Boubyan Petrochemical Company (K.S.C)

ANNUAL REPORT

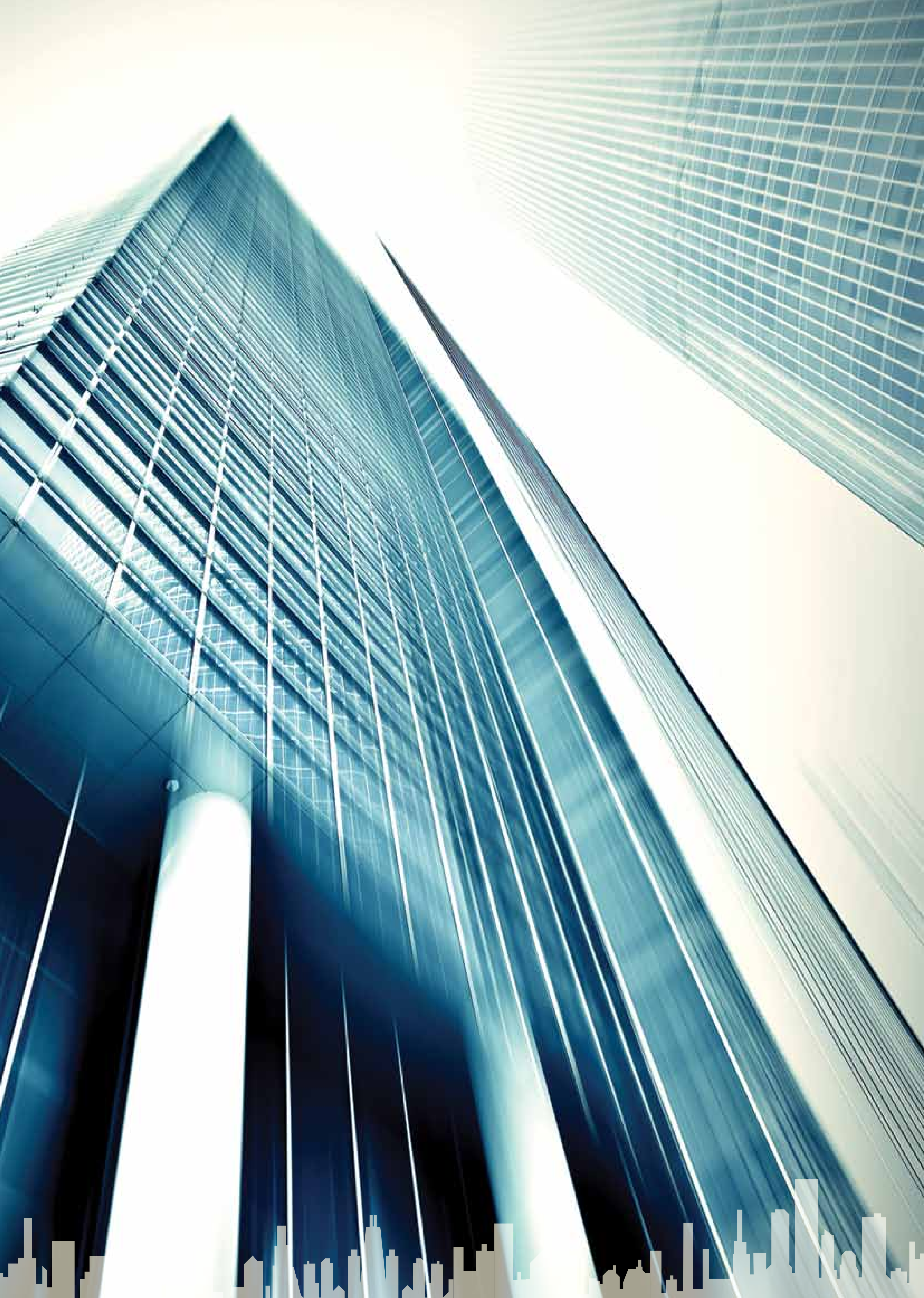
For The Year Ended 30 April 2018

Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah

Amir of the State of Kuwait

Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
Crown Prince of the State of Kuwait

Sheikh Jaber Mubarak Al-Hamad Al-Sabah
Prime Minister



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MESSAGE TO THE SHAREHOLDERS

On behalf of my colleagues, Directors of the Board, and staff members of Boubyan Petrochemical group of companies, it gives me great pleasure to welcome you to the 22nd annual general meeting to review the company's performance and results for the financial year ended 30/4/2018.

