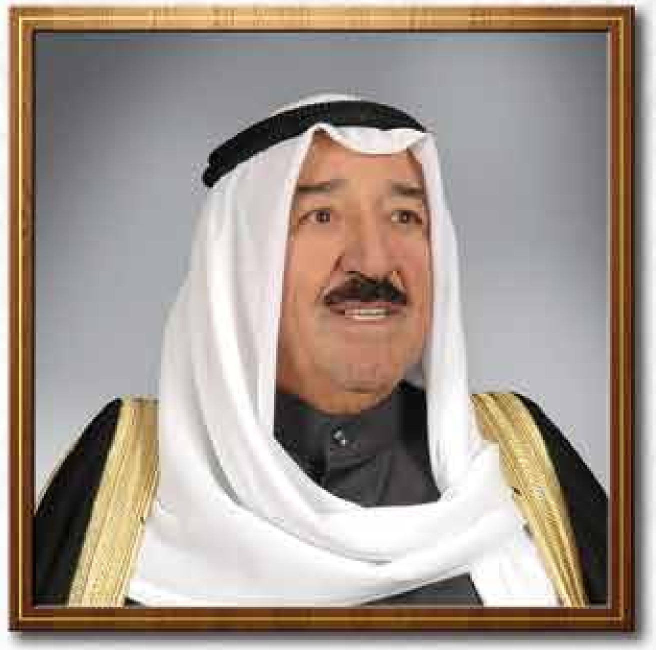
Boubyan Petrochemical Company (K.S.C)

ANNUAL REPORT

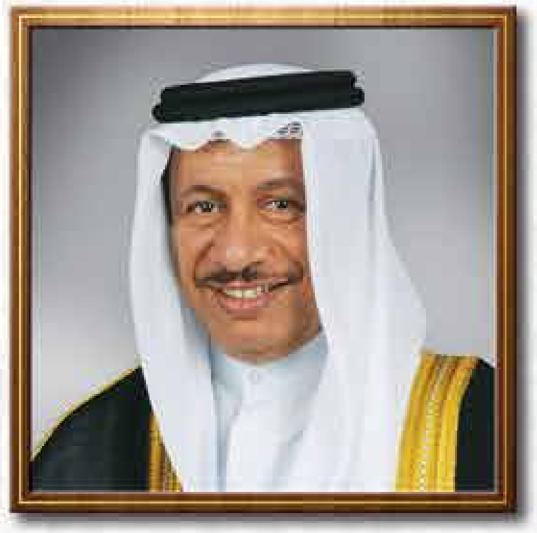
For the year ended 30th APRIL

2013



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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BOARD OF DIRECTORS

Marzouq Ali Al-Ghanim
Chairman

Dabbous Mubarak Al-Dabbous
Deputy Chairman

Saoud Abdulaziz Al-Babtain
Board Member

Khalid Abdulaziz Al-Muraikhi
Board Member

Saad Abdullah Al-Hunayan
Board Member

MESSAGE TO THE SHAREHOLDERS

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 17th Annual General Meeting to review the company's performance for the financial year ended April 30th, 2013.

In light of the overall world economy indicators, and despite the generally difficult times, the petrochemical product prices remained stable, which resulted in the continued robust performance of our main investments: EQUATE Petrochemical Company (EQUATE I) and The Kuwait Olefins Company (EQUATE II), as evidenced in their distribution of record cash dividends amounting to KD 26.6 million being BPC's share, in comparison to KD 25.1 million for the previous year. These distributions are considered exceptional considering the fact that one of ethylene glycol units was down for 4 months during the year.

In line with the Company's acquisition strategy of significant stakes in operational companies, BPC has acquired during the past year an additional 10% equity stake of AWAZEL – KSA for a price of KD 3.7 million; and therefore ended up with a total equity stake of around 21% in AWAZEL. BPC also made another acquision transaction in Saudi Arabia worth KD 5.7 million, during the same period, where it acquired a 20% equity stake in Al-Borg Medical Laboratories Company. As a result, both companies become associates of BPC. At this juncture, we wish to reconfirm the Board's commitment to continue working on the same path with regards to the Company investment strategy for the years to come.

On the other hand, we wish to announce that Muna Noor Plastic Industries Company (MNPI) has officially inaugurated the opening of its newly established, state of the art production facility in Sohar Industrial Estate – Oman, where activities are underway to start commercial operation of the subject factory during the 1st quarter of the year ending 30/4/2014. As for our Saudi investment, it is worth noting that the new production line at Olayan Arabian Packaging Company has started commercial production at full capacity during the second half of the year ended 30/4/2013, which is clearly evidenced in the growth of the sales revenue for the BPC group of companies, exceeding KD 27.3 million vs. KD 22.7 million the previous year, despite the extreme price competition in the market.

On the other hand, BPC continued work towards achieving the optimum capital structure, where total company's debt was reduced by around KD 19.6 million during the year ended 30/4/2013, or around KD 61 million during the past 3 years. As such, BPC's total debt reached pre-financial crisis levels. Considering the increase in shareholders' equity during the past few years, it certainly provides a very healthy and comfortable capital structure for BPC.

In light of the above, let us review BPC's financial performance for the year ended April 30th, 2013. The company has posted a net profit of KD 26.2 million (equivalent to 54.68 fils/share) before reserves and dividends compared to net profit of KD 24.7 million (equivalent to 51.14 fils/share), which represents a growth in net profit equivalent to 6% while the Shareholders' Equity reached KD 278.7 million compared to KD 278.4 million. Therefore, return on Shareholders' Equity became 9.4% and on Total Assets 6.4%.

Given the continued stable growth in performance and the availability of liquidity, the Board of Directors recommends distributing cash dividends of 45% (or 45 fils per share) for the financial year ended April 30th, 2013.

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

Boubyan Petrochemical Company K.S.C. and Subsidiaries

SUMMARY OF MAJOR DIRECT INVESTMENTS

EQUATE Petrochemicals Company (EQUATE) – K.S.C.C.:

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 was 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 teams.

However, the 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) – K.S.C.C.:

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 essentially an extension of EQUATE, whose existing facilities were expanded resulting in an increase in the production capacities of the current line of products. Therefore, allowing for optimization of capacity with minimal capital investment. Full Commercial production of Ethylene and Ethylene Glycol commenced during the year 2009.

As to the financial year ended 31/12/2012, the combined dividend distribution of BPC's share of both EQUATE I and TKOC – EQUATE II amounted to KD 26.6 million registering growth of 5.8% from the KD 25.1 million dividends received in 2011.

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, sewage 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 became a wholly owned subsidiary. In 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 as well as separating the production lines of PE and PVC to two different locations. Furthermore, MNMT is setting up a production unit in Salalah - Oman, to be closer to markets in that area and the African markets.

