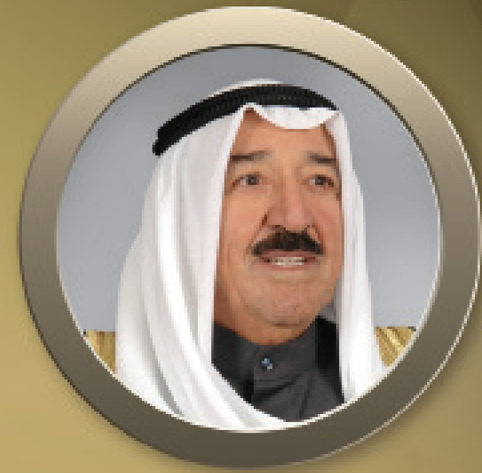
ANNUAL REPORT

For the year ended 30th APRIL

2012

Boubyan Petrochemical Company (K.S.C)



H.H. / Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah
The Amir 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 Jaber Al-Mubarak Al-Hamad Al-Sabah
The Prime Minister of The State of Kuwait

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Marzouq Ali Al-Ghanim
Chairman

Dabbous Mubarak Al-Dabbous
Deputy Chairman

Saoud Abdulaziz Al-Babtain
Board Member

Khalid Abdulaziz Al-Muraikhi
Board Member

Saad Abdullah Al-Hunayan
Board Member

MESSAGE TO THE SHAREHOLDERS

Board Message

On behalf of my colleagues, Directors of the Board, and all employees of the Boubyan Petrochemical Group of Companies, it gives me great pleasure to welcome you to the 16th Annual General Meeting to review the company's performance for the financial year ended April 30th, 2012.

With the continuing fluctuation of the global economy as a result of the Euro crisis that is now threatening newer and larger countries than Greece and the other smaller countries, in addition to the uncertainty surrounding the recovery of the US economy, global economic indicators have been markedly affected. Nonetheless, Oil and Petrochemical prices have stayed at acceptable levels albeit lower than the levels witnessed last year.

With the stability of petrochemical product prices at the current levels, the performance of our main investments EQUATE Petrochemical Company (EQUATE I) and The Kuwait Olefins Company (EQUATE II) has remained robust as evidenced in distributing record cash divideneds amounting to KD 25 million to Boubyan Petrochemical Company, which was the main contributer to the company's profitability for the financial year ending 30/4/2012.

In addition, and in implementation of the company's strategy of acquiring influential stakes in targets working in the Chemicals/ Petrochemicals and the Oil/ Gas and the derivatives sectors, BPC has completed the acquisition of APICORP's 12.5 % stake in Bahrain National Gas Company (Banagas) in a deal worth $ 30 million (approximatly KD 8.3 million). Moreover, BPC is considering further acquisitions in the aforementioned sectors to support growth and profitability.

Furthermore, BPC has continued to work closely with its subsidiaries to conclude the different expansion plans, whereas, Muna Noor in Oman has completed all construction work related to its expansion in Sohar Industrial Area with commercial production expected to commence during the second half of the current financial year. The capital expenditure of the project has reached KD 4.2 million. On the other hand, Olayan Arabian Packaging Company in Saudi Arabia has finalized its expansion project worth KD 1.6 million which has more than doubled the capacity and enhanced product quality with commercial operations already starting. The capital expenditure of both projects is worth KD 5.8 million.

Also, BPC's total debt has continued to decline, as it was reduced by KD 22 million during the last financial year ending 30/4/2012 or an estimated KD 41 million over the past two financial years which led our Debt to Shareholders' Equity ratio to decline significantly confirming the strength of the company and its cash flows.

In light of the above, let us review BPC's financial performance for the year ended April 30th, 2012, in which the company has posted a net profit of KD 24.7 million (equivalent to 51.1 fils/share) before reserves and dividends compared to net profit of KD 22.8 million (equivalent to 47.2 fils/share), while the Shareholders' Equity reached KD 278.4 million compared to KD 258.5 million. Therefore, return on Shareholders' Equity became 8.9% and on Total Assets 5.8%, where profitability growth reached 8% and that of Shareholders' Equity at 7.7%.

Given the above growth in performance and the availability of liquidity, the Board of Directors recommends distributing cash dividends of 40% (or 40 Fils per share) for the financial year ended April 30th, 2012.

Finally, we extend our sincere thanks and appreciation to our shareholders for their continued trust and support over the past many years.

We attach for your review an update of the latest developments of our major direct investments.

The Board of Directors

EQUATE Petrochemicals Company (EQUATE) - KSCC:

EQUATE was established in 1995 as a joint venture between Petrochemical Industries Co (45% of equity) and Union Carbide (now Dow Chemical) which also had a 45% equity stake. The balance (which is 10%) belonged to Boubyan Petrochemical Company (BPC). EQUATE is one 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.

However, shareholding structure of EQUATE has changed since the beginning of 2005 following 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's became 42.5% each.

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

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.

Full Commercial production of Ethylene and Ethylene Glycol has commenced during the year 2009. The year ended 31/12/2009 was the first fully operational year that led to writing off of pre-operational losses and resulted in dividend distribution. As to the financial year ended 31/12/2011, the sum of dividend distribution of BPC's share of both EQUATE I and TKOC II amounted to an unprecedented record KD 25.1 million.

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

At the end of 2005, BPC acquired 80% of the equity of 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. During the year 2010, BPC acquired the remaining 20% minority stake and as a result, MNMT is now a wholly owned subsidiary. During 2010, MNMT completed setting up and started commercial production in a new factory in Rusayl Industrial Area in Muscat, which lead to doubling the PE pipes production capacity that also meant separating the production lines of PE and PVC to be in different locations. Furthermore, MNMT is setting up a branch in Salalah to be closer to markets in that area and the African markets. On the other hand, BPC in association with MNMT has established a new company, Muna Noor Plastic Industies Company (MNPI), through which a new factory was setup to produce PloyPropylene (PP) pipes and manhole chambers in Sohar Industrial Area for a total capital investment of around KD 4.2 million and is currently undergoing trial production. At the same time, the company is seeking the required regulatory approvals for its new products, while commercial production is expected to commence during the second half of current financial year ending 30/04/2013. The effect of the expansion should be reflected clearly during the next financial year.

Al-Kout Industrial Projects – (KSCC):

Boubyan Petrochemical Company acquired 24% of Al-Kout Industrial Projects Company in May 2010, through an auction on the Kuwait Stock Exchange. Al-Kout is the exclusive producer of Chlorine, Caustic Soda and Hydrochloric Acid in Kuwait. It sells its products in Kuwait to water desalination plants via ME & W, sea water cooling stations through the Public Authority of Industry as well as companies working in the Oil and Gas Industry. The company also sells its products in other regional countries. Al-Kout is listed on the Kuwait Stock Exchange and declared net profits amounting to KD 3.67 million (41.6 fils/share) for the year ended December 31st 2011 in comparison to KD 2.75 million for the previous year, a 33% growth. Al-Kout has declared and already distributed cash dividends amounting to 35 fils/share for 2011 results.

Banagas (Bahrain National Gas Company B.S.C.):

Boubyan Petrochemical Company acquired APICORP's 12.5% equity stake in Banagas for $30 million (about KD 8.3 million) during November 2011, through a bidding process. The Government of Bahrain is the largest shareholder with a 75% stake while Chevron owns a 12.5% stake. Banagas specializes in separeting associated gas which is produced during Oil production.