This year was exceptional at all levels; i.e. operating performance, size of investments and acquisitions, diversification of the same and even in terms of dividends distribution. The financial results show a KD 31.7 Million in operating profit, an increase of 31.3 % compared to last year.

On the other hand, the Board has decided to take exceptional impairments and provisions with the aim of reflecting the real assets value in the company Balance Sheet in a conservative fashion, while some non-recurring profits were also booked this year as follows:

- KD 15.48 MM provisions related to subsidiaries
- KD 7.41 MM provisions related to associates
- KD 11.10 MM provisions related to AFS
- KD 8.77 MM unrealized profit resulting from revaluation of AFS investments (TKOC).

As a result of the above, net profit reached KD 5.45 MM (i.e. 10.59 fils per share) before reserves and dividends, compared to KD 10.4 MM for the same period last year.

Subsidiaries and associates are expected to witness exceptional performance next year, as it will begin its new year with the above mentioned provisions off its shareholder. Therefore, we expect a growth in operating profits of not less than 20% next year.

Given the continued high liquidity as at the end of April 2018, the Board recommends increasing cash dividends distribution to KD 23.2 million at a rate of 45% (i.e. 45 fils per share) for the financial year ended 30/4/2018. It is worth noting that this represents the highest cash distribution over the past 10 years.

On the other hand, and consistent with the Company's declared strategy, it gives me great pleasure to state that this year was marked with some important acquisition which amounted to KD 92 MM in total. BPC completed its acquisition of around 83% of the capital of Educational Group Holding Company (EDU). EDU has significant stakes in the education sector from KG until college education and including bilingual schools. An additional 21% equity stake of

ALKOUT was also acquired through an auction at the Kuwait Boursa last April 2018 where BPC's stake reached around 46.5 % making it the largest single shareholder in ALKOUT. This has resulted in pushing BPC's total assets to almost half a billion KD's (KD 495MM). However BPC will continue seeking investment opportunities in all sectors of the economy, provided it fits our investment strategy, while diversifying our income portfolio and enhancing shareholders equity.

As for EQUATE Group's performance, our share of the cash dividends for the year ended 31/12/2017 reached around KD 30.3 MM compared to around KD 18.5 MM for the prior year. Such exceptional performance was an obvious result of the exponential increase in petrochemical prices during 2017.

It is worth noting that this year represents the 22nd year of continuous profitability and the 17th consecutive year of cash dividends distribution. If the proposed distributions are approved the cumulative paid dividends to date will reach 633 fils per share.

The Board also recommended to the AGM a remuneration distribution to its members amounting a total of KD 75,000 for the year ended 30/4/2018.

On another note and regarding Corporate Governance, the annual CG report has been prepared and attached for year kind review where it states our compliance to the various rules and regulations required by regulators, especially those by CMA. Also, we have attached a summary of our major direct investments.

Finally, we would like to thank our stakeholders for their valuable trust and unlimited support for the company over the past many years.

Warm regards,

Dabbous Mubarak Al-Dabbous
Chairman

SUMMARY OF MAJOR DIRECT INVESTMENTS

EQUATE Petrochemicals Company (EQUATE) – KSCC

EQUATE was established in 1995 as a joint venture between Petrochemical Industries Co and Union Carbide (now Dow Chemicals), each holding 45% equity stake. While 10 was held by Boubyan Petrochemical Company (BPC), Marking the first private sector participation in Government owned mega petrochemical projects. EQUATE is one of the most efficiently operated and successfully managed olefins/MEG plants in the region, Thanks to state-of-the-art technologies, savvy marketing team, and above all high caliber staff and management.