Muna Noor Plastic Industries Company (MNPI), Oman:

BPC, in association with MNMT have established a new company, Muna Noor Plastic Industries Company (MNPI), through which a new factory was setup to produce PolyPropylene (PP) pipes and manhole chambers (using rotomolding technology) in Sohar Industrial Area for a total capital investment of around KD 5.2 million. MNPI announced the official opening of the new factory in December 2012, while commercial operation will resume during financial year ending April 30th 2014. The effect of the expansion should be reflected clearly during the current financial year as the factory is expected to attain its full operational capacity of 12,000 tons annually.

Al-Kout Industrial Projects Company (Al Kout) – K.S.C.C.:

Boubyan Petrochemical Company acquired a 24% equity stake in Al-Kout Industrial Projects Company in May of 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 to the Kuwait Ministry of Electricity & Water for utilization in water desalination plants, to the Public Authority of Industry in Kuwait for sea water cooling stations, in addition to companies working within the Oil and Gas sector in Kuwait. 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 4.39 million (49.73 fils/share) for the year ended December 31st 2012 in comparison to KD 3.67 million (41.58 fils/share) for the previous year, registering 20% growth in net profit. Al-Kout declared a dividend of 40 fils/share for the period ended December 31st 2012, up 14% from the previous annual dividend of 35 fils/share.

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

Boubyan Petrochemical Company acquired a 12.5% equity stake in BANAGAS for $30 million (approx. KD 8.3 million) during November of 2011, through a bidding process. The Government of Bahrain is the largest single shareholder with a 75% stake, while Chevron-Bahrain owns the balance 12.5% stake.

BANAGAS operates a liquefied petroleum gas plant facilities to recover propane, butane, and naphtha from associated gas recovered from oil wells and refinery gas. BANAGAS produces approximately 3000 bbls of propane per day, 3200 bbls of butane per day, and 4500 bbls of naphtha per day.

Boubyan Petrochemical Company K.S.C. and Subsidiaries

SUMMARY OF MAJOR DIRECT INVESTMENTS (Continued)

Boubyan Plastic Industries Company (BPIC) – K.S.C.C.:

BPIC is a wholly owned subsidiary of BPC. Its plant is located in Shuaiba Industrial Area, and produces heavy duty plastic bags that are used for packing petrochemical materials. The plant also produces stretch film, shrink film, and 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. Furthermore, production capacity of BPIC almost doubled since inception to reach 12,000 tpa. It is worth noting that BPIC has obtained the ISO 9001: 2008 certificate.

During 2009, the legal status of BPIC was changed to a closed shareholding company as the financial performance of the company improved. 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 a fourth consecutive year.

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.

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 at full capacity and its impact was witnessed during the year ended 31st of December 2012, where its products were largely sold in Europe. It is worth noting that 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.

Boubyan International Industries Holding Company (BIIHC) – K.S.C.C.:

BIIHC was incorporated more than 9 years ago (1/8/2004) with a KD 30 million paid up capital. BPC has a 20% equity stake in BIIHC (Associate Co.). This makes BPC its largest single shareholder. BIIHC main activity has been investing in operating companies and in certain industrial equity holdings in the GCC and internationally. Company management has entered into strategic alliances to set up various projects in the infrastructure and real estate sectors throughout the GCC. BIIHC has been listed on the Kuwait Stock Exchange since December of 2010.

National Waste Management Company (NWMC) – K.S.C.C.:

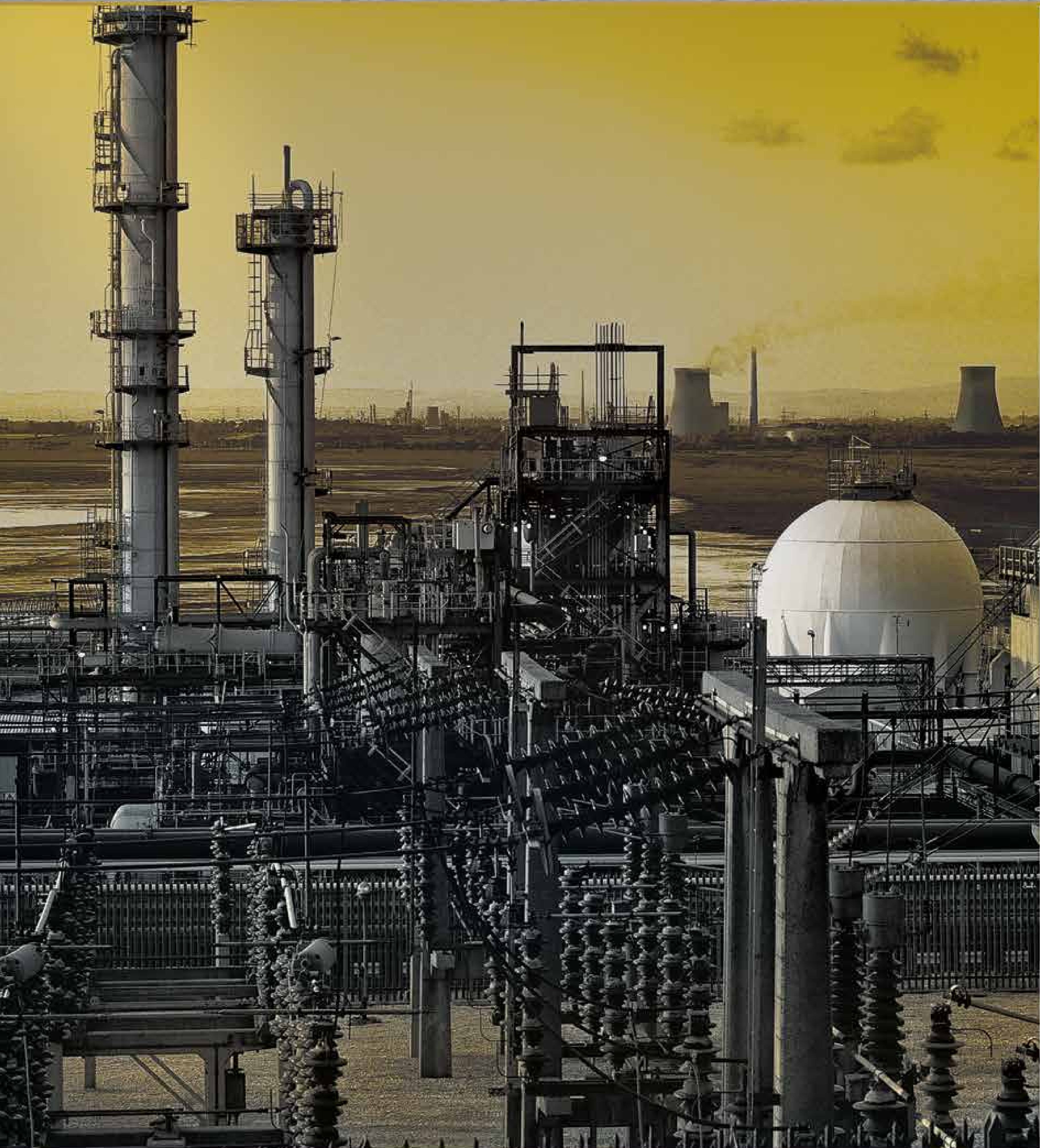
NWMC is a subsidiary of BPC since 2002. Sufficient studies were carried out which indicated the feasibility of proceeding with rehabilitation and reconstruction of the company's plant at Amghara area, using an innovative technology that converts the solid household waste to high quality organic fertilizers. 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 afresh the search for less advanced technologies that will maintain feasibility of the project. In addition, six years ago 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.