Boubyan Plastic Industries Company (BPIC) – KSCC:

BPIC is a wholly owned subsidiary of BPC. Its 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 relatively 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: 2008 certificate. Furthermore, production capacity of BPIC almost doubled since inception to reach 12,000 tpa.

During 2009, the legal status of BPIC was changed to a closed shareholding company. This came in parallel with the significant improvement in its financial performance which enabled BPIC's Board to recommend cash dividends distribution to the parent company for the third year in a row.

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 compliments 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 an exchange of technical and marketing expertise. On the other hand, OAPC has concluded its expansion project worth KD 1.6 million which led to more than doubling its production capacity and enhance product quality to be better aligned with market demand. The new line is already in commercial operations and its impact should be reflected in the second half of the current financial year.

Boubyan International Industries Holding Company (BIIHC) - KSCC:

BIIHC was incorporated almost 8 years ago (1/8/2004) with a KD 30 million paid up capital. BPC has a 20% equity stake BIIHC (Associate Co.). This makes BPC its largest single shareholder. BIIHC main activilty has been investing in operating companies and in certain industrial equity holdings in the GCC and internationally. 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 has been listed on the Kuwait Stock Exchange since 12/ 2010.

National Waste Management Company (NWMC) – LLC:

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 during the year 2007, NWMC received a letter from Kuwait Municipality declining the Company's request for a tipping fee, a standard setup for such projects worldwide. This has lead to delays in project implementation since we must start a fresh the search for less advanced/costly technologies that will maintain feasibility of the project. On the other hand, Five years go BPC divested 50% of the equity of NWMC to a strategic investor, whose introduction is expected to enhance the chances of implementing the project in a feasible fashion.

ANNUAL REPORT
For the year ended 30th APRIL

2012

Boubyan Petrochemical Company K.S.C.
and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS
30th April 2012

BOUBYAN PETROCHEMICAL COMPANY K.S.C.

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Ali K. Al-Faraj
Chartered Accountant
Cause List Expert
Tel.: 22408568/22408569 - Fax: 22408571
P.O.Box 20870 Safat - 13069 Kuwait

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Boubyan Petrochemical Company K.S.C (the "Parent Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 30 April 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement 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 about 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 controls relevant to the Parent Company'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 Group'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 at 30 April 2012, 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 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 2012 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

Kuwait, 11 June 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2012

	Notes	2012 KD	2011 KD
Sales		22,674,256	23,084,895
Cost of sales		(18,481,598)	(18,513,621)
GROSS PROFIT		4,192,658	4,571,274
Dividend income	3	28,626,871	29,400,742
Investment income	4	38,318,672	16,707,096
Share of results of associates	12	(539,929)	(768,672)
Other income		124,892	371,775
General and administrative expenses	23	(4,500,196)	(6,346,348)
Finance cost		(8,004,416)	(8,958,599)
Foreign exchange (loss) gain		(284,049)	348,349
Profit before impairment of investments available for sale		57,934,503	35,325,617
Impairment of investments available for sale (others)	11	(32,294,057)	(11,692,939)
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST"), ZAKAT AND DIRECTORS' FEES		25,640,446	23,632,678
Contribution to KFAS		(242,473)	(204,118)
Contribution to NLST		(616,785)	(414,645)
Zakat		-	(159,885)
Directors' fees		(75,000)	(60,000)
PROFIT FOR THE YEAR		24,706,188	22,794,030
Other comprehensive income:			
Realised gain on partial sale of investment available for sale (Equate)	4,10	(5,398,253)	-
Realised (gain) loss on sale of investments available for sale (others)	4	(822,804)	583,956
Unrealised gain on investments available for sale (Equate)	10	8,387,088	3,500,000
Unrealised loss on investments available for sale (others)		(21,420,171)	(11,534,317)
Transfer to profit for the year on impairment of investments available for sale (others)	11	32,294,057	11,692,939
Share of other comprehensive income of associates	12	(839,450)	(67,252)
Revaluation of property, plant and equipment	14	(6,579)	1,559,011
Change in fair value of cash flow hedges	25	-	989,467
Others		(11,598)	(436,411)
OTHER COMPREHENSIVE INCOME		12,182,290	6,287,393
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		36,888,478	29,081,423
Profit attributable to:			
Equity holders of the Parent Company		24,709,745	22,836,309
Non-controlling interests		(3,557)	(42,279)
		24,706,188	22,794,030
Total comprehensive income attributable to:			
Equity holders of the Parent Company		36,903,633	28,667,282
Non-controlling interests		(15,155)	414,141
		36,888,478	29,081,423
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	5	51.14 fils	47.24 fils

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 April 2012

	Notes	2012 KD	2011 KD
ASSETS			
Bank balances and short term deposits	6	**35,469,950**	6,586,836
Accounts receivable and prepayments	7	**8,218,169**	8,752,321
Inventories	8	**4,341,284**	3,893,650
Investments carried at fair value through income statement	9	**100,998,029**	71,903,533
Investments available for sale (Equate)	10	**138,301,724**	134,000,000
Investments available for sale (others)	11	**92,547,114**	160,541,809
Investment in associates	12	**18,075,152**	20,195,411
Exchange of deposits	13	**4,059,955**	2,351,279
Property, plant and equipment	14	**20,350,466**	15,640,755
Goodwill		**6,002,464**	6,002,464
Total ASSETS		**428,364,307**	429,868,058
LIABILITIES AND EQUITY			
LIABILITIES			
Term loans	15	**60,016,694**	94,584,318
Islamic financing payables	16	**73,058,925**	60,500,000
Accounts payable and accruals	17	**12,520,574**	12,230,616
Dividend payable		**2,948,207**	2,708,886
Total liabilities		**148,544,400**	170,023,820
EQUITY			
Share capital	18	**48,510,000**	48,510,000
Share premium		**2,400,000**	2,400,000
Treasury shares	19	**(949,972)**	(949,972)
Treasury shares reserve		**993,574**	993,574
Statutory reserve	20	**24,255,000**	24,255,000
Voluntary reserve	20	**24,255,000**	24,255,000
Other reserves		**(181,744)**	(181,744)
Revaluation reserve		**5,806,784**	5,813,363
Cumulative changes in fair values		**116,001,002**	103,800,535
Retained earnings		**57,359,488**	49,562,552
Equity attributable to equity holders of the Parent Company		**278,449,132**	258,458,308
Non-controlling interests		**1,370,775**	1,385,930
Total equity		**279,819,907**	259,844,238
Total liabilities AND EQUITY		**428,364,307**	429,868,058

Marzouq A. Al-Ghanim
Chairman

Dabbous M. Al-Dabbous
Deputy Chairman

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

Boubyan Petrochemical Company K.S.C. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 April 2012

	Attributable to shareholders of the Parent Company												
	Share capital	Share premium	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Other reserve	Revaluation reserve	Cumulative changes in fair value	Retained earnings	Sub total	Non-Controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance at 1 May 2011	48,510,000	2,400,000	(949,972)	993,574	24,255,000	24,255,000	(181,744)	5,813,363	103,800,535	49,562,552	258,458,308	1,385,930	259,844,238
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	24,709,745	24,709,745	(3,557)	24,706,188
Other comprehensive (loss) income	-	-	-	-	-	-	-	(6,579)	12,200,467	-	12,193,888	(11,598)	12,182,290
Total comprehensive (loss) income for the year	-	-	-	-	-	-	-	(6,579)	12,200,467	24,709,745	36,903,633	(15,155)	36,888,478
Dividends (note 18)	-	-	-	-	-	-	-	-	-	(16,912,809)	(16,912,809)	-	(16,912,809)
Balance at 30 April 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**

