cost of sales		**(13,657,054)**	(8,761,326)
GROSS PROFIT		**3,125,175**	2,306,354
Interest income		**737,304**	205,542
Dividend income	3	**23,624,636**	16,922,742
Net investment income	4	**32,591,597**	30,476,711
Share of results of associates	12	**3,265,897**	437,006
General and administrative expenses	23	**(4,334,115)**	(4,177,274)
Finance cost		**(6,465,312)**	(4,537,662)
Gain (loss) on foreign exchange		**2,570,736**	(46,576)
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (“KFAS”), NATIONAL LABOUR SUPPORT TAX (“NLST”), ZAKAT AND DIRECTORS’ FEES		**55,115,918**	41,586,843
Contribution to KFAS		**(459,984)**	(365,734)
Contribution to NLST		**(1,342,555)**	(1,014,791)
Zakat		**(206,056)**	-
Directors’ fees		**(100,000)**	(75,000)
PROFIT FOR THE YEAR		**53,007,323**	40,131,318
Attributable to :			
Equity holders of the Parent Company		**52,629,580**	40,632,639
Minority interests		**377,743**	(501,321)
PROFIT FOR THE YEAR		**53,007,323**	40,131,318
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	5	**114.30 fils**	88.24 fils

The following notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

At 30 April 2008

	Notes	2008 KD	2007 KD
ASSETS			
Cash and cash equivalents	6	**17,797,230**	3,386,741
Accounts receivable and prepayments	7	**6,422,477**	6,634,634
Inventories	8	**2,524,994**	1,987,084
Investments carried at fair value through income statement	9	**46,982,863**	43,229,106
Investment available for sale (Equate)	10	**131,500,000**	125,565,000
Investments available for sale (Others)	11	**170,549,358**	123,442,574
Investment in associates	12	**13,543,753**	9,892,992
Exchange of deposits	13	**601,890**	313,845
Property, plant and equipment	14	**10,525,467**	5,062,856
Goodwill	15	**2,574,517**	1,716,802
TOTAL ASSETS		**403,022,549**	321,231,634
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts payable and accruals	16	**11,434,949**	6,564,071
Dividend payable		**1,640,311**	1,767,472
Term loans	17	**111,813,767**	75,593,336
Total liabilities		**124,889,027**	83,924,879
EQUITY			
Share capital	18	**46,200,000**	42,000,000
Share premium		**2,400,000**	2,400,000
Treasury shares	19	**(457,100)**	(457,100)
Statutory reserve	20	**17,816,945**	12,343,127
Voluntary reserve	20	**17,816,945**	12,343,127
Revaluation reserve		**1,362,879**	-
Cumulative changes in fair values		**132,643,741**	125,756,033
Retained earnings		**59,017,052**	42,464,893
Equity attributable to Equity holders of the Parent Company		**276,800,462**	236,850,080
Minority interests		**1,333,060**	456,675
Total equity		**278,133,522**	237,306,755
TOTAL LIABILITIES AND EQUITY		**403,022,549**	321,231,634

Marzouq A. Alghanim
(Chairman)

Dabbous M. Al-Dabbous
(Deputy Chairman)

The following notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 April 2008

	Notes	2008 KD	2007 KD
OPERATING ACTIVITIES			
Profit for the year before KFAS, NLST, Zakat and Directors' fees		**55,115,918**	41,586,843
Adjustments for:			
Finance cost		**6,465,312**	4,537,662
Depreciation	14	**459,303**	1,618,283
Employees' end of service benefits		**133,800**	24,542
Gain on partial disposal of investment in an associate	12	**(444,938)**	-
Realised gain on sale of investments available for sale (others)	4	**(21,224,926)**	(5,771,549)
Impairment of investment available for sale (others)		**-**	488,688
Share of result of associates	12	**(3,265,897)**	(437,006)
Realised gain on investments carried at fair value through income statement	4	**(7,379,631)**	(17,605,645)
Unrealised gain on investments carried at fair value through income statement	4	**(3,143,471)**	(6,763,968)
		26,715,470	17,677,850
Operating assets and liabilities:			
Accounts receivable and prepayments		**867,874**	(891,766)
Inventories		**(302,412)**	96,566
Accounts payable and accruals		**1,522,401**	282,080
Net cash from operating activities		**28,803,333**	17,164,730
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	14	**(2,810,131)**	(477,994)
Additions to investments available for sale (others)		**(63,994,910)**	(65,327,728)
Proceeds from sale of investments available for sale (others)		**27,225,632**	25,538,451
Net movement in investments carried at fair value through income statement		**14,000,000**	22,311,400
Acquisition of a subsidiary , net of cash acquired	15	**(1,721,110)**	-
Proceeds from partial sale of investment in an associate	12	**444,938**	-
Dividend received from an associate	12	**900,000**	360,000
Net cash used in investing activities		**(25,955,581)**	(17,595,871)
FINANCING ACTIVITIES			
Dividend paid		**(21,056,946)**	(17,410,454)
Net movement in term loans		**38,874,398**	23,297,163
Finance cost paid		**(6,465,312)**	(4,537,662)
Net movement in exchange of deposits	13	**(288,045)**	(313,845)
Net movement in minority interests		**498,642**	(48,679)
Net cash from financing activities		**11,562,737**	986,523
INCREASE IN CASH AND CASH EQUIVALENTS		**14,410,489**	555,382
Cash and cash equivalents at the beginning of the year		**3,386,741**	2,831,359
CASH AND CASH EQUIVALENTS AT 30 APRIL	6	**17,797,230**	3,386,741

The following notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended 30 April 2008