During 2005 another Kuwait based private sector , namely Qurain Petrochemical Industries Co. (QPIC) purchased 6% equity stake of EQUATE, thereby resulting in diluting founding shareholders' equity stake to 42.5% (PIC and DOW each) and 9% for BPC.

During the past year, EQUATE acquired 100% of MEGlobal's share capital for KD 3.2 billion. EQUATE's acquisition of MEGlobal, transformed the company into global leader in petrochemical sector by expanding its operation in North America. The new MEG plant in US Gulf coast based on low cost feedstock will significantly enhance EQUATE's overall performance when it comes on stream by end 2019 .

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

TKOC was established in 2005 by PIC (42.5%), Dow Chemical (42.5%), BPC (9%), and OPIC (6%). TKOC is essentially an expansion of EQUATE's existing facilities, resulting in an increase and optimization of the production capacities of the current line of products with minimal capital investment.

It is worth noting that BPC`s share from EQUATE Group`s dividends distribution (incl. TKOC) for the year ended 312017/12/ reached KD. 30.3 MM.

The Educational Holding Group Co. (EDU) - K.S.C.P.

BPC acquired around 82.7% equity stake in EDU group, a company listed at Kuwait Boursa. EDU is active in acquiring stakes in companies in the educational sector. It has 42% of the capital of EYAS for Higher & Technical Education Co. (which owns Gulf University for Science & Technology - GUST). EDU also owns 42% of Sama Educational Co. (which owns ACA). EDU finally owns 87% of the total capital of Afaq Educational services Co. (which in turn owns and operates 7 Arabic KG 12 schools).

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

Boubyan Petrochemical Company acquired a 24% equity stake in Al-Kout Industrial Projects Company in May of 2010.An extra 21% equity stake was acquired in April 2018 through an auction on the Kuwait Boursa; where BPC`s total stake in Alkout increased to 46.46%.

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 customers.

Al-Kout has declared net profits amounting to KD 6.2 million (i.e. 61.6 fils/share) for the year ended in December 31st 2017 in comparison to KD 5.8 million (57.8 fils/share) the previous year. Al-Kout also declared a cash dividend of 50 fils/share for the year ended December 31st 2017.

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

In December 2012, BPC acquired 20% equity stake in Al Borg Medical Laboratories Company for approximately KD 5.7 million and increased its stake in 2016 by an additional 4% for approximately KD 4.9 Million. Al Borg is the market leader in Saudi Arabia and specializes in managing and operating medical laboratories that provide a wide range of clinical diagnostic tests. Al Borg also operate across the GCC as well as in other Arab and East African countries. Al Borg Labs was established in 2002 and has witnessed tremendous growth since its establishment.

Nafais Holding Company K.S.C.

We have acquired 21.3% of Nafais in an attempt to diversely our sources of income by targeting a company that has direct holdings in two defensive sectors; Health and Education. .

Muna Noor Group of Companies, Oman

Muna Noor Manufacturing & Trading Company – MNMT, Muscat

Muna Noor Plastic Industries Company – MNPI, Sohar

Muna Noor LLC, Salalah

Muna Noor was established 43 years ago to seize the opportunity in the modernization of the region's piping systems. As part of the brand's progressive character, capacities and product ranges are continuously expanded to meet the needs and ambitions of the region. To date, Muna Noor's divisions deliver: large-scale and bespoke HDPE, uPVC, DWC and Multi-layer HDPE pipes, fittings, plastic fabrication, lining for steel pipe, traditional and electro fusion welding solutions, complete irrigation systems, SCADA control systems and a multiplicity of valves and controls for water. The company continues to develop state-of-the-art solutions with the aim to exceed client expectations and to collaborate on new and exciting projects.