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

Boubyan Petrochemical Company K.S.C. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 30 April 2012

Attributable to shareholders of the Parent Company

	Share capital	Share premium	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Other reserve	Revaluation reserve	Cumulative changes in fair value	Retained earnings	Sub total	Non-Controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance at 1 May 2010	48,510,000	2,400,000	(461,841)	950,920	22,189,125	22,189,125	-	5,147,180	98,635,745	45,366,701	244,926,955	1,028,364	245,955,319
Profit (Loss) for the year	-	-	-	-	-	-	-	-	-	22,836,309	22,836,309	(42,279)	22,794,030
Other comprehensive income	-	-	-	-	-	-	-	666,183	5,164,790	-	5,830,973	456,420	6,287,393
Total comprehensive income for the year	-	-	-	-	-	-	-	666,183	5,164,790	22,836,309	28,667,282	414,141	29,081,423
Purchase of treasury shares	-	-	(853,824)	-	-	-	-	-	-	-	(853,824)	-	(853,824)
Sale of treasury shares	-	-	365,693	42,654	-	-	-	-	-	-	408,347	-	408,347
Dividends	-	-	-	-	-	-	-	-	-	(14,508,708)	(14,508,708)	-	(14,508,708)
Transfer to reserves	-	-	-	-	2,065,875	2,065,875	-	-	-	(4,131,750)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	(181,744)	-	-	-	(181,744)	-	(181,744)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(56,575)	(56,575)
Balance at 30 April 2011	48,510,000	2,400,000	(949,972)	993,574	24,255,000	24,255,000	(181,744)	5,813,363	103,800,535	49,562,552	258,458,308	1,385,930	259,844,238

Cumulative changes in fair value consists of the following:

	2012 KD	2011 KD
a) Unrealised gain relating to investments available for sale (Equate)	**113,137,553**	108,098,338
b) Unrealised gain (loss) relating to investments available for sale (others)	**3,217,389**	(4,783,307)
c) Share of cumulative changes in fair values in the equity of associates	**(353,940)**	485,504
	116,001,002	103,800,535

During the year, the unrealised gain on investments available for sale (others and Equate) includes an amount of KD 2,311,535 (2011: unrealised loss of KD 7,345,619) in respect of foreign currency movements.

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

Boubyan Petrochemical Company K.S.C. and Subsidiaries

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April 2012

	Notes	2012 KD	2011 KD
OPERATING ACTIVITIES			
Profit for the year before KFAS, NLST, Zakat and Directors' fees		**25,640,446**	23,632,678
Adjustments for:			
Finance cost		**8,004,416**	8,958,599
Depreciation	14	**1,164,420**	1,095,449
Employees' end of service benefits		**74,871**	72,558
Realised gain on partial sale of investments available for sale (Equate)		**(5,398,253)**	-
Realised (gain) loss on sale of investments available for sale (others)	4	**(822,804)**	583,956
Impairment of investments available for sale (others)	11	**32,294,057**	11,692,939
Other income		**(124,892)**	(371,775)
Share of result of associates	12	**539,929**	768,672
Realised gain on investments carried at fair value through income statement	4	**(519,402)**	(318)
Foreign exchange loss (gain)		**284,049**	(348,349)
Unrealised gain on investments carried at fair value through income statement	4	**(31,334,599)**	(15,851,006)
		29,802,238	30,233,403
Operating assets and liabilities:			
Accounts receivable and prepayments		**534,152**	583,177
Inventories		**(447,634)**	(119,025)
Accounts payable and accruals		**(325,229)**	2,037,815
Investments carried at fair value through income statement		**2,926,007**	525,967
Taxation paid		**(271,745)**	(488,870)
Net cash from operating activities		**32,217,789**	32,772,467
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	14	**(5,885,057)**	(402,897)
Proceeds from sale of property, plant and equipment		**4,347**	4,192
Additions to investments available for sale (others)		**(9,117,120)**	(1,941,560)
Dividend received from an associate	12	**740,880**	740,880
Acquisition of an associate	12	**-**	(8,178,218)
Proceeds from sale of investments available for sale (Equate)	10	**6,135,748**	-
Proceeds from sale of investments available for sale (others)		**52,251,844**	12,072,112
Acquisition of additional interest in a subsidiary		**-**	(238,774)
Net cash from investing activities		**44,130,642**	2,055,735
FINANCING ACTIVITIES			
Dividends paid		**(16,673,488)**	(14,462,473)
Net movement in term loans		**(34,807,823)**	(29,517,127)
Net movement in Islamic financing payables		**12,200,499**	15,500,000
Finance cost paid		**(8,184,505)**	(9,054,391)
Purchase of treasury shares		**-**	(853,824)
Proceed from sale of treasury shares		**-**	408,347
Net cash used in financing activities		**(47,465,317)**	(37,979,468)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**28,883,114**	(3,151,266)
Cash and cash equivalents at the beginning of the year		**6,586,836**	9,738,102
CASH AND CASH EQUIVALENTS AT 30 APRIL	6	**35,469,950**	6,586,836

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

1 CORPORATE INFORMATION

The consolidated financial statements of Boubyan Petrochemical Company K.S.C. (the "Parent Company") and Subsidiaries (the "Group") for the year ended 30 April 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 11 June 2012 and are issued 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 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 State of Kuwait.

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

	2012	2011
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%
Qurain Petrochemical Company K.S.C.	**6%**	6%

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
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.

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

Changes in accounting policy and disclosures
The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in previous year, except for the adoption of the following amended IASB Standards and new International Financial Reporting Interpretations Committee ("IFRIC") Interpretations:

The adoption of the following new and amended IASB Standards and IFRIC Interpretations resulted in changes to accounting policies, but did not have any material impact on the financial position or performance of the Group:

IFRS 7: Financial Instruments: Disclosures (Amendment) (effective 1 January 2011)
The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

IAS 1: Presentation of Financial Statements (Amendment) (effective 1 January 2011)
The amendment to standard clarifies that an entity may present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity or in the notes to the financial statements. The group provides this analysis in statement of comprehensive income.

IAS 24: Related party (Amendment) (effective 1 January 2011)
The amendment clarifies the definition of a related party. The new definition emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity.

The adoption of the above mentioned amendments did not have any material impact on the financial position or performance of the Group.

Boubyan Petrochemical Company K.S.C. and Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 30 April 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective
The following new and amended IASB Standards have been issued but not yet mandatory, and have not been adopted by the Group:

IAS 1: Financial Statement Presentation – Presentation of Items of Other Comprehensive Income (Amendment) (effective 1 July 2012)
The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to consolidated income statement at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

IAS 27: Separate Financial Statements (Amendment) (effective 1 January 2013)
As a consequence of the new IFRS 10: Consolidated Financial Statements and IFRS 12: Disclosure of Involvement with Other Entities, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements.