	Attributable to equity holders of the Parent Company									Minority intrests	Total equity
	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Revaluation reserve KD	Cumulative changes in fair values KD	Retained earnings KD	Sub Total KD	KD	KD
Balance at 30 April 2006	40,000,000	2,400,000	(457,100)	8,134,311	8,134,311	-	102,521,966	30,189,701	190,923,189	1,006,675	191,929,864
Unrealised gain on investments available for sale	-	-	-	-	-	-	23,121,158	-	23,121,158	-	23,121,158
Transfer to consolidated income statement on impairment of investments available for sale (others)	-	-	-	-	-	-	326,338	-	326,338	-	326,338
Change in equity of associated company	-	-	-	-	-	-	(213,429)	-	(213,429)	-	(213,429)
Total income recognized directly in equity	-	-	-	-	-	-	23,234,067	-	23,234,067	-	23,234,067
Profit for the year	-	-	-	-	-	-	-	40,632,639	40,632,639	(501,321)	40,131,318
Total income and expenses for the year	-	-	-	-	-	-	23,234,067	40,632,639	63,866,706	(501,321)	63,365,385
Issue of bonus shares (Note 18)	2,000,000	-	-	-	-	-	-	(2,000,000)	-	-	-
Dividend paid	-	-	-	-	-	-	-	(17,939,815)	(17,939,815)	-	(17,939,815)
Transfer to reserves	-	-	-	4,208,816	4,208,816	-	-	(8,417,632)	-	-	-
Net movement in minority interests	-	-	-	-	-	-	-	-	-	(48,679)	(48,679)
Balance at 30 April 2007	42,000,000	2,400,000	(457,100)	12,343,127	12,343,127	-	125,756,033	42,464,893	236,850,080	456,675	237,306,755
Unrealised gain on investments available for sale	-	-	-	-	-	-	14,984,599	-	14,984,599	-	14,984,599
Realised on sale of investments available for sale	-	-	-	-	-	-	(9,381,755)	-	(9,381,755)	-	(9,381,755)
Revaluation of property, plant and equipment (Note 14)	-	-	-	-	-	1,362,879	-	-	1,362,879	-	1,362,879
Change in equity of associated company (Note 12)	-	-	-	-	-	-	1,284,864	-	1,284,864	-	1,284,864
Total income recognised directly in equity	-	-	-	-	-	1,362,879	6,887,708	-	8,250,587	-	8,250,587
Profit for the year	-	-	-	-	-	-	-	52,629,580	52,629,580	377,743	53,007,323
Total income for the year	-	-	-	-	-	1,362,879	6,887,708	52,629,580	60,880,167	377,743	61,257,910
Issue of bonus shares (Note 18)	4,200,000	-	-	-	-	-	-	(4,200,000)	-	-	-
Dividend paid	-	-	-	-	-	-	-	(20,929,785)	(20,929,785)	-	(20,929,785)
Transfer to reserves	-	-	-	5,473,818	5,473,818	-	-	(10,947,636)	-	-	-
Net movement in minority interests	-	-	-	-	-	-	-	-	-	498,642	498,642
Balance at 30 April 2008	**46,200,000**	**2,400,000**	**(457,100)**	**17,816,945**	**17,816,945**	**1,362,879**	**132,643,741**	**59,017,052**	**276,800,462**	**1,333,060**	**278,133,522**

The following notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)

Year ended 30 April 2008

Note: Change in fair value of investments available for sale during the year consists of the following:

		2008 KD	2007 KD
a)	Change in fair value of investments available for sale (Equate)	**5,935,000**	15,000,000
b)	Change in fair value of investments available for sale (Others)	**(332,156)**	8,121,158
		5,602,844	23,121,158

During the year, the unrealized gain on investments available for sale includes an amount of KD 1,370,902 (2007: 1,339,566) in respect of foreign currency movements.

1) ACTIVITIES

The consolidated financial statements of Boubyan Petrochemical Company K.S.C. (the “Parent Company”) and Subsidiaries (the “Group”) for the year ended 30 April 2008 were authorised for issue in accordance with a resolution of the Board of Directors on 19 May 2008 and are issued subject to the approval of the Ordinary General Assembly of the shareholders of the Parent Company.

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 main activity since inception has been direct investment in industrial projects in general and in chemical and petrochemical projects in particular.

The Parent Company’s primary investment to date is in Equate Petrochemical Company K.S.C. (Closed) (“Equate”). Equate is a closed shareholding company incorporated in the State of Kuwait to build and operate a petrochemical plant in the Shuaiba Industrial Area of The State of Kuwait.

The percentage ownership of Equate’s share capital as at 30 April is as follows:

	2008	2007
Petrochemical Industries Company K.S.C.	42.5%	42.5%
Dow Chemical Company	42.5%	42.5%
Boubyan Petrochemical Company K.S.C.	9%	9%
Al-Qurain Petrochemical Company K.S.C.	6%	6%

The Parent Company’s registered office is at Al Khaleejia Building, 5th and 6th Floor, P.O. Box 2383, 13024 Safat, Kuwait.

2) SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) and applicable requirements of Ministerial Order No. 18 of 1990.

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

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

Changes in accounting policies
The accounting policies are consistent with those used in the previous financial year except as follows:

The Group has adopted the following new applicable and amended IFRS during the year. Adoption of these revised standards did not have any material effect on the consolidated financial statements of the Group. They did however give rise to additional disclosures.
• IFRS 7 Financial Instruments: Disclosures
• IAS 1 Amendment—Presentation of Financial Statements

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

International Financial Reporting Standard (IFRS) 7: Financial Instruments Disclosures
IFRS 7 Financial Instruments: Disclosures was issued by the IASB in August 2005, becoming effective for periods beginning on or after 1 January 2007. The standard requires additional disclosures that enable users to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments.

International Accounting Standard (IAS) 1: Presentation of Financial Statements (amended)
Amendments to IAS 1 presentation of financial statements were issued by the IASB as Capital Disclosures in August 2005. They are required to be applied for periods beginning on or after 1 January 2007. These amendments require the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The following International Accounting Standards Board ("IASB") Standards and Interpretations applicable to the Group have been issued but are not yet mandatory, and have not yet been adopted by the Group:

IFRS 8 "Operating Segments"
The application of IFRS 8, which will be effective for the annual periods beginning on or after 1 January 2009, will result in disclosure of information to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

IAS 1 "Presentation of Financial Statements" (Revised)
The application of IAS 1 (Revised), which will be effective for the annual periods beginning on or after 1 January 2009, will impact the presentation of financial statements to enhance the usefulness of the information presented.