Arabian Waterproofing Industries Company Ltd. (Awazel), Saudi Arabia:

In October of 2012, BPC acquired a further 10% equity stake in Awazel for KD 3.7 million, bringing its total equity ownership to around 21%. Awazel was established in 1981 in Saudi Arabia through an oxidization plant and a membrane production line that has since grown to become one of the largest and most comprehensive manufacturers of bitumen (asphalt) based waterproofing material in the Middle East. Awazel's products are exported to the GCC, MENA, South East Asia, and Eastern Europe.

Al Borg Medical Laboratories Company Ltd. (Al Borg Labs), Saudi Arabia:

In December 2012, BPC acquired a 20% equity stake in Al Borg Medical Laboratories Company for approximately KD 5.7 million. Al Borg Medical Labs is a Saudi-based company that specializes in managing and operating medical laboratories that provide a wide range of clinical diagnostic tests through 25 branches primarily in the GCC region. Al Borg Labs was established in 2002 as a Limited Liability Company with its headquarters in Jeddah, Saudi Arabia.



Boubyan Petrochemical Company K.S.C.
and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

30th April 2013

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

BOUBYAN PETROCHEMICAL COMPANY K.S.C.

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Al-Faraj Auditing Office
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 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Parent Company's management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 April 2013, 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 are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 25 of 2012, as amended, and by the Parent Company's Articles of Association and Memorandum of Incorporation, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, as amended, or of the Parent Company's Articles of Association and Memorandum of Incorporation have occurred during the year ended 30 April 2013 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, 13 May 2013

Boubyan Petrochemical Company K.S.C. and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2013

	Notes	2013 KD	2012 KD
Sales		27,320,250	22,674,256
Cost of sales		(22,205,926)	(18,481,598)
GROSS PROFIT		5,114,324	4,192,658
Dividend income	3	30,247,522	28,626,871
Investment income	4	6,882,086	38,318,672
Share of results of associates	13	1,323,074	(539,929)
Other income		388,445	124,892
General and administrative expenses	24	(4,073,610)	(4,270,110)
Finance cost		(6,473,186)	(8,004,416)
Foreign exchange gain (loss)		156,876	(284,049)
Profit before impairment of investments available for sale		33,565,531	58,164,589
Impairment of investments available for sale (others)	12	(6,027,767)	(32,294,057)
PROFIT BEFORE TAXATION AND DIRECTORS' FEES		27,537,764	25,870,532
Taxation	5	(1,183,270)	(1,089,344)
Directors' fees		(75,000)	(75,000)
PROFIT FOR THE YEAR		26,279,494	24,706,188
Other comprehensive (loss) income:			
Realised gain on partial sale of investment available for sale (Equate)	4,11	(4,488,931)	(5,398,253)
Realised gain on sale of investments available for sale (others)		(1,210,673)	(822,804)
Unrealised gain on investments available for sale (Equate)	11	1,003,000	8,387,088
Unrealised loss on investments available for sale (others)		(4,612,577)	(21,420,171)
Transfer to profit for the year on impairment of investments available for sale (others)	12	6,027,767	32,294,057
Share of other comprehensive loss of associates	13	(578,479)	(839,450)
Revaluation of property, plant and equipment	15	-	(6,579)
Others		28,257	(11,598)
OTHER COMPREHENSIVE (LOSS) INCOME		(3,831,636)	12,182,290
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		22,447,858	36,888,478
Profit attributable to:			
Equity holders of the Parent Company		26,213,810	24,709,745
Non-controlling interests		65,684	(3,557)
		26,279,494	24,706,188
Total comprehensive income attributable to:			
Equity holders of the Parent Company		22,353,917	36,903,633
Non-controlling interests		93,941	(15,155)
		22,447,858	36,888,478
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	6	54.68 fils	51.14 fils

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

Boubyan Petrochemical Company K.S.C. and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2013

	Notes	2012 KD	2011 KD
ASSETS			
Bank balances and short term deposits	7	**21,052,346**	35,469,950
Accounts receivable and prepayments	8	**10,866,383**	8,218,169
Inventories	9	**5,413,671**	4,341,284
Investments carried at fair value through income statement	10	**100,998,029**	100,998,029
Investments available for sale (Equate)	11	**136,150,608**	138,301,724
Investments available for sale (others)	12	**72,073,811**	92,547,114
Investment in associates	13	**33,250,428**	18,075,152
Exchange of deposits	14	**5,093,413**	4,059,955
Property, plant and equipment	15	**20,534,012**	20,350,466
Goodwill		**6,002,464**	6,002,464
Total ASSETS		**411,435,165**	428,364,307
LIABILITIES AND EQUITY			
LIABILITIES			
Term loans	16	**50,808,178**	60,016,694
Islamic financing payables	17	**62,704,730**	73,058,925
Accounts payable and accruals	18	**14,625,641**	12,520,574
Dividend payable		**3,113,399**	2,948,207
Total liabilities		**131,251,948**	148,544,400
EQUITY			
Share capital	19	**48,510,000**	48,510,000
Share premium		**2,400,000**	2,400,000
Treasury shares	20	**(3,858,340)**	(949,972)
Treasury shares reserve		**998,971**	993,574
Statutory reserve	21	**24,255,000**	24,255,000
Voluntary reserve	21	**24,255,000**	24,255,000
Other reserves		**(181,744)**	(181,744)
Revaluation reserve		**5,806,784**	5,806,784
Cumulative changes in fair values		**112,141,109**	116,001,002
Retained earnings		**64,391,721**	57,359,488
Equity attributable to equity holders of the Parent Company		**278,718,501**	278,449,132
Non-controlling interests		**1,464,716**	1,370,775
Total equity		**280,183,217**	279,819,907
Total liabilities AND EQUITY		**411,435,165**	428,364,307