IAS 28: Investments in Associates and Joint Ventures (Amendment) (effective 1 January 2013)
As a consequence of the new IFRS 11: Joint Arrangements and IFRS 12: Disclosure of Involvement with Other Entities, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

IFRS 3: Business Combinations (Amendment) (effective 1 July 2011)
The measurement options available for non controlling interest have been amended. Only components of non controlling interest that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

IFRS 7: Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements (Amendment) (effective 1 July 2011)
The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

IFRS 9: Financial Instruments: Classification and Measurement (effective 1 January 2015)
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39: Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. 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, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 10: Consolidated Financial Statements (effective 1 January 2013)
IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements. It also includes 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 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

IFRS 11: Joint Arrangements (effective 1 January 2013)
IFRS 11 replaces IAS 31: Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard will impact the financial position of the Group. This is due to the cessation of proportionate consolidating the joint venture Panther Media Group Limited ("PMGL") to equity accounting for this investment.

IFRS 12: Disclosure of Involvement with Other Entities (effective 1 January 2013)
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

IFRS 13: Fair Value Measurement (effective 1 January 2013)
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 when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance.

Additional disclosures will be made in the consolidated financial statements when these standards become effective.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 April 2012.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the non controlling interest even if that results in a deficit balance.

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 interest
- Derecognises the cumulative translation differences, 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 consolidated income statement
- Reclassifies the Parent Company's share of components previously recognised in other comprehensive income to consolidated income statement or retained earnings, as appropriate.

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 interest at 30 April	
			2012	2011
Directly held				
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 household waste	Kuwait	**50%**	50%
Muna Noor Manufacturing and Trading Co. L.L.C ("MNMT")	Manufacturing and trading of plastic pipes	Sultanate of Oman	**80%**	80%
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	**80%**	80%
Held through BPIC				
Muna Noor Manufacturing and Trading Co. L.L.C ("MNMT")	Manufacturing and trading of plastic pipes	Sultanate of Oman	**20%**	20%
Muna Noor Plastic Industries L.L.C ("MNPI")	Manufacturing and trading of plastic pipes	Sultanate of Oman	**20%**	20%

Boubyan Petrochemical Company K.S.C. and Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 30 April 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in consolidated income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in consolidated income statement.

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

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Revenue recognition
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.

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

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

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, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, cash dividends from listed companies which are subjected to NLST have been deducted from the profit for the year.

Financial assets
Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through income statement, financial assets available for sale, financial assets 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 income statement 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
Financial assets at fair value through income statement includes, financial assets held for trading and financial assets designated upon initial recognition at fair value through income statement. Financial assets 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 income statement.

Financial assets 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 financial assets 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 financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification to loans and receivables, financial assets available for sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through income statement using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

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 income statement. 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.

Financial assets available for sale
Financial assets available for sale include equity and debt 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, financial assets 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 income statement, or determined to be impaired, at which time the cumulative loss is reclassified to the consolidated income statement. Financial assets available for sale whose fair value cannot be reliably measured are carried at cost less impairment losses, if any. Interest earned whilst holding financial assets available for sale is reported as interest income using the effective interest rate method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets available for sale (continued)
The Group evaluates whether the ability and intention to sell its financial assets available for sale in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets 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 income statement 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 income statement.

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 and consolidated statement of comprehensive income 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Investments available for sale
For financial assets 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 profit for the year. Impairment losses on equity investments are not reversed through the consolidated income statement; 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 profit for the year.

Investments carried at amortised cost
For financial assets 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 financial assets 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 income statement. 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 income statement. 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 income statement.

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.

The Group classifies its financial liabilities other than at fair value through income statement as term loans, trade payables and islamic finance payables.

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.

Boubyan Petrochemical Company K.S.C. and Subsidiaries
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As at 30 April 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

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."

Tawarruq payables
Tawarruq payable represent Islamic financing arrangements, whereby the company receives funds for the purpose of financing its investment activities and they are stated at amortised cost. Tawarruq 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.

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 financial liabilities traded in recognised financial markets is their quoted market price, based on the current bid price. For all other financial assets or financial 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.

For financial assets 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.

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 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.

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 income statement.

Derivative financial instruments and hedging
The Group makes use of derivative instruments to manage exposures to interest rate risk.

Derivatives are recorded at fair value. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of financial position. For hedges, which do not qualify for hedge accounting and for "held for trading" derivatives, any gains or losses arising from changes in the fair value of the derivative are taken directly to the profit for the year.

At inception of the hedge relationship, the Group formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedging (continued)

Also at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. Hedges are formally assessed each quarter. A hedge is regarded as highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80% to 125%. For situations where that hedged item is a forecast transaction, the Group assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the profit for the year.

For the purposes of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; and (b) cash flow hedges, which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Fair value hedges
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 remeasuring the hedging instrument to fair value is recognised immediately in the profit for the year. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the other comprehensive income.
Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

Cash flow hedges
For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion is recognised in the profit for the year.

When the hedged cash flow affects the profit for the year, the gain or loss on the hedging instrument is 'recycled' in the corresponding income or expense line of the profit for the year. When a hedging instrument expires, or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the hedged forecast transaction is ultimately recognised in the profit for the year. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the profit for the year.

For hedges that do not qualify for hedge accounting, any gains or losses arising from changes in fair value of the hedging instrument are taken directly to the profit for the year.

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.

The Group recognises in the consolidated statement of comprehensive 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 income statement. The Group's share of those changes is recognised directly in the other 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 comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in associates (continued)
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 profit or loss.

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.

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

• Buildings	20 years
• Plant and equipment	10-20 years
• Furniture and office equipment	4-5 years
• Motor vehicles	5 years

Depreciation for plant and equipment 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.

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 statement of comprehensive income as the expense is incurred.

When an asset is revalued, any increase in the carrying amount arising on revaluation is credited directly to other 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.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 profit 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 profit for the year, foreign exchange differences are recognised in the profit 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.

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 income statement 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 income statement 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'.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates (continued)

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 profit or loss in the management accounts, they are classified at fair value through income statement.

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.

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.

3 DIVIDEND INCOME

Dividend income for the year include dividends received from Equate Petrochemicals Company K.S.C. (Closed) and The Kuwait Olefins Company K.S.C (Closed) amounting to KD 12,969,456 (2011: KD 14,026,412) and KD 12,107,396 (2011: KD 7,335,306) respectively.

4 INVESTMENT INCOME

	2012 KD	2011 KD
Investments carried at fair value through income statement		
Investments held for trading		
Realised gain	519,402	318
Investments designated at fair value through income statement		
Unrealised gain	31,334,599	15,851,006
Others		
Realised gain (loss) on sale of investments available for sale (others)	822,804	(583,956)
Realised gain on sale of investments available for sale (Equate) [Note 10]	5,398,253	-
Other investments related income	243,614	1,439,728
	6,464,671	855,772
	38,318,672	16,707,096

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

Basic and diluted earnings per share (EPS) 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:

	2012 KD	2011 KD
Profit for the year attributable to equity holders of the Parent Company	24,709,745	22,836,309
Weighted average number of paid up shares outstanding	485,100,000	485,100,000
Weighted average number of treasury shares	(1,876,973)	(1,658,767)
Weighted average number of outstanding shares for basic and diluted EPS	483,223,027	483,441,233
Basic and diluted earnings per share	51.14 fils	47.24 fils

6 BANK BALANCES AND SHORT TERM DEPOSITS

	2012 KD	2011 KD
Cash at banks and on hand	7,139,550	4,938,636
Murabaha deals and deposits	28,330,400	1,648,200
Bank balances and short term deposits	35,469,950	6,586,836

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 6,072,370 (2011: KD 6,399,837) mainly in US Dollars. Omani riyals and Saudi riyals

7 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2012 KD	2011 KD
Trade receivables	6,225,700	6,606,518
Accrued income	56,258	266,374
Other receivables	1,936,211	1,879,429
	8,218,169	8,752,321

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				Total
		< 30 days	30 to 60 days	60 to 90 days	> 90 days	
	KD	KD	KD	KD	KD	KD
2012	1,549,860	77,552	1,983,275	1,671,278	943,735	6,225,700
2011	1,729,805	19,043	1,976,748	1,525,536	1,355,386	6,606,518

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.