IFRIC Interpretation 11 "IFRS 2 - Group and Treasury Share Transactions"
The application of IFRIC Interpretation 11, which will be effective for annual periods beginning on or after 1 March 2007, provides guidance as to whether certain share options given to employees should be accounted as an equity-settled or cash-settled transaction.

Basis of consolidation
The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (the "Group").

The consolidated financial statements include the following subsidiaries:

Name of company	*Principal activity*	*Country of incorporation*	*Effective equity interest on*	
			30 April 2008	*30 April 2007*
Boubyan Plastic Industries Company (Ayad Faisal Al Khatrash And Partner) W.L.L.	Manufacturing and trading of packaging material	Kuwait	100%	100%
National Waste Management Company K.S.C. (Closed)	Recycling of household waste	Kuwait	50%	50%
Muna Noor Manufacturing and Trading Co. L.L.C	Manufacturing and trading of plastic pipes	Sultanate of Oman	80%	80%
Olayan Arabian Packaging Company L.L.C	Manufacturing and trading of packaging material	Kingdom of Saudi Arabia	60%	-

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

During the year, the Parent Company acquired 60% equity interest in the share capital of Olayan Arabian Packaging Company L.L.C, a company registered in the Kingdom of Saudi Arabia (Note 15).

The Parent Company has 50% equity interest in the share capital of National Waste Management Company K.S.C (Closed) (the “subsidiary”). Even though the Parent Company owns 50% equity of the subsidiary, the Parent Company is able to exercise control and govern the financial and operating policies of the subsidiary because all members on the board of the directors and the chairman of the subsidiary are reporting to the Parent Company.

Therefore, the financial statements of this subsidiary have been consolidated in the consolidated financial statements of the Group.

Significant inter-company balances and transactions, including inter-company profits and unrealised profits and losses are eliminated on consolidation. The consolidated financial statements are prepared using uniform accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

The subsidiaries have been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from equity attributable to equity holders of the parent.

The consolidated financial statements incorporate the financial statements of the Parent Company for the year ended 30 April 2008, Boubyan Plastic Industries Company W.L.L. for the year ended 31 December 2007, National Waste Management Company (Closed) for the year ended 31 December 2007, Olayan Arabian Packaging Company L.L.C. for the year ended 31 December 2007 and Muna Noor Manufacturing and Trading Co L.L.C for the year ended 31 March 2008 using consistent accounting policies.

The financial statements used in consolidation are drawn up to different reporting dates. However, there have been no significant events or transactions between the reporting dates of the subsidiaries and 30 April 2008 (the reporting date of the Parent Company). The subsidiaries assets are 3.9% (2007: 3.4%) of consolidated total assets and results for the year represent 1.9% (2007: 0.4%) of consolidated results.

Revenue recognition

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

Interest income is recognised on a time proportion basis.

Sales are 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.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

Zakat

Effective 10 December 2007, the Group has also provided for Zakat in accordance with the requirements of Law No. 46 of 2006. The Zakat charge calculated in accordance with these requirements is charged to the consolidated income statement.

Kuwait Foundation for the Advancement of Sciences

The Parent Company calculated the contribution to Kuwait Foundation for the Advancement of Sciences in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that 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

The Parent Company calculated 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 year. As per law, income from associate, subsidiaries, cash dividends from listed companies which are subjected to NLST have been deducted from the profit for the year.

Financial assets and liabilities

The Group classifies its financial assets and liabilities as "investments carried at fair value through income statement", and "investments available for sale" or "financial liabilities other than at fair value through income statement".

All regular way purchase of financial assets is recognised using the trade date accounting. Financial liabilities other than at fair value through income statement are not recognised unless one of the parties has performed or the contract is a derivative contract.

Financial assets and liabilities are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not at fair value through income statement, directly attributable transaction costs. Transaction costs on financial assets and financial liabilities at fair value through income statement are expensed immediately, while on other debt instruments they are amortized.

Investments available for sale

All investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment. After initial recognition, investments are remeasured at fair value, unless fair value cannot be reliably measured, in which case, these investments are carried at cost less any impairment loss. Valuation gains and losses arising from remeasurement to fair value are taken to a separate reserve in equity.

Investments carried at fair value through income statement

Investments are classified as carried at fair value through income statement if the fair value of the investment can be reliably measured. Investments classified as "Investments at fair value through income statement" upon initial recognition are remeasured at fair value with all changes in fair value being recorded in the consolidated income statement.

Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

The fair value of financial assets and liabilities traded in recognised financial markets is their quoted market price, based on the current bid price. For all other financial assets or liabilities where there is no quoted market price, a reasonable estimate of fair value is determined by reference to the current fair value of another instrument that is substantially the same, recent arm's length market transactions or discounted cash flow analysis.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair values (continued)
For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to an earnings multiple, or an industry specific earnings multiple or a value based on a similar publicly traded company, or is based on the expected cash flows of the investment, or the underlying net asset base of the investment. Fair value estimates take into account liquidity constraints and assessment for any impairment.

Other financial assets and liabilities
For other financial assets and liabilities, fair value is determined based on expected future cash flows and management's estimate of the amount at which these assets could be exchanged for cash on an arm's length basis or a liability settled to the satisfaction of creditors.

Financial instruments
Financial assets and financial liabilities carried on the consolidated balance sheet include cash and bank balances, receivables, investments, bank facilities and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note 2.

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.

Recognition and de-recognition of financial assets and liabilities
A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (in whole or in part) is de-recognised when the contractual rights to cash flows from the financial asset expire, the Group has transferred substantially all the risks and rewards and when it has neither transferred nor retained substantially all the risks and rewards of ownership or when it no longer has control over the asset or proportion of the asset. A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Impairment and un-collectibility of financial assets
An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated income statement. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value; and
(b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

For available for sale equity investments reversal of impairment losses are recognized in cumulative changes in fair values.