Since BPC acquired the company in 2005, the production capacity of Muna Noor has multiplied and geographic footprint extended by adding three production facilities. Today Muna Noor has manufacturing facilities strategically located in Muscat, Salalah and Sohar, with many branches throughout Oman, in addition to representative offices in Kuwait and the UAE.

Due to economic slowdown in Oman which resulted in delaying the implementation of some infra-structure projects on one hand, and the ongoing restructuring of MN Group on the other hand, MN`s results for the year ended March 2018 witnessed a net loss; however it is expected to return to profitability this year.

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

With a 20.75% equity stake, Awazel is an associate company to BPC. Awazel was established in 1981 in Saudi Arabia through an oxidation plant and a membrane production line that has since grown to become one of the largest and most comprehensive manufacturer of bitumen (asphalt) based waterproofing material in the Middle East. It is worth noting that Awazel started diversifying its risk through acquisition of stakes in companies that have products that complement its own; i.e. mainly in the construction and building materials sector.


140,8245
124,6581
123,3951
79,8216
29,049
Air transport
Chemical production
Industrials
Nuclear energy industry
Securities

BPC ANNUAL CORPORATE GOVERNANCE REPORT

Preface

The Board and executive management of BPC strive to implement a phased approach to meet the Corporate Governance requirements stipulated in CMA Executive bylaws (Book No.15 / resolution No 72/2015) which aims to ensure the best protection and balance between the interest of the management of the company and its shareholders.

BPC is committed to implementing all regulations issued by the Regulatory Authorities, which aim to protect our shareholders' interests & to enhance investors' confidence in the efficiency of the company's performance. Therefore Boubyan Petrochemical Co. (BPC) represented by its Board of Directors (BOD) and the Executive Management is pleased to present to the shareholders the annual Corporate Governance report for the fiscal year ending 30/4/2018, which was adopted by the Board meeting held on 13 May 2018.

Dabbous al Dabbous
Chairman.

Rule (1)

Construct a Balanced Board Composition

(A) Structure of the Board of Directors

BPC's Board of Directors is comprised of (5) members, who hold the educational qualifications and relevant experience to conduct their responsibilities professionally and to form the required Board committees. All members have been elected to the Board in line with the applicable provisions of the Company's Articles of Association as follows :

Name	Position	Type of Membership	
Mr. Dabbous Mubarak Al-Dabbous	Chairman	Elected	Non – Executive
Mr. Khaled Ali Al-Ghanim	Vice - Chairman	Elected	Non – Executive
Mr. Saud Abdulaziz Al-Babtain	Board Member	Elected	Independent
Mr. Khaled Abdulaziz Al-Muraikhi	Board Member	Elected	Independent
Mr. Khaled Mohammed Al-Amir	Board Member	Appointed Rep. of Sons Mubarak Al-Dabbous Co. for General Trading and Contracting	Non – Executive
Mr. Mohammad Al Bahar	Board secretary	Mr. Al-Bahar was re-appointed as a Board Secretary based on Board resolution No. (6/2014). He also holds the position of General Manager.	

(B) Organizing Board Meetings

The Board held (8) meetings during the fiscal year ended on 30/4/2018 , with an attendance rate of 90 %,

In addition, the BOD passed one resolution by circulation.

It is worth noting that BPC held an EGM on 14/6/2016 to amend its Articles of Association, by adding an article that organizes the board meeting's attendance as well as how to deal with irregular attendance cases, to be in line with corporate governance requirements.

(C) Registering the Board minutes of Meetings

The company has a private register where the minutes of meetings are organized and recorded with applicable serial numbers according to the Company's fiscal year, and those minutes are enclosed with any discussions and voting processes and signed by the board secretary and all attendees, as per the commercial Law No. 1/2016 and Corporate Governance rules.

Rule (2)

Establish Appropriate Roles & Responsibilities

Board 's Achievements relevant to the Corporate Governance rules.