Boubyan Petrochemical Company K.S.C. and Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 30 April 2012

8 INVENTORIES

	2012 KD	2011 KD
Goods in transit	167,434	539,341
Raw materials	2,902,439	2,099,220
Work in progress	169,344	41,861
Finished goods	1,102,067	1,213,228
	4,341,284	3,893,650

9 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	2012 KD	2011 KD
Investments held for trading		
Quoted investments	-	691,241
Unquoted investments	-	1,549,247
	-	2,240,488
Investments designated as fair value through income statement		
Unquoted investments	100,998,029	69,663,045
	100,998,029	71,903,533

Quoted investments
The fair value of the quoted equity investments is determined by reference to published price quotations in an active market.

Unquoted investments
Fair value of unquoted investments have 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. As a result of this exercise, unrealised gain of KD 31,334,599 (2011: KD 16,000,000) was recognised in the profit for the year.

The Group has recorded unrealised losses of KD Nil (2011: KD Nil) in respect of the reclassified investments in other comprehensive income. Had the Group not adopted the amendments to IAS 39, the unrealised loss would have been recorded in the profit for the year. The Group has recorded impairment loss of KD 1,896,149 (2011: KD 1,444,621) in the profit for the year in respect of these reclassified investments. This impairment loss is included in the impairment loss of investments available for sale (others) [Note 11].

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 138,301,724 (2011: KD 134,000,000) 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, unrealised gain of KD 8,387,088 (2011: unrealised gain of KD 3,500,000), after taking into account of the foreign currency fluctuations, was recognised in the other comprehensive income.

Further, during the year ended 30 April 2012, the Parent Company sold a portion of its shares in Equate for KD 6,135,748 (USD 22,500,000) and realised a gain of KD 5,398,253 (included in investment income) in the profit for the year.

11 INVESTMENTS AVAILABLE FOR SALE (OTHERS)

	2012 KD	2011 KD
Quoted investments	12,310,989	56,687,964
Unquoted investments	80,236,125	103,853,845
	92,547,114	160,541,809

11. INVESTMENTS AVAILABLE FOR SALE (OTHERS) (continued)

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 impairment loss of KD 32,294,057 (2011: KD 11,692,939) in the profit 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 2012, in respect of these investments.

At 30 April 2012, certain unquoted investments available for sale amounting to KD 5,603,912 (2011: KD 8,590,236) are carried at cost due to non availability of reliable measures of their fair values.

Certain investments available for sale denominated in US Dollars, Pounds Sterling, Euros and Japanese Yen with a carrying value of KD 49,835,136 (2011: KD 77,278,415) are designated as hedged items in fair value hedging relationship with amounts borrowed from banks as term loans and under exchange of deposits arrangements (Note 13 and 15).

12 INVESTMENT IN ASSOCIATES

The Parent Company has the following investment in associates:

	Country of incorporation	Ownership 2012	Ownership 2011	Principal activity
Boubyan International Industries Holding Company K.S.C. ("BIIHC")	Kuwait	20%	20%	To undertake industrial investments
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 (Closed) ("Al-Kout")	Kuwait	24%	24%	Involved in manufacturing activities

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

	2012 KD	2011 KD
At the beginning of the year	20,195,411	13,593,997
Additions	-	8,178,218
Share of results	(539,929)	(768,672)
Dividends received	(740,880)	(740,880)
Share of cumulative changes in fair value reserve	(839,450)	(67,252)
At 30 April	18,075,152	20,195,411

The carrying value of each individual associate is as follows:

	2012 KD	2011 KD
BIIHC	7,889,930	10,210,712
KQIHC	1,924,975	1,928,620
AL-KOUT	8,260,247	8,056,079
	18,075,152	20,195,411

12. INVESTMENT IN ASSOCIATES (continued)

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

	2012 KD	2011 KD
Share of the associates' assets and liabilities:		
Current assets	5,359,043	4,349,641
Non-current assets	17,254,030	20,528,770
Current liabilities	(2,500,241)	(1,691,479)
Non-current liabilities	(3,444,103)	(4,397,943)
Net assets	16,668,729	18,788,989
Goodwill	1,406,423	1,406,423
	18,075,152	20,195,412
Share of the associates' revenue and results:		
Revenue	(3,474,153)	1,546,780
Results	(539,929)	(768,672)
Market value of quoted associates:		
BIIHC	4,560,000	7,200,000
Al-Kout	8,784,720	6,985,440

As at the reporting, the management of the Parent Company has assessed the carrying value of the associates. Based on their assessment, the management believe 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 profit for the year.

13 EXCHANGE OF DEPOSITS

As at 30 April 2012, the Parent Company had the following exchange of deposit agreements with a foreign bank:

- Deposits of US dollar equivalent to KD Nil (2011: KD 21,426,600) and borrowings of Pounds sterling, Euro and Japanese Yen equivalent to KD Nil (2011: KD 21,949,446) were settled during the year as per agreed terms.
- Deposits of US dollar equivalent to KD 15,276,250 (2011: KD 15,108,500) and borrowings of Pounds sterling, Euro and Japanese Yen equivalent to KD 11,703,923 (2011: KD 12,344,499) with an agreement to reverse these amounts on 9 January 2013.
- Deposits of UAE dirhams equivalent to KD Nil (2011: KD 8,231,781) and borrowed US dollar and Singapore dollar equivalent to KD Nil (2011: KD 8,121,657) were settled during the year as per agreed terms.
- During the year the company entered into a new exchange of deposit of US dollar equivalent to KD 8,874,688 and borrowed Pounds sterling, and Japanese Yen equivalent to KD 8,387,060 with an agreement to reverse these amounts on 2 April 2014.