Cash and cash equivalents
Cash and cash equivalents consist of cash and bank balances, short term deposits with banks and murabaha 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 cash flow statement, cash and cash equivalent consist of cash and cash equivalents as defined above, net of outstanding bank overdraft.

Murabaha deals
Murabaha deals are stated at the balance sheet date at amounts due on maturity less that portion of the profit which is attributable to the period after the balance sheet date.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable

Accounts receivable 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.

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, investment in an associate is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the investee.

The Group recognises in the consolidated income statement 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 equity that have not been recognised in the associate's consolidated income statement. The Group's share of those changes is recognised directly in the equity.

Unrealised gains on transactions with an associate are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred. An assessment of investment in an associate is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

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 are stated at cost less accumulated depreciation and any impairment in value.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
Depreciation is calculated on a straight line basis over the useful lives of assets as follows:

• Buildings	20 years
• Furniture and office equipment	4-5 years
• Motor vehicles	5 years

Depreciation for plant and equipment is calculated on the units of production method based on expected output over the useful life of the assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

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 income statement as the expense is incurred.

Goodwill
Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of an acquisition over the Group's share of the acquiree's fair value of the net identifiable assets as at the date of the acquisition. Following initial recognition, goodwill is measured at cost less impairment losses. Any excess, at the date of acquisition, of the Group's share in the acquiree's fair value of the net identifiable assets over the cost of the acquisition is recognised as negative goodwill. Negative goodwill arising on an acquisition is recognised directly in the consolidated statement of income.

Goodwill is allocated to each of the Group's cash-generating units or groups of cash generating units and is tested annually for impairment. Goodwill impairment is determined by assessing the recoverable amount of cash-generating unit, to which goodwill relates. The recoverable value is the value in use of the cash-generating unit, which is the net present value of estimated future cash flows expected from such cash-generating unit.

If the recoverable amount of cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit prorated on the basis of the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in a subsequent period.

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 off-set any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

Treasury shares (continued)

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

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

Accounts payable and accruals

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

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 balance sheet and income statement on a net basis. Share of profit or loss is imputed on these amounts and amortised to the consolidated income statement on an effective yield basis.

Hedging and hedge accounting

The Parent Company utilises financial instruments to manage its fair value exposure to fluctuations in foreign exchange rates relating to investments available for sale.

In respect of fair value hedges, which meet the conditions for hedge accounting, any gain or loss from re-measuring the hedging instrument to fair value is recognized immediately in the consolidated income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognized in the consolidated income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

Foreign currencies

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 balance sheet date are translated to Kuwaiti Dinars at rates of exchange prevailing on that date. Any resultant gains or losses are recognised in the consolidated income statement.

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 equity, foreign exchange differences are recognised directly in equity and for non-monetary assets and liabilities whose change in fair value are recognised in the consolidated income statement, foreign exchange differences are recognised in the consolidated income statement.

Assets including goodwill and liabilities, both monetary and non-monetary, of foreign entities are translated at the exchange rates prevailing at the balance sheet date. Operating results of such entities are translated at average rates of exchange for the entities period of operations. The resulting exchange differences are accumulated in a separate section of the shareholder's equity (foreign currency translation reserve) until the disposal of the respective entities. As of 30 April 2008, the foreign exchange difference arising due to translation of foreign entity's balance sheet and income statement is not material.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates
The preparation of consolidated financial statements in conformity with International Financial Reporting Standards 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.

Classification of financial assets and liabilities
Management decides on acquisition of financial assets whether they should be classified as financial assets carried at fair value through income statement or available for sale. The Group classifies financial assets as investments carried at fair value through income statement if they are acquired primarily for the purpose of short term profit making.

Classification of investments carried at fair value through income statement depends on how management monitor the performance of these investments. When investments have readily available fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as investment carried at fair value through income statement. All other investments 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.

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.

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:
• recent arm’s length market transactions;
• current fair value of another instrument that is substantially the same ;
• the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
• other valuation models.

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 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.

2) 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.

Segment information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographic segment), which is subject to risks and rewards that are different from those of other segments.

3) DIVIDEND INCOME

Dividend income for the year includes dividends received from the Parent Company's investment in Equate Petrochemicals Company K.S.C. (Closed) amounting to KD 16,519,770 (2007: KD 13,265,100).

4) NET INVESTMENT INCOME

	2008 KD	2007 KD
Realised gain from investments carried at fair value through income statement	**7,379,631**	17,605,645
Unrealised gain from investments carried at fair value through income statement	**3,143,471**	6,763,968
Realised gain on sale of investments available for sale (others)	**21,224,926**	5,771,549
Other investments related income	**843,569**	335,549
	32,591,597	30,476,711

5) BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

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:

	2008 KD	2007 KD (Restated)
Earnings:		
Profit for the year attributable to equity holders of the Parent Company	**52,629,580**	**40,632,639**
Shares outstanding:		
At the beginning of the year	**462,000,000**	462,000,000
Weighted average number of treasury shares	**(1,544,739)**	**(1,544,739)**
Weighted average number of shares outstanding	**460,455,261**	**460,455,261**
Basic and diluted earnings per share	**114.30 fils**	**88.24 fils**

Basic and diluted earnings per share for the previous year have been restated for bonus shares issued on 23 June 2007 (Note 18).

6) CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash and cash equivalents include:

	2008 KD	2007 KD
Bank balances and cash	**774,486**	418,856
Murabaha deals and deposits	**17,022,744**	**3,087,562**
	17,797,230	3,506,418
Bank overdraft	**-**	**(119,677)**
	17,797,230	**3,386,741**

Murabaha deals and deposits carry interest at commercial rates.

Included in cash and cash equivalents are balances denominated in foreign currencies amounting to KD 8,220,520 (2007: KD 3,087,562) mainly in US Dollars.

7) ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2008 KD	2007 KD
Trade receivables	**4,846,027**	3,416,646
Accrued income	**1,245,709**	978,227
Advance paid in respect of acquisition of a subsidiary	**-**	1,839,723
Other receivables	**330,741**	400,038
	6,422,477	6,634,634

Trade receivables are non-interest bearing and are generally 45 to 60 days terms. At 30 April 2008, trade receivable at nominal value of KD 129,420 (2007: KD 124,720) were impaired and fully provided for.

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

	Past due but not impaired				
	< 30 days KD	*30 to 60 days KD*	*60 to 90 days KD*	*> 120 days KD*	*Total KD*
2008	**3,436,817**	**448,748**	**846,254**	**114,208**	**4,846,027**
2007	2,747,470	314,736	354,440	-	3,416,646

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 and the balance is, therefore, unsecured.

8) INVENTORIES

	2008 KD	2007 KD
Goods in transit	**447,223**	306,384
Raw materials	**1,270,311**	1,062,241
Work in progress	**62,109**	37,791
Finished goods	**745,351**	167,614
Goods for resale	**-**	413,054
	2,524,994	1,987,084

9) INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	2008 KD	2007 KD
Quoted investments	**46,982,863**	43,229,106

Investments carried at fair value through income statement represent investments in securities that are quoted in recognised stock exchanges.

10) INVESTMENTS AVAILABLE FOR SALE (EQUATE)

The fair value of the 9% equity interest in Equate Petrochemicals Company K.S.C. (Closed) ("Equate") of KD 131,500,000 (2007: KD 125,565,000) has been determined by the directors of the Parent Company using an appropriate valuation method based on the latest information available of the results and future projections of Equate. As a result of this exercise, unrealized gain of KD 5,935,000 (2007: KD 15,000,000) was recognized in the cumulative changes in fair value recognized directly in equity.

11) INVESTMENTS AVAILABLE FOR SALE (OTHERS)

	2008 KD	2007 KD
Quoted investments	**41,167,046**	40,031,625
Unquoted investments	**129,382,312**	83,410,949
	170,549,358	123,442,574

At 30 April 2008, certain unquoted investments available for sale amounting to KD 39,631,421 (2007: KD 22,767,451) were carried at cost due to the non-availability of quoted market prices or other reliable measures of their fair values. Certain investments available for sale amounting to KD Nil (2007: KD 490,250) carry an option to convert into equity. The directors are not aware of any circumstances that would indicate impairment in the value of these investments as at 30 April 2008.

Certain investments available for sale denominated in US Dollars, Pounds Sterling, Euros and Japanese Yen with a carrying value of KD 86,795,023 (2007: KD 28,794,975) are designated as hedged items in fair value hedging relationship with amounts borrowed from banks under exchange of deposits arrangements (Note 13). Fair value changes relating to foreign currency fluctuations in these investments have been adjusted for in the consolidated income statement.

12) INVESTMENT IN ASSOCIATES

The Group has the following investment in associates:

	Country of incorporation	*Ownership*	
		2008	*2007*
Boubyan International Industries Holding Company K.S.C. ("BIIHC")	Kuwait	20%	20%
Edible Oil Company Dubai LLC ("EOCD")	UAE	-	20%
Kuwaiti Qatari International Real Estate Company K.S.C. ("KQIREC")	Kuwait	50%	50%

BIIHC is involved in various types of industrial investments. KQIREC is engaged in real estate business with 50% of capital called and paid up to date.

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

	2008 KD	2007 KD
At the beginning of the year	**9,892,992**	10,037,994
Share of results	**3,265,897**	437,006
Foreign currency differences	**-**	(8,579)
Dividends received	**(900,000)**	(360,000)
Share of cumulative changes in fair value reserve	**1,284,864**	(213,429)
At 30 April	**13,543,753**	9,892,992

The share of results of the associates is based on the management accounts of these companies as at 31 December 2007 and 31 March 2008 for Kuwait Qatar International Real Estate Company K.S.C. (Closed) and Boubyan International Industries Holding Company K.S.C. (Closed) respectively. In the opinion of the directors of the Parent Company, the profit reported in the management accounts will not be materially different if these management accounts had been audited by the auditors of these companies.

There is no goodwill in the carrying value of the investment in associates.

The carrying value of each individual associate is as follows:

	2008 KD	2007 KD
Boubyan International Industries Holding Company K.S.C.	**10,933,960**	7,304,764
Kuwaiti Qatari International Real Estate Company K.S.C.	**2,609,793**	2,588,228
	13,543,753	9,892,992

12) INVESTMENT IN ASSOCIATES (continued)

The following table illustrates summarised financial information of the Group's investment in associates:

	2008 KD	2007 KD
Share of the associates' assets and liabilities:		
Current assets	**6,332,212**	8,103,212
Non-current assets	**11,730,456**	11,817,751
Current liabilities	**(200,104)**	(5,181,862)
Non-current liabilities	**(4,318,811)**	(4,846,109)
Net assets	**13,543,753**	9,892,992
Share of the associates' results:		
Revenue	**4,330,864**	768,801
Profit	**3,265,897**	437,006

During the year, the Parent Company sold 7% of its equity interest (out of the total 20% equity interest) in Edible Oil Company Dubai ("EOCD") resulting in net gain of KD 444,938. The carrying value of the associate as at the date of this partial disposal was nil. The remaining interest of 13% in EOCD and amounting to KD nil was transferred to investments available for sale (others) and accounted for in accordance with the "International Accounting Standard – IAS 39" from the date EOCD ceased to be an associate on account of loss of significant influence. Furthermore, the Parent Company has provided an amount of KD 800,000 in order to meet the financial obligations of EOCD.

13) EXCHANGE OF DEPOSITS

At 30 April 2008, the Parent Company have an exchange of deposit agreement with a foreign bank whereby it has deposited US dollar equivalent to KD 35,497,700 (30 April 2007: KD 22,591,920), and borrowed Pounds sterling, Euro and Japanese Yen equivalent to KD 34,895,810 (30 April 2007: KD 22,010,080) with an agreement to reverse these amounts on 28 March 2012 and 9 January 2013.