Marzouq A. Al-Ghanim
Chairman

Dabbous M. Al-Dabbous
Deputy Chairman

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

Boubyan Petrochemical Company K.S.C. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2013

Attributable to shareholders of the Parent Company

	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Voluntary reserve KD	Other reserve KD	Revaluation reserve KD	Cumulative changes in fair value KD	Retained earnings KD	Sub total KD	Non-controlling interests KD	Total equity KD
As at 1 May 2012	48,510,000	2,400,000	(949,972)	993,574	24,255,000	24,255,000	(181,744)	5,806,784	116,001,002	57,359,488	278,449,132	1,370,775	279,819,907
Profit for the year	-	-	-	-	-	-	-	-	-	26,213,810	26,213,810	65,684	26,279,494
Other comprehensive (loss) income	-	-	-	-	-	-	-	-	(3,859,893)	-	(3,859,893)	28,257	(3,831,636)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	-	-	(3,859,893)	26,213,810	22,353,917	93,941	22,447,858
Purchase of treasury shares	-	-	(2,969,991)	-	-	-	-	-	-	-	(2,969,991)	-	(2,969,991)
Sale of treasury shares	-	-	61,623	5,397	-	-	-	-	-	-	67,020	-	67,020
Dividends (note 19)	-	-	-	-	-	-	-	-	-	(19,181,577)	(19,181,577)	-	(19,181,577)
As at 30 April 2013	**48,510,000**	**2,400,000**	**(3,858,340)**	**998,971**	**24,255,000**	**24,255,000**	**(181,744)**	**5,806,784**	**112,141,109**	**64,391,721**	**278,718,501**	**1,464,716**	**280,183,217**

The attached notes 1 to 31 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 2013

Attributable to shareholders of the Parent Company

	Share capital	Share premium	Treasury Shares	Treasury shares reserve	Statutory reser ve	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
As 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 19)	-	-	-	-	-	-	-	-	-	(16,912,809)	(16,912,809)	-	(16,912,809)
As 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

Cumulative changes in fair value consist of the following:

	2013 KD	2012 KD
a) Unrealised gain relating to investments available for sale (Equate)	**111,559,106**	113,137,553
b) Unrealised gain relating to investments available for sale (others)	**1,582,398**	3,863,086
c) Foreign currency translation reserve	**(67,976)**	(645,697)
d) Share of cumulative changes in fair values in the equity of associates	**(932,419)**	(353,940)
	112,141,109	116,001,002

During the year, the unrealised loss on investments available for sale (others and Equate) includes an amount of KD 55,977 (2012: unrealised gain of KD 2,311,535) in respect of foreign currency movements.

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

Boubyan Petrochemical Company K.S.C. and Subsidiaries

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April 2013

	Notes	2013 KD	2012 KD
OPERATING ACTIVITIES			
Profit for the year before taxation and Directors' fees		**27,537,764**	25,870,532
Adjustments for:			
Finance cost		**6,473,186**	8,004,416
Depreciation	15	**1,035,776**	1,164,420
Employees' end of service benefits		**18,020**	74,871
Realised gain on partial sale of investments available for sale (Equate)	4, 11	**(4,488,931)**	(5,398,253)
Realised gain on sale of investments available for sale (others)	4	**(1,413,620)**	(822,804)
Impairment of investments available for sale (others)	12	**6,027,767**	32,294,057
Other income		**(388,445)**	(124,892)
Share of result of associates	13	**(1,323,074)**	539,929
Realised gain on investments carried at fair value through income Statement	4	**-**	(519,402)
Foreign exchange (gain) loss		**(156,876)**	284,049
Unrealised gain on investment carried at fair value through income statement	4	**-**	(31,334,599)
		33,321,567	30,032,324
Operating assets and liabilities:			
Accounts receivable and prepayments		**(2,648,214)**	534,152
Inventories		**(1,072,385)**	(447,634)
Accounts payable and accruals		**2,703,667**	63,449
Investments carried at fair value through income statement		**-**	2,926,007
Taxation paid		**(1,095,801)**	(890,509)
Net cash from operating activities		**31,208,834**	32,217,789
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	15	**(958,018)**	(5,885,057)
Proceeds from sale of property, plant and equipment		**15,180**	4,347
Additions to investments available for sale (others)	12	**(2,139,345)**	(9,117,120)
Dividend received from an associate	13	**-**	740,880
Acquisition of associates	13	**(9,098,920)**	-
Proceeds from sale of investments available for sale (Equate)	11	**5,061,600**	6,135,748
Proceeds from sale of investments available for sale (others)		**10,485,293**	52,251,844
Net cash from investing activities		**3,365,790**	44,130,642
FINANCING ACTIVITIES			
Dividends paid		**(19,016,385)**	(16,673,488)
Net movement in term loans		**(9,634,309)**	(34,807,823)
Net movement in Islamic financing payables		**(10,742,348)**	12,200,499
Finance cost paid		**(6,696,215)**	(8,184,505)
Purchase of treasury shares		**(2,969,991)**	-
Proceed from sale of treasury shares		**67,020**	-
Net cash used in financing activities		**(48,992,228)**	(47,465,317)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(14,417,604)**	28,883,114
Cash and cash equivalents at 1 May		**35,469,950**	6,586,836
CASH AND CASH EQUIVALENTS AT 30 APRIL	7	**21,052,346**	35,469,950

The attached notes 1 to 31 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 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 13 May 2013 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%

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no 97 of 2013 (the Decree).

According to article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Ministry of Commerce and Industry by 26 September 2013 will determine the basis and rules which the Parent Company shall adopt to regularise its affairs with the Companies Law, as amended.

2 SIGNIFICANT ACCONTING 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:

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The amendment has no effect on the Group's financial position, performance or its disclosures.

IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements (effective for annual periods beginning on or after 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 the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its consolidated financial statements.

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 for annual periods beginning on or after 1 July 2012)
The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on investments available-for-sale). The amendment affects presentation only and has no impact on the Group's financial position or performance.

IAS 19: Employee Benefits (Amendment) (effective for annual periods beginning on or after 1 January 2013)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment has no impact on the Group's financial position or performance.

IAS 27: Separate Financial Statements (Amendment) (effective for annual periods beginning on or after 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 for annual periods beginning on or after 1 January 2013)
As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, 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. This amendment is not expected to impact the Group's financial position or performance.

IAS 32: Offsetting Financial Assets and Financial Liabilities (Amendment) (effective for annual periods beginning on or after 1 January 2014)
These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance.

IFRS 7: Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendment) (effective for annual periods beginning on or after 1 January 2013)
These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact 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 IASB's 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. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. 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 not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

IFRS 10: Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation —Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 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. The Group is in the process of evaluating the impact of IFRS 10 on the consolidated financial statements.