These transactions are presented as follows:

	2012 KD	2011 KD
Deposits with banks	24,150,938	44,766,881
Due to banks	(20,090,983)	(42,415,602)
Shown on the consolidated statement of financial position	4,059,955	2,351,279

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) (Notes 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 2011, net of accumulated depreciation	2,600,000	5,211,948	7,006,044	502,423	93,834	226,506	15,640,755
Transferred from capital work in progress	-	-	226,506	-	-	(226,506)	-
Revaluation surplus	-	(6,579)	-	-	-	-	(6,579)
Additions	-	652,039	1,184,201	17,632	26,013	4,005,172	5,885,057
Disposals	-	-	-	(272)	(4,075)	-	(4,347)
Depreciation	-	(221,460)	(872,961)	(26,023)	(43,976)	-	(1,164,420)
Balance at 30 April 2012	**2,600,000**	**5,635,948**	**7,543,790**	**493,760**	**71,796**	**4,005,172**	**20,350,466**
Property, plant and equipment at cost	2,600,000	7,928,294	13,277,054	1,000,962	340,967	4,231,678	29,378,955
Revaluation surplus	-	(6,579)	-	-	-	-	(6,579)
Disposals	-	-	-	(272)	(4,075)	-	(4,347)
Accumulated depreciation	-	(2,285,767)	(5,959,770)	(506,930)	(265,096)	-	(9,017,563)
Transferred from capital work in progress	-	-	226,506	-	-	(226,506)	-
Net carrying amount at 30 April 2012	**2,600,000**	**5,635,948**	**7,543,790**	**493,760**	**71,796**	**4,005,172**	**20,350,466**

	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 2010, net of accumulated depreciation	2,000,000	5,416,824	5,984,198	375,148	10,552	991,766	14,778,488
Transferred from capital work in progress	-	139,085	840,254	3,407	-	(982,746)	-
Revaluation surplus	600,000	(128,745)	934,331	87,650	74,618	(8,843)	1,559,011
Additions	-	1,050	22,879	97,919	54,718	226,331	402,897
Disposals	-	-	-	-	(4,192)	-	(4,192)
Depreciation	-	(216,266)	(775,618)	(61,702)	(41,863)	-	(1,095,449)
Balance at 30 April 2011	2,600,000	5,211,948	7,006,044	502,422	93,833	226,508	15,640,755
Property, plant and equipment at cost	2,000,000	7,266,100	10,320,182	892,224	242,111	1,218,096	21,938,713
Revaluation surplus	600,000	(128,745)	934,331	87,651	74,618	(8,844)	1,559,011
Disposals	-	-	-	-	(4,192)	-	(4,192)
Accumulated depreciation	-	(2,064,492)	(5,088,723)	(480,859)	(218,703)	-	(7,852,777)
Transferred from capital work in progress	-	139,085	840,254	3,407	-	(982,746)	-
Net carrying amount at 30 April 2011	2,600,000	5,211,948	7,006,044	502,423	93,834	226,506	15,640,755

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

	2012 KD	2011 KD
Costs of sales	**918,971**	876,822
General and administrative expenses	**245,449**	218,627
	1,164,420	1,095,449

15 TERM LOANS

	2012 KD	2011 KD
The loan is unsecured and denominated in US dollar which is repayable on 15 March 2014.	**14,790,188**	21,976,000
The loan is unsecured and denominated in Omani riyals which is repayable in 10 semi annual instalments starting from April 2009.	**1,466,285**	1,468,272
The loan is unsecured and denominated in US dollar which is repayable in 9 equal semi annual installments starting from 15 September 2008.	**771,529**	2,289,167
The loan is unsecured and denominated in KD which is repayable in 5 equal instalments starting from 31 March 2013.	**24,000,000**	-
The loan is unsecured and denominated in KD which is repayable on 31 October 2013.	**10,000,000**	-
The loan is unsecured and denominated in Omani riyals which is repayable in 10 semi annual instalments starting from June 2013.	**3,889,212**	-
The loan is unsecured and denominated in Saudi riyals which is repayable in 16 equal quarterly instalments starting from 31 March 2012.	**1,383,239**	-
Other revolving loans	**3,716,241**	4,849,228
The loans were unsecured and were settled during the year	**-**	64,001,651
	60,016,694	94,584,318

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

Loans denominated in foreign currencies are as follows:

	2012 KD	2011 KD
Saudi riyals	**1,383,239**	-
Omani riyal	**6,276,057**	2,925,928
US dollar	**39,712,078**	80,360,609
UAE Dirhams	**-**	8,231,781
	47,371,374	91,518,318

All above mentioned term loans carry interest at commercial rates.

16 ISLAMIC FINANCING PAYABLES

	2012 KD	2011 KD
Murabaha payables	**45,058,925**	32,500,000
Tawarruq payables	**28,000,000**	28,000,000
	73,058,925	60,500,000

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

17 ACCOUNTS PAYABLE AND ACCRUALS

	2012 KD	2011 KD
Accounts payable	**4,605,116**	3,835,487
Accrued charges on credit facilities	**586,117**	766,205
Provision for KFAS	**242,473**	204,118
Provision for NLST	**616,785**	414,645
Zakat	**-**	159,885
Directors' fees	**75,000**	60,000
Other payables	**6,395,083**	6,790,276
	12,520,574	12,230,616

18 SHARE CAPITAL AND DIVIDENDS

Authorised, issued and paid-up capital consists of 485,100,000 shares (2011: 485,100,000 shares) of 100 fils per share (2011: 100 fils per share). This is comprised of 400,000,000 shares (2011: 400,000,000 shares) which are fully paid up in cash whereas 85,100,000 shares (2011: 85,100,000) were issued as bonus shares.

The Board of Directors of the Parent Company has proposed a cash dividend of 40 fils per share (2011: 35 fils per share) on outstanding shares (excluding treasury shares) amounting to KD KD 19,328,921 (2011: KD 16,912,809) in respect of the year ended 30 April 2012. 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.

19 TREASURY SHARES

	2012	2011
Number of treasury shares	**1,876,973**	1,876,973
Percentage of issued shares	**0.39%**	0.39%
Market value in KD	**1,144,953**	1,088,644

20 RESERVES

(a) Statutory reserve
In accordance with the Law of Commercial Companies and the Company's Articles of Association, the 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 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.

21 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 year end is based on contractual repayment arrangements. The maturity profile for the remaining assets and liabilities is determined based on the management estimate of liquidation of those financial assets. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

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21. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

The maturity profile of assets and liabilities is as follows:

30 April 2012	**Within 3 months KD**	**3 to 12 months KD**	**1 to 5 years KD**	**Over five years KD**	**Total KD**
ASSETS					
Bank balances and short term deposits	35,469,950	-	-	-	**35,469,950**
Accounts receivable and prepayments	7,274,434	943,735	-	-	**8,218,169**
Inventories	1,447,095	2,894,189	-	-	**4,341,284**
Investments carried at fair value through income statement	-	100,998,029	-	-	**100,998,029**
Investments available for sale (Equate)	-	-	-	138,301,724	**138,301,724**
Investments available for sale (others)			92,547,114	-	**92,547,114**
Investment in associates	-	-	-	18,075,152	**18,075,152**
Exchange of deposits	-	3,572,327	487,628	-	**4,059,955**
Property, plant and equipment	-	-	-	20,350,466	**20,350,466**
Goodwill	-	-	-	6,002,464	**6,002,464**
TOTAL ASSETS	**44,191,479**	**108,408,280**	**93,034,742**	**182,729,806**	**428,364,307**

30 April 2012	**Within 3 months KD**	**3 to 12 months KD**	**1 to 5 years KD**	**Over five years KD**	**Total KD**
LIABILITIES					
Term loans	926,185	14,339,446	44,751,063	-	**60,016,694**
Islamic financing payables	-	9,290,142	63,768,783	-	**73,058,925**
Accounts payable and accruals	6,000,717	6,519,857	-	-	**12,520,574**
Dividend payable	-	2,948,207	-	-	**2,948,207**
TOTAL LIABILITIES	**6,926,902**	**33,097,652**	**108,519,846**	**-**	**148,544,400**