During the previous year, the Parent Company entered into exchange of deposit agreement with a local bank whereby it has deposited US dollar equivalent to KD Nil (30 April 2007: KD 6,516,900), and borrowed Pounds sterling, Euro and Japanese Yen equivalent to KD Nil (30 April 2007: KD 6,784,895) with an agreement to reverse these amounts on 12 April 2011. This exchange of deposit was settled on 9 January 2008.

These transactions are presented as follows:

	2008 KD	2007 KD
Deposits with banks	**35,497,700**	29,108,820
Due to banks	**(34,895,810)**	(28,794,975)
Shown on the consolidated balance sheet	**601,890**	313,845

The Pounds Sterling, US Dollar, Japanese Yen and Euro foreign currency borrowings have 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 11).

14) PROPERTY, PLANT AND EQUIPMENT

	Land KD	*Buildings* KD	*Plant and equipment* KD	*Furniture and office equipment* KD	*Motor vehicles* KD	*Capital work in progress* KD	*Total* KD
Balance at 1 May 2007, net of accumulated depreciation	-	2,134,482	2,445,245	88,554	35,931	358,644	5,062,856
Acquisition of a subsidiary	-	696,100	1,135,658	18,223	7,289	-	1,857,270
Additions	-	1,097,000	144,649	28,583	42,236	1,497,663	2,810,131
Revaluation	2,000,000	90,629	(727,750)	-	-	-	1,362,879
Transfer from work in process	-	-	298,778	-	-	(298,778)	-
Disposals	-	-	(69,991)	-	(38,375)	-	(108,366)
Depreciation	-	(126,240)	(299,986)	(21,271)	(11,806)	-	(459,303)
Balance at 30 April 2008	**2,000,000**	**3,891,971**	**2,926,603**	**114,089**	**35,275**	**1,557,529**	**10,525,467**
Property, plant and equipment							
At cost	2,000,000	5,156,983	6,534,385	448,809	133,570	1,557,529	15,831,276
Accumulated depreciation	-	(1,265,012)	(3,607,782)	(334,720)	(98,295)	-	(5,305,809)
Net carrying amount at 30 April 2008	**2,000,000**	**3,891,971**	**2,926,603**	**114,089**	**35,275**	**1,557,529**	**10,525,467**

One of the subsidiaries of the Parent Company adopted the allowed alternative treatment under International Accounting Standard (IAS) 16 whereby it has revalued its land during the year. The revaluation was carried out by an independent valuer, and resulted in a revaluation surplus which was taken directly to a revaluation reserve within shareholders' equity.

On 1 July 2007, the land, building and plant and equipment in one of the subsidiaries of the Parent Company were revalued by professional independent real estate valuers based on open market values; and plant and equipment were revalued on the basis of replacement cost by an independent consultant.

Depreciation includes amount charged to cost of sales amounting to KD 317,523 (2007: KD 285,328) and inventories KD 2,562 (2007: KD 2,337). The balance of KD 139,218 (2007: KD 1,330,618) is included in general and administrative expenses.

15) GOODWILL AND ACQUISITION OF A SUBSIDIARY

	2008 **KD**	2007 KD
At the beginning of the year	**1,716,802**	1,716,802
On acquisition of Olayan Arabian Packaging Company L.L.C.	**857,715**	-
As at 30 April	**2,574,517**	1,716,802

15) GOODWILL AND ACQUISITION OF A SUBSIDIARY (continued)

During the year, the Parent Company acquired 60% stake in Olayan Arabian Packaging Company L.L.C (the "company"), a company registered and incorporated in the Kingdom of Saudi Arabia for a total purchase consideration of KD 1,832,820 resulting in goodwill of KD 857,715.

The fair value of the identifiable assets and liabilities of the company as at the date of acquisition were:

	KD
Non-current assets	**1,857,269**
Current assets	**984,403**
Current liabilities	**(920,759)**
Non-current liabilities	**(295,738)**
Fair value of assets and liabilities	**1,625,175**
Minority interest	**(650,070)**
	975,105
Goodwill arising on acquisition	**857,715**
Total purchase consideration	**1,832,820**
Less: cash and cash equivalents acquired	**(111,710)**
Cash outflow on acquisition	**1,721,110**

16) ACCOUNTS PAYABLE AND ACCRUALS

	2008 KD	2007 KD
Accounts payable	**3,017,879**	2,610,916
Accrued charges on credit facilities	**995,388**	742,218
Provision for Kuwait Foundation for the Advancement of Sciences	**459,894**	365,734
Directors' fees	**100,000**	75,000
Provision for National Labour Support tax	**1,342,555**	1,014,791
Zakat	**206,056**	-
Other payables	**5,313,177**	1,755,412
	11,434,949	6,564,071

17) TERM LOANS

	2008 KD	2007 KD
The loan was secured against property, plant and equipment, borrowed from a local financial institution to finance the construction of a factory for one of the subsidiaries. The loan was repaid on August 2007.	**-**	180,000
The loan is unsecured and repayable in 4 annual instalments with effect from 15 July 2005.	**375,000**	750,000
The loan is unsecured and denominated in US dollar repayable in 5 equal annual instalments with effect from 27 December 2006.	**3,042,660**	4,402,528
The loan is unsecured and denominated in Euro repayable in 5 equal annual instalments with effect from 27 December 2006.	**1,248,165**	1,581,860
The loan is unsecured and denominated in US dollar repayable in 7 semi annual instalments with effect from 18 January 2007.	**1,143,857**	1,861,971
The loan is unsecured and denominated in US dollar repayable in 5 equal annual instalments with effect from 10 November 2006.	**1,367,671**	1,978,929
The loan is unsecured and denominated in US dollar repayable in 7 semi equal annual instalments with effect from 5 July 2007.	**1,143,825**	1,737,840
The loan is unsecured and denominated in US dollar repayable in 5 equal annual instalments with effect from 27 December 2006.	**2,402,100**	3,475,680
The loan is unsecured and denominated in US dollar repayable in 6 equal semi annual instalments with effect from 15 February 2007.	**4,003,500**	7,241,000
The loan is unsecured and denominated in US dollar repayable in 8 semi annual instalments with effect from 21 March 2008.	**11,676,875**	14,482,000
The loan is unsecured and denominated in US dollar repayable in 5 annual instalments with effect from 26 March 2008.	**6,405,600**	8,689,200
The loan is unsecured and denominated in US dollar repayable in 9 equal semi annual instalments with effect from 15 September 2008.	**6,672,500**	-
The loan is unsecured and denominated in US dollar repayable in 8 equal semi annual instalments with effect from 15 November 2008.	**26,690,000**	-
The loan is unsecured and denominated in US dollar repayable on 15 November 2010.	**9,875,300**	-
Other revolving loans	**35,766,714**	29,212,328
	111,813,767	75,593,336