IFRS 11: Joint Arrangements (effective for annual periods beginning on or after 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 not impact the financial position or performance of the Group.

IFRS 12: Disclosure of Involvement with Other Entities (effective for annual periods beginning on or after 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, but has no impact on the Group's financial position or performance.

IFRS 13: Fair Value Measurement (effective for annual periods beginning on or after 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.

Annual Improvements May 2012
These improvements will not have an impact on the Group, but include:

IAS 1: Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2013)
This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16: Property Plant and Equipment (effective for annual periods beginning on or after 1 January 2013)
This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32: Financial Instruments, Presentation (effective for annual periods beginning on or after 1 January 2013)
This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

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

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 April 2013.

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

Boubyan Petrochemical Company K.S.C. and Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 30 April 2013

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

- 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 following subsidiaries:

Name of company	Principal activity	Country of incorporation	Legal ownership at 30 April	
			2013	2012
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%

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non controlling interest in the acquiree. For each business combination, the acquirer measures the non controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

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

If the business combination is achieved in stages, 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.

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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

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

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

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

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

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

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

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

Taxation on overseas subsidiaries
Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate. Income tax payable on taxable profit ('current tax') is recognised as an expense in the period in which the profits arise in accordance with the fiscal regulations of the respective countries in which the Group operates. Deferred tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent it is probable that future taxable profits will be available to utilise this. Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets and liabilities are measured using tax rates and applicable legislation at the reporting date.

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

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

All regular way purchases and sales of financial assets are recognised on the settlement date, i.e. the date the asset is received from or delivered to the counterparty. Changes in fair value between the trade date and settlement date are recognised in the consolidated income statement or in consolidated statement of comprehensive income through cumulative changes in fair values in accordance with the policy applicable to the

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Initial recognition and measurement (continued)
related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

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

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

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

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

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

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

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.

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

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

For a financial asset reclassified from the available for sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to consolidated 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.

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Investments available for sale (continued)

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.

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

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

Boubyan Petrochemical Company K.S.C. and Subsidiaries
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As at 30 April 2013

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

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

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

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated 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.

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.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

Derecognition of financial liabilities (continued)
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.

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. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 28.

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.

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.

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.

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2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedging (continued)

Fair value hedges (continued)
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 profit for the year.

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.

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

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in associates (continued)
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.

End of service indemnity
Provision is made for amounts payable to employees under the Kuwaiti Labour Law, employee contracts and applicable labour laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination on the reporting date.

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.

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2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)
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'.

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

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

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

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

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

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

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

Estimation uncertainty and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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

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

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

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

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

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

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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 and TKOC amounting to KD 14,774,189 (2012: KD 12,969,456) and KD 11,831,762 (2012: KD 12,107,396) respectively.

4 INVESTMENT INCOME

	2013 KD	2012 KD
Investments carried at fair value through income statement		
Investments held for trading		
Realised gain	-	519,402
Investments designated at fair value through income statement		
Unrealised gain	-	31,334,599
Others		
Realised gain on sale of investments available for sale (others)	1,413,620	822,804
Realised gain on sale of investments available for sale (Equate) [note 11]	4,488,931	5,398,253
Other investments related income	979,535	243,614
	6,882,086	6,464,671
	6,882,086	38,318,672

5 TAXATION

	2013 KD	2012 KD
Contribution to NLST	657,009	616,785
Contribution to KFAS	267,249	242,473
Taxation arising from overseas subsidiary	259,012	230,086
	1,183,270	1,089,344

6 BASIC AND DILUTED EARNINGS PER SHARE

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

	2013 KD	2012 KD
Profit for the year attributable to equity holders of the Parent Company	26,213,810	24,709,745
	Shares	Shares
Weighted average number of paid up shares outstanding	485,100,000	485,100,000
Weighted average number of treasury shares	(5,718,778)	(1,876,973)
Weighted average number of outstanding shares	479,381,222	483,223,027
Basic and diluted earnings per share attributable to equity holders of the Parent Company	54.68 fils	51.14 fils

7 BANK BALANCES AND SHORT TERM DEPOSITS

	2012 KD	2011 KD
Cash and bank balances	**2,184,158**	7,139,550
Murabaha deals and deposits	**18,868,188**	28,330,400
Bank balances and short term deposits	**21,052,346**	35,469,950

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 2,835,813 (2012: KD 6,072,370) mainly in US Dollars, Omani riyals and Saudi riyals.

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2013 KD	2012 KD
Trade receivables	**8,075,737**	6,225,700
Accrued income	**16,674**	56,258
Other receivables	**2,773,972**	1,936,211
	10,866,383	8,218,169

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
2013	**1,869,505**	**17,856**	**2,838,236**	**2,202,344**	**1,147,796**	**8,075,737**
2012	1,549,860	77,552	1,983,275	1,671,278	943,735	6,225,700

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.

9 INVENTORIES

	2013 KD	2012 KD
Raw materials	**3,882,941**	2,902,439
Work in progress	**188,163**	169,344
Finished goods	**518,375**	1,102,067
Goods in transit	**824,192**	167,434
	5,413,671	4,341,284

10 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	2013 KD	2012 KD
Investments designated at fair value through income statement		
Unquoted investments (TKOC)	**100,998,029**	100,998,029

Unquoted investments

10- INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT (continued)

Fair value of unquoted investments have been determined by the management 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, an unrealised gain of KD Nil (2012: KD 31,334,599) was recognised in the profit for the year.

The Group has recorded unrealised losses of KD Nil (2012: 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 an impairment loss of KD 550,819 (2012: KD 1,896,149) 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 12].

11 INVESTMENTS AVAILABLE FOR SALE (EQUATE)

The fair value of the 9% equity interest in Equate Petrochemicals Company K.S.C. (Closed) ("Equate") of KD 136,150,608 (2012: KD 138,301,724) has been determined by the management 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, an unrealised gain of KD 1,003,000 (2012: unrealised gain of KD 8,387,088), after taking into account of the foreign currency fluctuations, was recognised in the other comprehensive income.
During the year ended 30 April 2013, the Parent Company sold a portion of its shares in Equate for KD 5,061,600 (USD 18,000,000) [2012: KD 6,135,748 (USD 22,500,000)] and realised a gain of KD 4,488,931 [2012: KD 5,398,253] (included in investment income) in the profit for the year.

12 INVESTMENTS AVAILABLE FOR SALE (OTHERS)

	2013 KD	2012 KD
Quoted investments	**3,960,328**	12,310,989
Unquoted investments	**68,113,483**	80,236,125
	72,073,811	92,547,114

Management has performed a review of investments to assess whether impairment has occurred in the value of these investments. Based on specific information, management has recorded an impairment loss of KD 6,027,767 (2012: KD 32,294,057) 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 2013, in respect of these investments.