30 April 2011	Within 3 months KD	3 to 12 months KD	1 to 5 years KD	Over five years KD	Total KD
ASSETS					
Bank balances and short term deposits	1,646,709	4,940,127	-	-	6,586,836
Accounts receivable and prepayments	7,396,935	1,355,386	-	-	8,752,321
Inventories	1,297,883	2,595,767	-	-	3,893,650
Investments carried at fair value through income statement	-	71,903,533	-	-	71,903,533
Investments available for sale (Equate)	-	-	-	134,000,000	134,000,000
Investments available for sale (others)	1,640,208	14,257,806	144,643,795	-	160,541,809
Investment in associates	-	-	-	20,195,411	20,195,411
Exchange of deposits	-	-	2,351,279	-	2,351,279
Property, plant and equipment	-	-	-	15,640,755	15,640,755
Goodwill	-	-	-	6,002,464	6,002,464
TOTAL ASSETS	11,981,735	95,052,619	146,995,074	175,838,630	429,868,058

30 April 2011	Within 3 months KD	3 to 12 months KD	1 to 5 years KD	Over five years KD	Total KD
LIABILITIES					
Term loans	-	71,899,980	22,684,338	-	94,584,318
Islamic financing payables	-	9,000,000	51,500,000	-	60,500,000
Accounts payable and accruals	3,329,870	8,019,123	881,623	-	12,230,616
Dividend payable	-	2,708,886	-	-	2,708,886
TOTAL Liabilities	3,329,870	91,627,989	75,065,961	-	170,023,820

22 SEGMENTAL INFORMATION

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

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 and TKOC), 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 Company K.S.C. (Closed), 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.

Year ended 30 April 2012	Investments KD	Manufacturing and Trading KD	Consolidated KD
Revenue			
Total revenue	66,405,614	22,674,256	**89,079,870**
Result			
Segment profit	66,405,614	4,192,658	**70,598,272**
Other (loss) income	(279,795)	404,687	**124,892**
General and administrative expenses	(2,171,750)	(2,328,446)	**(4,500,196)**
Finance costs	(7,854,148)	(150,268)	**(8,004,416)**
Impairment loss on financial assets available for sale (others)	(32,294,057)	-	**(32,294,057)**
Foreign exchange loss	(278,142)	(5,907)	**(284,049)**
Profit before KFAS, NLST and Directors' fees	-	-	**25,640,446**
Taxation	-	-	**(859,258)**
Directors' fee	-	-	**(75,000)**
Profit for the year	-	-	**24,706,188**
Total assets	391,902,612	36,461,695	**428,364,307**
Total liabilities	**131,353,862**	**17,190,538**	148,544,400

Other segmental information:

	Investments KD	Manufacturing and Trading KD	Consolidated KD
Capital expenditure	5,250	5,879,807	**5,885,057**
Investment in associates	9,814,905	8,260,247	**18,075,152**
Goodwill	-	6,002,464	**6,002,464**
Share of result of associates	(1,482,464)	942,535	**(539,929)**

22. SEGMENTAL INFORMATION (continued)

Year ended 30 April 2011	Investments KD	Manufacturing and Trading KD	Consolidated KD
Revenue			
Total revenue	45,339,166	23,084,895	68,424,061
Result			
Segment profit	45,339,166	4,571,274	49,910,440
Other income	10,732	361,043	371,775
General and administrative expenses	(3,850,400)	(2,495,948)	(6,346,348)
Finance costs	(8,727,238)	(231,361)	(8,958,599)
Impairment loss on financial assets available for sale (others)	(11,692,939)		(11,692,939)
Foreign exchange gain	335,691	12,658	348,349
Profit before KFAS, NLST, Zakat and Directors' fees	-	-	23,632,678
Taxation	-	-	(778,648)
Directors' fees	-	-	(60,000)
Profit for the year	-	-	22,794,030
Total assets	400,607,545	29,260,513	429,868,058
Total liabilities	159,262,920	10,760,900	170,023,820

Other segmental information:

	Investments KD	Manufacturing and Trading KD	Consolidated KD
Capital expenditure	5,914	396,983	402,897
Investment in associates	12,139,332	8,056,079	20,195,411
Goodwill	-	6,002,464	6,002,464
Share of result of associates	(1,403,270)	634,598	(768,672)

Geographic information

30 April 2012	Kuwait KD	GCC and the rest of the Middle East KD	Total KD
Segment revenues	62,691,369	26,388,501	89,079,870
Non-current assets	6,190,361	20,162,569	26,352,930
30 April 2011			
Segment revenues	48,112,779	20,311,282	68,424,061
Non-current assets	6,543,085	15,100,134	21,643,219

Segment revenues comprise sales, dividend income, investment income and share of results of associates.

Non-current assets include goodwill and property, plant and equipment.

23 GENERAL AND ADMINISTRATIVE EXPENSES

	2012 KD	2011 KD
Staff cost	**1,658,795**	1,395,962
Fair value loss on interest rate swaps	**106,360**	1,209,752
Provision for guarantee	**-**	1,300,000
Depreciation (Note 14)	**245,449**	218,627
Other administrative expenses	**2,489,592**	2,222,007
	4,500,196	6,346,348

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 profit for the year are as follows:

	Associates KD	Other related parties KD	2012 KD	2011 KD
Sales	-	1,052,664	**1,052,664**	955,687
Purchases	-	965,250	**965,250**	1,117,225
Other income	15,000	-	**15,000**	30,000

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

	2012 KD	2011 KD
Short-term benefits	**162,000**	180,000
Employees' end of service benefits	**12,634**	12,693
	174,634	192,693

Directors' fees of KD 75,000 for the year ended 30 April 2012 is subject to approval by the Annual General Meeting of the shareholders of the Parent Company. The Directors' fees of KD 60,000 for the year ended 30 April 2011 was approved by the Annual General Meeting of the shareholders held on 25 July 2011.

25 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are financial instruments that derive their value with reference to the underlying interest rate, foreign exchange rate or other indices. Notional principal amounts merely represent amounts to which a rate or price is applied to determine the amounts of cash flows to be exchanged and do not represent the potential gain or loss associated with the market or credit risk of such instruments.

Derivatives held as cash flow hedges
Derivatives used to hedge the change in cash flow of its financial assets and liabilities and which qualify as effective hedging instruments are classified as derivatives held as cash flow hedges.

Derivatives held for trading
Derivatives used for hedging purpose but which do not meet the qualifying criteria for hedge accounting are classified as 'Derivatives held for trading'. The Group deals in the following derivative instruments to manage the interest rate risk.

25. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts analysed by the terms of maturity. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk:

	Positive fair value	Negative fair value	Notional amount	Notional amounts by term to maturity	
				Within one year	1 - 5 years
2012	KD	KD	KD	KD	KD
Derivatives held for trading:					
Interest rate swaps	**5,643**	**520,752**	**26,941,750**	**26,941,750**	**-**

	Positive fair value	Negative fair value	Notional amount	Notional amounts by term to maturity	
				Within one year	1 - 5 years
2011	KD	KD	KD	KD	KD
Derivatives held for trading:					
Interest rate swaps	41,206	1,250,958	60,957,750	34,311,850	26,645,900

26 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:

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 profit for the year 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 2012 and 2011. There is no impact on equity.

26. RISK MANAGEMENT (continued)

Interest rate risk (continued)
The following table demonstrates the sensitivity of the profit for the year 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
2012 - KD	**+25**	**332,689**
2011 - KD	+25	387,711

The decrease will have an opposite effect on profit 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 50% of outstanding accounts receivable at 30 April 2012 (2011: 50%).