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

Loans denominated in foreign currencies are as follows:

	2008 KD	2007 KD
Euro	**1,248,165**	1,581,860
Omani riyal	**2,781,348**	1,373,976
US dollar	**107,409,254**	65,477,162
	111,438,767	68,432,998

All above mentioned term loans carry interest at commercial rates.

18) SHARE CAPITAL

	Authorised		*Issued and fully paid*	
	2008 KD	2007 KD	**2008 KD**	2007 KD
Shares of 100 fils each	**46,200,000**	42,000,000	**46,200,000**	42,000,000

On 23 June 2007, the annual general assembly of the shareholders of the Parent Company approved the increase of share capital from KD 42,000,000 to KD 46,200,000 by issuance of 42,000,000 bonus shares of 100 fils each. Also, cash dividend of 50 fils per share amounting to KD 20,929,785 was approved by the annual general assembly.

19) TREASURY SHARES

	2008	2007
Number of treasury shares	**1,544,739**	1,544,739
Percentage of issued shares	**0.33%**	0.33%
Market value in KD	**2,008,161**	1,328,476
Cost in KD	**457,100**	457,100

20) RESERVES

a) Statutory reserve

In accordance with the Law of Commercial Companies, and the Parent Company's articles of association, 10% of the profit for the year before contribution to Zakat, Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax and directors' fees has been transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of paid-up share capital. The statutory reserve is not available for distribution except in certain circumstances stipulated in law.

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, 10% of the profit for the year before contribution to Zakat, Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax and directors' fees has been transferred to the voluntary reserve. There are no restrictions on the distribution of the voluntary reserve.

21) PROPOSED DIVIDEND

The Board of Directors of the Parent Company has proposed a cash dividend of KD 0.070 (2007: KD 0.050 per share) per share (excluding treasury shares) amounting to KD 32,231,868 (2007: KD 20,929,785) and bonus shares at 5% (2007: 10%) of paid up share capital which is subject to the approval of the shareholders at the Annual General Meeting. The proposed cash dividend and bonus shares were not recognised as a liability at 30 April 2008.

22) SEGMENTAL INFORMATION

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:

Investments	:	Investing of Group funds in Petrochemical (Equate Petrochemical Co and The Kuwait Olefins Company), Industrial, Utilities, Services and other related sectors in addition to managing the group's liquidity requirements.
Manufacturing and trading	:	Manufacturing of goods and providing services.

Manufacturing and trading activities represent the activities of the subsidiaries, Boubyan Plastic Industries Co. W.L.L., National Waste Management Co. K.S.C. (Closed), Olayan Arabian Packaging Company L.L.C. and Muna Noor Manufacturing and Trading Co L.L.C. whereas the investment activity represents the activities of the Parent Company.

	Investments		Manufacturing and Trading		Total	
	2008 KD	2007 KD	**2008 KD**	2007 KD	**2008 KD**	2007 KD
Segment revenue	**62,591,696**	48,042,001	**16,980,703**	11,067,680	**79,572,399**	59,109,681
Segment profit	**51,379,539**	40,475,196	**1,250,041**	157,443	**52,629,580**	40,632,639
Assets	**385,225,333**	310,346,297	**17,797,216**	10,885,337	**403,022,549**	321,231,634
Liabilities	**117,331,339**	79,241,617	**7,557,688**	4,683,262	**124,889,027**	83,924,879
Capital Expenditure	**68,228,337**	68,108,006	**1,571,311**	477,040	**69,799,648**	68,585,046
Depreciation	**21,888**	22,187	**437,415**	1,596,096	**459,303**	1,618,283

Secondary segment information
The Group's segment assets in different geographical regions are as:

	2008			*2007*		
	Kuwait KD	***GCC and the rest of the Middle East KD***	***Total KD***	*Kuwait KD*	*GCC and the rest of the Middle East KD*	*Total KD*
Segment operating revenues	**46,146,737**	**33,425,662**	**79,572,399**	42,791,144	16,318,537	59,109,681
Segment assets	**237,462,533**	**165,560,016**	**403,022,549**	259,092,101	62,139,533	321,231,634

23) GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include staff cost of KD 3,231,085 (2007: KD 975,000), provision for guarantee of KD 800,000 (2007: KD Nil), depreciation of KD 139,218 (2007: KD 1,330,617), impairment of investments available for sale of KD Nil (2007: KD 488,688) and other administrative expenses of KD 163,812 (2007: KD 1,382,969).

24) 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 income statement are as follows:

	Associates KD	Major shareholders KD	Other related parties KD	**2008 KD**	2007 KD
Sales	-	-	1,066,572	**1,066,572**	980,873
Miscellaneous income	30,000	-	-	**30,000**	37,346

Balances with related parties included in the consolidated balance sheet are as follows:

	Associates KD	Major shareholders KD	Other related parties KD	**2008 KD**	2007 KD
Accounts receivable and Prepayments	-	4,430	188,451	**192,881**	178,550

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

	2008 KD	2007 KD
Short-term benefits	**84,000**	156,000
Employees' end of service benefits	**4,038**	4,038
	88,038	160,038

The current year accrual for bonus has not yet been allocated and therefore the amounts relating to key management personnel in respect of the current year are not yet determinable.