At 30 April 2013, certain unquoted investments available for sale amounting to KD 27,078,187 (2012: KD 26,866,852) 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 33,036,480 (2012: KD 49,835,136) are designated as hedged items in fair value hedging relationships with amounts borrowed from banks as term loans and under exchange of deposits arrangements (note 14 and 16).

13 INVESTMENT IN ASSOCIATES

The Parent Company has the following investment in associates:

	Country of incorporation	Ownership		Principal activity
		2013	2012	
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
Boubyan International Industries Holding Company K.S.C. ("BIIHC")	Kuwait	**20%**	20%	To undertake industrial investments
Arabian Waterproofing Industries Company ("Awazel")*	Saudi Arabia	**21%**	-	Engaged in manufacture of waterproofing products and heat insulation materials
Al Borg Medical Laboratories ("Al-Borg")**	Saudi Arabia	**20%**	-	Engaged in medical laboratories and environmental and scientific tests

13- INVESTMENT IN ASSOCIATES (continued)

* During the year, the Parent Company acquired an additional 10% equity interest in Awazel (previously classified as investment available for sale - others) for a total consideration of KD 3,700,000 from a related party (Note 25). As a result, the Group's equity interest in Awazel increased to 21% and Awazel became an associate of the Group.
The Group's total investment in Awazel amounting to KD 8,858,518 has therefore been recognised as investment in associates in accordance with the requirements of IAS 28: "Investments in associates".

** In addition to the above, the Parent Company also acquired a 20% equity interest in Al-Borg for a total consideration of KD 5,398,920 during the year and this acquisition has been accounted for in accordance with the requirements of IAS 28: "Investment in associates". Further, the Parent Company also paid an advance amounting to KD 299,940 pertaining to a future capital increase of Al-Borg and this amount has been shown under 'other receivables'.

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

	2013 KD	2012 KD
As at 1 May	**18,075,152**	20,195,411
Additions	**14,257,438**	-
Share of results	**1,323,074**	(539,929)
Dividends received	**-**	(740,880)
Foreign currency translation reserve	**173,243**	-
Share of other comprehensive loss	**(578,479)**	(839,450)
As at 30 April	**33,250,428**	18,075,152

The carrying value of each individual associate is as follows:

	2013 KD	2012 KD
BIIHC	**6,761,452**	7,889,930
KQIHC	**1,919,963**	1,924,975
Al-Kout	**9,408,800**	8,260,247
Awazel	**9,422,463**	-
Al-Borg	**5,737,750**	-
	33,250,428	18,075,152

As at the reporting date, the management of the Parent Company has assessed the carrying value of the associates. Based on their assessment, the management believes that there is no objective evidence or circumstances that indicate any impairment in the value of the investments in associates. Therefore, no impairment is required to be recognised in respect of these associates in the profit for the year.
The following table illustrates summarised financial information of the Parent Company's investment in associates:

	2013 KD	2012 KD
Share of the associates' assets and liabilities:		
Current assets	**9,445,701**	5,359,043
Non-current assets	**19,702,228**	17,254,030
Current liabilities	**(2,945,328)**	(2,500,241)
Non-current liabilities	**(2,356,967)**	(3,444,103)
Net assets	**23,845,634**	16,668,729
Goodwill	**9,404,794**	1,406,423
	33,250,428	18,075,152
Share of the associates' revenue and results:		
Revenue	**11,414,405**	(3,474,153)
Results	**1,323,074**	(539,929)
Market value of quoted associates:		
BIIHC	**5,520,000**	4,560,000
Al-Kout	**12,700,800**	8,784,720

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14 EXCHANGE OF DEPOSITS

As at 30 April 2013, the Parent Company had the following exchange of deposit agreements with a foreign bank:

- Deposits of US dollar equivalent to KD 15,485,200 (2012: KD 15,276,250) and borrowings of Pounds sterling, Euro and Japanese Yen equivalent to KD 11,710,741 (2012: KD 11,703,923) were settled during the year as per the agreed terms.
- Deposits of US dollar equivalent to KD 9,107,646 (2012: KD 8,874,688) and borrowed Pounds sterling, and Japanese Yen equivalent to KD 4,014,233 (2012: KD 8,387,060) with an agreement to reverse these amounts on 2 April 2014 after partially settled US dollar equivalent to KD 3,786,488 against Pound sterling 2,610,224 and JPY 1,167,782 during the current financial year.

These transactions are presented as follows:

	2013 KD	2012 KD
Deposits with banks	**9,107,646**	24,150,938
Due to banks	**(4,014,233)**	(20,090,983)
Shown on the consolidated statement of financial position	**5,093,413**	4,059,955

The Pounds Sterling, US Dollar, Japanese Yen and Euro foreign currency borrowings have been designated as fair value hedging instruments to manage the exposure to fluctuations in foreign currency rates of certain investments available for sale (others) (note 12).

15 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
As at 1 May 2012, net of accumulated Depreciation	2,600,000	5,635,948	7,543,790	493,760	71,796	4,005,172	20,350,466
Foreign currency translation reserve	-	90,768	175,213	8,884	1,116	503	276,484
Additions	-	5,526	40,849	39,194	25,531	846,918	958,018
Disposals	-	-	(12,036)	-	(3,144)	-	(15,180)
Depreciation	-	(250,624)	(676,828)	(73,477)	(31,660)	(3,187)	(1,035,776)
As at 30 April 2013	**2,600,000**	**5,481,618**	**7,070,988**	**468,361**	**63,639**	**4,849,406**	**20,534,012**
Property, plant and equipment at cost	2,600,000	7,927,241	13,544,409	1,041,853	363,641	4,848,903	30,326,047
Foreign currency translation reserve	-	90,768	175,213	8,884	1,116	503	276,484
Disposals	-	-	(12,036)	-	(3,144)	-	(15,180)
Accumulated depreciation	-	(2,536,391)	(6,636,598)	(582,376)	(297,974)	-	(10,053,339)
Net carrying amount as at 30 April 2013	**2,600,000**	**5,481,618**	**7,070,988**	**468,361**	**63,639**	**4,849,406**	**20,534,012**

	Land KD	Buildings KD	Plant and equipment KD	Furniture and office equipment KD	Motor vehicles KD	Capital work in progress KD	Total KD
As 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)
As 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 as at 30 April 2012	2,600,000	5,635,948	7,543,790	493,760	71,796	4,005,172	20,350,466

15- PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2013 KD	2012 KD
Costs of sales	829,105	918,971
General and administrative expenses	206,671	245,449
	1,035,776	1,164,420