In addition to the Board's role of achieving the company's main objective of enhancing profitability, preserving shareholder equity and ensuring that the executive management is achieving that, the Board has taken steps towards developing an integrated Corporate Governance framework in general, and towards implementing this rule in particular, by forming the specialized independent committees and developing their charters, as follows:

(A) Audit & Risk Committee (ARC)

After electing new board of directors by the AGM which was held on 18/6/2017, the Audit & Risk committee was formed pursuant to Board Resolution issued in a meeting held on 20/6/2017 as follows :			The Date of formation
Non-Executive Independent Independent	Chairperson Member Member	Mr. Khaled Ali Al-Ghanim Mr. Saud Abdulaziz Al-Babtain Mr. Khaled Abdulaziz Al-Muraikhi	Committee's Members
The (ARC) held (5) meetings during the fiscal year ended on 30/4/2018 with an attendance percentage 93 % .			Committee's Meetings

(B) Nomination & Remuneration Committee(NRC)

After electing new board of directors by the AGM which was held on 18/6/2017, the Nomination & Remuneration Committee was formed pursuant to Board Resolution issued in a meeting held on 20/6/2017 as follows :			The Date of formation
Non-Executive Independent Independent	Chairperson Member Member	Mr. Khaled Ali Al-Ghanim Mr. Saud Abdulaziz Al-Babtain Mr. Khaled Abdulaziz Al-Muraikhi	Committee's Members
The (NRC) held (2) meetings during the fiscal year ended 30/4/2018 with an attendance percentage 83 % .			Committee's Meetings

Rule (3)

Recruit Highly Qualified Candidates for the Members of the Board of directors and the Executive Management

(A) Achievements of Nomination & Remuneration Committee (NRC)

During this fiscal year (NRC) held (2) meetings with many achievements, such as :

1- Recommended to accept renominating the current board members in order to elect new board for 3 years.

2- Re-form the committee by electing Mr. Khaled Ali Al-Ghanim as Chairman of the Committee & appoint Mr. Mohamad Al Bahar as a Secretary of the Committee.

3- Reviewing the Independency Terms to ensure the validity of those terms on annual basis.

4- Reviewing & preparing the annual KPIs report for the Board of directors and Executive management for year ended 30/4/2018.

5- Prepared the annual remunerations report of the Board and Executive Managements to be approved by the next AGM as follows:

(5-a) The Board 's Remunerations

The Board is comprised of (5) members elected by the AGM which then must approve as below :

- The total Remuneration (proposed for AGM) for the Board members is (75,000 KD) for the fiscal year ended 30/4/2018.
- The total Remuneration (approved by AGM) for the Board members was (75,000 KD) for the fiscal year ended 30/4/2017.

(5-b) The Executive Management's Remunerations

- The total remunerations for the Executive Management including salaries and benefits is (465,772) for the fiscal year ended 30/4/2018.
- The total remunerations for the Executive Management including salaries and benefits was (394,116 KD) for the fiscal year ended 30/4/2017.

Rule (4)

Ensure the Integrity of Financial Reports

(A) Undertaking of Soundness & Integrity of the financial reports

The Board and the Executive Management are keen on submitting a fair and sound financial statements they have presented a written undertaking confirming the Integrity of financial reports which shall be submitted in the annual report.

(B) Achievements of the Audit & Risk committee (ARC)

During this fiscal year (ARC) held (5) meetings with many achievements, such as :