25) RISK MANAGEMENT

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

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 and term loans).The Group negotiates interest rates and obtains commercial rates for term loans.

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the Group's profit before Zakat, KFAS, directors' fees and NLST based on floating rate financial assets and financial liabilities held at 30 April 2008 and 2007. There is no impact on equity.

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

	Increase in basis points	*Effect on profit before directors' fees, Zakat, KFAS and NLST for the year KD*
2008 KD	**+25**	**279,534**
2007 KD	+25	188,983

The decrease will have an opposite effect on profit for the year.

25) RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party 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 32% of outstanding accounts receivable at 30 April 2008 (2007: 39%).

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	**GCC and the rest of the Middle East**	**International**	**Total**
	KD	**KD**	**KD**	**KD**
As at 30 April 2008				
Cash and cash equivalents	**17,266,423**	**530,807**	**-**	**17,797,230**
Accounts receivable and prepayments	**1,495,041**	**4,927,436**	**-**	**6,422,477**
Investments carried at fair value through income statement	**33,598,570**	**11,018,491**	**2,365,802**	**46,982,863**
Exchange of deposits	**-**	**-**	**601,890**	**601,890**
Maximum exposure to credit risk assets	**52,360,034**	**16,476,734**	**2,967,692**	**71,804,460**

	Kuwait	GCC and the rest of the Middle East	International	Total
	KD	KD	KD	KD
As at 30 April 2007				
Cash and cash equivalents	3,205,185	181,556	-	3,386,741
Accounts receivable and prepayments	3,408,689	3,225,945	-	6,634,634
Investment carried at fair value through income statement	39,392,943	939,763	2,896,400	43,229,106
Exchange of deposits	(267,995)	-	581,840	313,845
Maximum exposure to credit risk assets	45,738,822	4,347,264	3,478,240	53,564,326

25) RISK MANAGEMENT (continued)

Risk concentration of maximum exposure to credit risk (continued)

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

	2008	2007
	KD	KD
Trading and manufacturing	**23,749,746**	9,172,869
Banks and financial institutions	**48,054,714**	17,156,106
Others	**-**	27,235,350
	71,804,460	53,564,325

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 contractual undiscounted repayment obligations.

The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments over the life of these financial liabilities. The liquidity profile of financial liabilities was as follows:

30 April 2008	**Within 3 months**	**3 to 12 Months**	**1 to 5 Years**	**Total**
	KD	**KD**	**KD**	**KD**
Accounts payable and accruals	**2,674,542**	**7,805,019**	**-**	**10,479,561**
Dividend payable	**-**	**-**	**1,640,311**	**1,640,311**
Term loans	**1,744,181**	**15,511,498**	**110,671,804**	**127,927,483**
Total liabilities	**4,418,723**	**23,316,517**	**112,312,115**	**140,047,355**

As at 30 April 2007	Within 3 months	3 to 12 months	1 to 5 years	Total
	KD	KD	KD	KD
Accounts payable and accruals	2,175,016	3,122,140	-	5,297,156
Dividend payable	-	-	1,767,472	1,767,472
Term loans	1,089,196	16,676,595	74,315,268	92,081,059
Total liabilities	3,264,212	19,798,735	76,082,740	99,145,687

25) RISK MANAGEMENT (continued)

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 (Notes 11 and 13).

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

	Change in currency rates by 1%			
	Effect on equity		Effect on profit before KFAS, NLST, Zakat directors' fees	
	2008 KD	2007 KD	**2008 KD**	2007 KD
USD	**-**	-	**244,400**	94,303
Euro	**38,832**	39,613	-	-
GBP	**-**	20,289	**14,006**	-

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 profit and equity (as a result of a change in the fair value of investment carried at fair value through income statement and available for sale investments at 30 April 2008) due to a reasonably possible change in market indices, with all other variables held constant is as follows:

	Change in equity price	Profit for the year before KFAS NLST, zakat and Directors' fees		Equity	
	%	**2008 KD**	2007 KD	**2008 KD**	2007 KD
Investments carried at fair value through statement of income	**+5**	**2,349,143**	2,161,455	**-**	-
Investments available for sale (others)	**+5**	-	-	**2,058,352**	2,001,581
Total		**2,349,143**	2,161,455	**2,058,352**	2,001,581

The decrease in equity price percentage will have the opposite effect on equity and profit 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.

25) 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 2008 and 30 April 2007.

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 payables and accruals less cash and cash equivalents and exchange of deposits. Total capital represents equity attributable to the shareholders of the Parent Company.

	2008	2007
	KD	KD
Term loans	**111,813,767**	75,593,336
Dividend payables	**1,640,311**	1,767,472
Accounts payable and accruals	**11,434,949**	6,564,071
Less: cash and cash equivalents	**(17,797,230)**	(3,386,741)
Less: exchange of deposits	**(601,890)**	(313,845)
Net debt	**106,489,907**	80,224,293
Total capital	**276,800,462**	236,850,080
Gearing (debt to equity) ratio	**38.47%**	33.87%

26) CONTINGENCIES AND CAPITAL COMMITMENTS

	2008	2007
	KD	KD
Acquisition of investments	**6,184,675**	3,950,000
	6,184,675	3,950,000

27) FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise 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 11), are not materially different from their carrying values.

28) 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. Investment in Equate of KD 131,500,000 (2007: KD 125,565,000) has been determined by the directors of the Parent Company using an appropriate valuation method based on the latest information available of the results and future projections of Equate Petrochemicals Company K.S.C. (Closed) (Note 10). There are a number of other investments available for sale (others) where fair values cannot be reliably determined, and as a result investments with a carrying amount of KD 39,631,421 (2007: KD 22,767,451) are carried at cost (Note 11).

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 balance sheet date, gross raw materials were KD 1,307,191 (2007: KD 1,094,325) and gross finished goods and goods for resale were KD 745,351 (2007: KD 580,668), with provisions for old and obsolete inventories of KD 36,880 (2007: KD 32,084). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated income statement.

The Success Story Continues !