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	International KD	Total KD
As at 30 April 2012				
Bank balances and short term deposits	30,916,701	4,553,249	-	**35,469,950**
Accounts receivable and prepayments	2,100,306	6,117,863	-	**8,218,169**
Exchange of deposits	-	-	4,059,955	**4,059,955**
Maximum exposure to credit risk assets	**33,017,007**	**10,671,112**	**4,059,955**	**47,748,074**

	Kuwait KD	GCC and the rest of the Middle East KD	International KD	Total KD
As at 30 April 2011				
Bank balances and short term deposits	4,931,468	1,655,368	-	6,586,836
Accounts receivable and prepayments	884,044	7,868,277	-	8,752,321
Exchange of deposits	-	-	2,351,279	2,351,279
Maximum exposure to credit risk assets	5,815,512	9,523,645	2,351,279	17,690,436

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26. RISK MANAGEMENT (continued)

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

	2012 KD	2011 KD
Trading and manufacturing	**6,689,635**	8,752,321
Banks and financial institutions	**41,058,439**	8,938,115
	47,748,074	17,690,436

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:

30 April 2012	**Within 3 months KD**	**3 to 12 months KD**	**1 to 5 years KD**	**Total KD**
Accounts payable and accruals	6,000,717	6,519,857	-	**12,520,574**
Dividend payable	-	2,948,207	-	**2,948,207**
Term loans	1,599,861	16,297,640	48,747,262	**66,644,763**
Islamic financing payable	1,006,423	12,309,410	68,718,341	**82,034,174**
Total liabilities	**8,607,001**	**38,075,114**	**117,465,603**	**164,147,718**

30 April 2011	Within 3 months KD	3 to 12 months KD	1 to 5 years KD	Total KD
Accounts payable and accruals	3,329,870	8,019,123	881,623	12,230,616
Dividend payable	-	2,708,886	-	2,708,886
Term loans	797,903	48,980,876	50,086,742	99,865,521
Islamic financing payable	844,375	11,533,125	55,945,000	68,322,500
Total liabilities	4,972,148	71,242,010	106,913,365	183,127,523

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 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 profit before KFAS, NLST, Zakat and directors' fees		**Effect on other comprehensive income**	
	2012 KD	2011 KD	**2012 KD**	2011 KD
USD	**-**	(214,337)	**878,129**	-
Euro	**(73,395)**	(83,740)	**-**	-
GBP	**-**	-	**26,180**	133,383

26. RISK MANAGEMENT (continued)

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 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 2012) due to a reasonably possible change in market indices, with all other variables held constant is as follows:

	Change in equity price	Effect on profit for the year before KFAS, NLST, Zakat and directors' fees		Effect on other comprehensive income	
	%	**2012 KD**	2011 KD	**2012 KD**	2011 KD
Investments carried at fair value through statement of income	+20	**-**	137,988	**-**	-
Investments available for sale (others)	+20	**-**	-	**2,462,198**	11,337,593
Investments available for sale (others)	-20	**(1,713,084)**	(1,484,962)	**(749,114)**	(9,852,631)
Total		**(1,713,084)**	(1,346,974)	**1,713,084**	1,484,962

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

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 2012 and 30 April 2011.

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.

	2012 KD	2011 KD
Term loans	**60,016,694**	94,584,318
Islamic financing payables	**73,058,925**	60,500,000
Accounts payable and accruals	**12,520,574**	12,230,616
Dividend payable	**2,948,207**	2,708,886
Less: exchange of deposits	**(4,059,955)**	(2,351,279)
Less: cash and cash equivalents	**(35,469,950)**	(6,586,836)
Net debt	**109,014,495**	161,085,705
Equity attributable to equity holders of the Parent Company	**278,449,132**	258,458,308
Gearing (debt to equity) ratio	**39%**	62%

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27 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 11) 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:

	Level: 1 KD	**Level: 2 KD**	**Level: 3 KD**	**Total fair value KD**
2012				
Financial assets				
Investments available for sale (others)				
Quoted investments	**12,310,989**	**-**	**-**	**12,310,989**
Unquoted investments	**-**	**-**	**74,632,213**	**74,632,213**
	12,310,989		**74,632,213**	**86,943,202**
Investments available for sale (Equate)				
Unquoted investments	**-**	**-**	**138,301,724**	**138,301,724**
Investments carried at fair value through income statement				
Unquoted investments	**-**	**-**	**100,998,029**	**100,998,029**
Derivative financial instruments				
Interest rate swaps	**-**	**5,643**	**-**	**5,643**
		5,643	**100,998,029**	**101,003,672**
Financial liabilities				
Derivative financial instruments				
Interest rate swaps	**-**	**(520,752)**	**-**	**(520,752)**

	Level: 1 KD	Level: 2 KD	Level: 3 KD	Total fair value KD
2011				
Financial assets				
Investments available for sale (others)				
Quoted investments	56,687,964	-	-	56,687,964
Unquoted investments	-	-	95,263,609	95,263,609
	56,687,964	-	95,263,609	151,951,573
Investments available for sale (Equate)				
Unquoted investments	-	-	134,000,000	134,000,000
Investments carried at fair value through income statement				
Quoted investments	691,241	-	-	691,241
Unquoted investments	-	-	71,212,292	71,212,292
Derivative financial instruments				
Interest rate swaps	-	41,206	-	41,206
	691,241	41,206	71,212,292	71,944,739
Financial liabilities				
Derivative financial instruments				
Interest rate swaps	-	(1,250,958)	-	(1,250,958)

27. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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 11), 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 liabilities which are recorded at fair value.

Year ended 30 April 2012	**At 1 May 2011 KD**	**(Loss) gain recorded in profit for the year**	**Gain recorded in other comprehensive income**	**Net purchases, sales and settlements**	**Impairment recorded during the year**	**At 30 April 2012**
Unquoted investments available for sale (others)	**95,263,609**	(1,500,279)	2,940,164	(3,556,826)	(18,514,455)	**74,632,213**
Unquoted investments available for sale (Equate)	**134,000,000**	5,398,253	8,387,088	(9,483,617)	-	**138,301,724**
Unquoted investments carried at fair value through income statement	**71,212,292**	31,262,846	-	(1,477,109)	-	**100,998,029**

Year ended 30 April 2011	At 1 May 2010 KD	(Loss) gain recorded in profit for the year	Gain recorded in other comprehensive income	Net purchases, sales and settlements	Impairment recorded during the year	At 30 April 2011
Unquoted investments available for sale (others)	102,330,189	(492,071)	4,036,586	(2,762,809)	(7,848,286)	95,263,609
Unquoted investments available for sale (Equate)	130,500,000	-	3,500,000	-	-	134,000,000
Unquoted investments carried at fair value through income statement	56,013,435	15,724,824	-	(525,967)	-	71,212,292

28 CONTINGENCIES AND CAPITAL COMMITMENTS

	2012 KD	2011 KD
Acquisition of investments	**724,483**	733,221

During the year the Parent Company has given corporate guarantees amounting to KD 12,965,359 to foreign Banks on behalf of its subsidiaries.

29 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 9 and 10). 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 5,603,912 (2011: KD 8,590,236) 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 reporting date, gross raw materials were KD 3,069,873 (2011: KD 2,638,561) and gross finished goods and goods for resale were KD 1,133,213 (2011: KD 1,238,039), with provisions for old and obsolete inventories of KD 31,146 (2011: KD 24,811). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the profit for the year.