16 TERM LOANS

	2013 KD	2012 KD
The loan is unsecured and denominated in KD which is repayable in 5 equal instalments starting from 31 March 2013	19,200,000	24,000,000
The loan is unsecured and denominated in US dollar which is repayable starting from 31 May 2014	15,097,050	14,790,188
The loan is unsecured and denominated in KD which is repayable on 30 June 2015	10,000,000	10,000,000
The loan is unsecured and denominated in Omani riyals which is repayable in 10 semi annual instalments starting from June 2013	4,353,394	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	1,135,926	1,383,239
The loan is unsecured and denominated in Omani riyals which is repayable in 10 semi annual instalments starting from April 2009	572,526	1,466,285
The loan is unsecured and denominated in US dollar which is repayable in 9 equal semi annual installments starting from 15 September 2008 and paid fully this year	-	771,529
Other revolving loans	449,282	3,716,241
	50,808,178	60,016,694

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

Loans denominated in foreign currencies are as follows:

	2013 KD	2012 KD
Saudi riyals	1,135,926	1,383,239
Omani riyal	5,375,202	6,276,057
US dollar	15,097,050	17,853,153
	21,608,178	25,512,449

All above mentioned term loans carry interest at commercial rates.

17 ISLAMIC FINANCING PAYABLES

	2013 KD	2012 KD
Murabaha payables	34,704,730	45,058,925
Tawarruq payables	28,000,000	28,000,000
	62,704,730	73,058,925

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.

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17- ISLAMIC FINANCING PAYABLES (continued)

Islamic financing payables denominated in foreign currencies are as follows:

	2013 KD	2012 KD
US dollar	15,704,730	21,858,925

18 ACCOUNTS PAYABLE AND ACCRUALS

	2013 KD	2012 KD
Accounts payable	5,095,976	4,605,116
Accrued charges on credit facilities	362,953	586,117
Provision for KFAS	267,249	242,473
Provision for NLST	655,853	616,785
Directors' fees	75,000	75,000
Other payables	8,168,610	6,395,083
	14,625,641	12,520,574

19 SHARE CAPITAL AND DIVIDENDS

Share capital
Authorised, issued and paid-up capital consists of 485,100,000 shares (2012: 485,100,000 shares) of 100 fils per share (2012: 100 fils per share).

Dividend
The Board of Directors of the Parent Company has proposed a cash dividend of 45 fils per share (2012: 40 fils per share) on outstanding shares (excluding treasury shares) amounting to KD 21,524,702 (2012: KD 19,328,921) in respect of the year ended 30 April 2013. 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.

20 TREASURY SHARES

	2013	2012
Number of treasury shares	6,773,299	1,876,973
Percentage of issued shares	1.40%	0.39%
Market value in KD	4,334,911	1,144,953

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

21 RESERVES

(a) Statutory reserve

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

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

(b) Voluntary reserve

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

22 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.

The maturity profile of assets and liabilities is as follows:

30 April 2013 ASSETS	**Within 3 months KD**	**3 to 12 months KD**	**1 to 5 years KD**	**Over five years KD**	**Total KD**
Bank balances and short term deposits	21,052,346	-	-	-	21,052,346
Accounts receivable and prepayments	9,718,587	1,147,796	-	-	10,866,383
Inventories	5,413,671	-	-	-	5,413,671
Investments carried at fair value through income statement (designated)	-	100,998,029	-	-	100,998,029
Investments available for sale (Equate)	-	-	-	136,150,608	136,150,608
Investments available for sale (others)	-	-	72,073,811	-	72,073,811
Investment in associates	-	-	-	33,250,428	33,250,428
Exchange of deposits	-	5,093,413	-	-	5,093,413
Property, plant and equipment	-	-	-	20,534,012	20,534,012
Goodwill	-	-	-	6,002,464	6,002,464
TOTAL ASSETS	**36,184,604**	**107,239,238**	**72,073,811**	**195,937,512**	**411,435,165**

30 April 2013 LIABILITIES	**Within 3 months KD**	**3 to 12 months KD**	**1 to 5 years KD**	**Over five years KD**	**Total KD**
Term loans	2,051,148	5,137,748	43,619,282	-	50,808,178
Islamic financing payables	450,000	8,453,365	53,801,365	-	62,704,730
Accounts payable and accruals	9,136,884	5,488,757	-	-	14,625,641
Dividend payable	-	3,113,399	-	-	3,113,399
TOTAL LIABILITIES	**11,638,032**	**22,193,269**	**97,420,647**	**-**	**131,251,948**

30 April 2012 ASSETS	Within 3 months KD	3 to 12 months KD	1 to 5 years KD	Over five years KD	Total KD
Bank balances and short term deposits	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 (designated)	-	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 LIABILITIES	Within 3 months KD	3 to 12 months KD	1 to 5 years KD	Over five years KD	Total KD
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

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23 SEGMENTAL INFORMATION

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on a gross profit or loss for manufacturing and trading segments and return on investment for investment segment.

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 2013	**Investments KD**	**Manufacturing and Trading KD**	**Consolidated KD**
Revenue			
Total revenue	38,452,682	27,320,250	**65,772,932**
Result			
Segment profit	38,452,682	5,114,324	**43,567,006**
Other income	278,165	110,280	**388,445**
General and administrative expenses	(1,597,822)	(2,475,788)	**(4,073,610)**
Finance costs	(6,317,093)	(156,093)	**(6,473,186)**
Impairment loss on investments available for sale (others)	(6,027,767)	-	**(6,027,767)**
Foreign exchange gain (loss)	166,382	(9,506)	**156,876**
Profit before taxation and Directors' fees			**27,537,764**
Taxation			**(1,183,270)**
Directors' fee			**(75,000)**
Profit for the year			**26,279,494**
Total assets	372,918,037	38,517,128	**411,435,165**
Total liabilities	113,121,878	18,130,070	**131,251,948**
Other segmental information:			
Capital expenditure	969	957,049	**958,018**
Investment in associates	8,681,415	24,569,013	**33,250,428**
Goodwill	-	6,002,464	**6,002,464**
Share of result of associates	(555,012)	1,878,086	**1,323,074**

23- SEGMENTAL INFORMATION (continued)

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)	(2,098,360)	(4,270,110)
Finance costs	(7,854,148)	(150,268)	(8,004,416)
Impairment loss on investments available for sale (others)	(32,294,057)	-	(32,294,057)
Foreign exchange loss	(278,142)	(5,907)	(284,049)
Profit before taxation and Directors' fees			25,870,532
Taxation			(1,089,344)
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:			
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)

Geographic information

30 April 2013	Kuwait KD	GCC and the rest of the Middle East KD	Total KD
Segment revenues	**33,978,847**	**31,794,085**	**65,772,932**
Non-current assets	**5,855,294**	**20,681,181**	**26,536,475**
30 April 2012			
Segment revenues	62,691,369	26,388,501	89,079,870
Non-current assets	6,190,361	20,162,569	26,352,930

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

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

24 GENERAL AND ADMINISTRATIVE EXPENSES

	2013 KD	2012 KD
Staff cost	**1,412,641**	1,658,795
Fair value loss on interest rate swaps	**12,799**	106,360
Depreciation (note 15)	**206,671**	245,449
Other administrative expenses	**2,441,499**	2,259,506
	4,073,610	4,270,110

25 RELATED PARTY TRANSACTIONS

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

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

	Associates KD	Other related parties KD	2013 KD	2012 KD
Sales	-	1,067,004	**1,067,004**	1,052,664
Purchases	-	835,079	**835,079**	965,250
Other income	-	-	**-**	15,000
Acquisition of an associate (note 13)	3,700,000	-	**3,700,000**	-

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

	2013 KD	2012 KD
Short-term benefits	**162,000**	162,000
Employees' end of service benefits	**12,634**	12,634
	174,634	174,634

Directors' fees of KD 75,000 for the year ended 30 April 2013 is subject to approval by the Annual General Meeting of the shareholders of the Parent Company. The Directors' fees of KD 75,000 for the year ended 30 April 2012 was approved by the Annual General Meeting of the shareholders held on 23 July 2012.

26 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 financial assets and financial 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.

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 KD	Negative fair value KD	Notional amount KD	Notional amounts by term to maturity	
				Within one year KD	1 - 5 years KD
2013					
Derivatives held for trading:					
Interest rate swaps	-	-	-	-	-
2012					
Derivatives held for trading:					
Interest rate swaps	5,643	520,752	26,941,750	26,941,750	-

27 RISK MANAGEMENT

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

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

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

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

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

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

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 taxation and directors' fees based on floating rate financial assets and financial liabilities held at 30 April 2013 and 2011. There is no impact on equity.

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 taxation and directors' fees for the year (KD)
2013 - KD	**+25**	**283,782**
2012 - KD	+25	332,689

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 52% of outstanding accounts receivable at 30 April 2013 (2012: 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.

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27- RISK MANAGEMENT (continued)

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:

Risk concentration of maximum exposure to credit risk (continued)

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

	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

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

	2013 KD	2012 KD
Trading and manufacturing	**10,866,383**	6,689,635
Banks and financial institutions	**26,145,759**	41,058,439
	37,012,142	47,748,074

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

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

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 payables	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

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27- RISK MANAGEMENT (continued)

Currency risk

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

The Group's investments are mainly denominated in US dollars, EURO, Japanese Yen and Pound Sterling. These investments are financed by borrowings in foreign currencies; consequently management believes that there is no significant risk due to fluctuations in currency rates. The management also manages these rates by entering into hedging transactions (notes 10 and 14).

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

Change in currency rates by 5%

	Effect on profit before taxation and directors' fees		Effect on other comprehensive income	
	2013	2012	**2013**	2012
	KD	KD	**KD**	KD
USD	**(111,256)**	-	**-**	878,129
Euro	**-**	(73,395)	**96,828**	-
GBP	**-**	-	**415,753**	26,180

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 2013) 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 taxation and directors' fees		Effect on other comprehensive income	
	%	**2013**	2012	**2013**	2012
		KD	KD	**KD**	KD
Investments available for sale (others)	+20	**-**	-	**792,066**	2,462,198
Investments available for sale (others)	-20	**(574,493)**	(1,713,084)	**(217,573)**	(749,114)
Total		**(574,493)**	(1,713,084)	**574,493**	1,713,084

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 2013 and 30 April 2012.

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.

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27- RISK MANAGEMENT (continued)

Capital management (continued)

	2013 KD	2012 KD
Term loans	**50,808,178**	60,016,694
Islamic financing payables	**62,704,730**	73,058,925
Accounts payable and accruals	**14,625,641**	12,520,574
Dividend payable	**3,113,399**	2,948,207
Less: exchange of deposits	**(5,093,413)**	(4,059,955)
Less: cash and cash equivalents	**(21,052,346)**	(35,469,950)
Net debt	**105,106,189**	109,014,495
Equity attributable to equity holders of the Parent Company	**278,718,501**	278,449,132
Gearing (debt to equity) ratio	**38%**	39%

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial instruments, with the exception of certain investments available for sale carried at cost (see note 12) 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**
2013				
Financial assets				
Investments available for sale (others)				
Quoted investments	3,960,328	-	-	**3,960,328**
Unquoted investments	-	-	41,035,296	**41,035,296**
	3,960,328		41,035,296	**44,995,624**
Investments available for sale (Equate)				
Unquoted investments	-	-	136,150,608	**136,150,608**
Investments carried at fair value through income statement				
Unquoted investments	-	-	100,998,029	**100,998,029**
	-	-	100,998,029	**100,998,029**

	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	-	-	53,369,273	53,369,273
	12,310,989	-	53,369,273	65,680,262
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)

28- FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (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 12), are not materially different from their carrying values.

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

Year ended 30 April 2013	**At 1 May 2012 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 2013**
Unquoted investments available for sale (others)	**53,369,273**	493,535	(1,722,686)	(5,866,139)	(5,238,687)	**41,035,296**
Unquoted investments available for sale (Equate)	**138,301,724**	4,488,931	1,003,000	(7,643,047)	-	**136,150,608**
Unquoted investments carried at fair value through income statement (designated)	**100,998,029**	-	-	-	-	**100,998,029**

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)	82,333,169	(1,500,279)	2,940,164	(11,889,326)	(18,514,455)	53,369,273
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 (designated)	71,212,292	31,262,846	-	(1,477,109)	-	100,998,029

29 CONTINGENCIES AND CAPITAL COMMITMENTS

	2013 KD	2012 KD
Acquisition of investments	**743,003**	724,483

During the year the Parent Company has given corporate guarantees amounting to KD 12,172,950 (2012: KD 12,965,359) to foreign Banks on behalf of its subsidiaries.

30 KEY SOURCES OF ESTIMATION UNCERTAINTY

Valuation of unquoted equity instruments
The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation (notes 10 and 11). 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 27,078,187 (2012: KD 26,866,852) are carried at cost (note 12).

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

At the reporting date, gross raw materials were KD 4,933,925 (2012: KD 3,320,205) and gross finished goods and goods for resale were KD 706,538 (2012: KD 1,271,411), with provisions for old and obsolete inventories of KD 226,792 (2012: KD 250,332). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the profit for the year.

31 COMPARATIVE INFORMATION

During the year, certain amounts have been reclassified to conform to the current year's presentation with no effect on the reported profit or equity.