1- Re-forming the committee by electing Mr. Khaled Ali Al-Ghanim as Chairman of the Committee & appoint Mr. Mohamad Al Bahar as a Secretary of the Committee.
2- Reviewing the annual / interim Financial Statements and provided a recommendation to the Board for final approval.
3- Reviewing the annual Audit committee report with corporate governance report and provided a recommendation to the Board for final approval.
4- Reviewing the annual Risk Assessment Report for year ended 30/4/2018.
5-Reviewing the internal Audit reports for the operational departments for year ended 30/4/2018 with recommendation to set a remedial plan for the observations.
6- Reviewing the annual (ICR) report for year ended 30/4/2017 which was prepared by the independent audit firm .
7- Recommending to re- appoint (Grant Thornton) as an independent Audit firm to prepare the annual (ICR) for the fiscal year ended 30/4/2018 .
8- Recommending to re- assign the qualified Audit firms to perform Audit & Risk functions for next year ended 30/4/2019.
9- Renew the undertaking re the Integrity of Financial Reports and recommended to include it within the annual report.

(C) Verifying the independence & Neutrality of the External Auditor

The committee prepared the criteria of independence & Neutrality of the external auditor from the company and its BOD in line with terms set out in corporate governance rules, and those criteria shall be considered when the committee provide to the board its recommendation to appoint the External Auditor.

Therefore, the committee recommended to re- appoint Mr. /Bader Al Abduljader from EY - as an External auditor for the fiscal year ended 30/4/2019 as he is listed in the CMA auditors register.

Rule (5)

Apply sound system of Risk Management & Internal Audit

(A) Risk Management & Internal Audit Function

BPC recognizes the importance of Implementing Risk Management & Internal Audit functions which would protect the company from any potential risks by setting adequate internal Control Systems matching the nature of company's activity.

Therefore, the Risk & Audit Committee recommended to assign (Grant Thornton) to perform the Internal Audit & risk function in accordance with the CMA approval in this regard. It is worth noting that BPC has a compliance officer to ensure that all regulatory requirements are met as well.

(B) Verifying the Sufficiency of Control Systems

The Risk & Audit Committee recommended to assign (Grant Thornton) as an independent audit firm to carry out the evaluation and review the company's internal control system & to prepare the annual internal control Report (ICR) which is to be submitted to the CMA within 90 days from the end of the fiscal year.

Rule (6)

Promote Code of Conduct & Ethical standards

(A) Promoting Standards of Professional & Ethical behavior

The Company represented by the Board , Executive management and its employees believe in the importance of complying with professional & ethical behavior as it's the most important factor in the company's success , which leads to the shareholder & investors' trust .Therefore ,everyone in BPC is keen to follow this charter as stipulated in the laws & regulations.

(B) Reducing the Conflict of interest

BPC represented by the Board & Executive management is committed to follows the rules of non-conflict of interests stipulated in the CMA's regulations & Companies Law No.(1/2016) in order to reduce and deal with such cases .

Rule (7)

Ensure Timely and High Quality Disclosures & Transparency

(A) Disclosure & Transparency

BPC is committed to disclose continuously in a timely and appropriate manner all material information related to its activities, which may impact the share price and the shareholders' equity. This is in addition to disclosing the quarterly and annual financial statements immediately & without any delay to ensure that shareholders and potential investors are up to date with the company's performance.

In all its disclosures, BPC is keen to be consistent with the standards applied by the CMA in this regard.

(B) Disclosures Record for Members of the Board & Executive Management

The company maintains a disclosure register containing the Board & Executive Management's disclosures of their ownership in the listed companies, as they are listed in the insiders list as per the CMA & CG rules Book (10/15).

(C) Investor Relations Unit (IR)

BPC established the Investor Relations Unit (IR) based on the Board's resolution issued on 11/5/2016. IR unit aims to act as a liaison between the company and the current & potential shareholders and investors to provide them with all necessary information on regular basis through direct communication on the unit's email : IR@boubyan.com

(D) Developing the Infrastructure for the Information Technology

The Company is keen to develop its website to contain all the necessary data relevant to the disclosed information which is important to the shareholders & potential investors according to the corporate governance rules.   During this year BPC had launched its new website which contain the most up to date information.

Rule (8)

Respect the Rights of Shareholders

(A) Protecting shareholders' Rights

BPC aims through its investment activities and the annual dividend distributions to protect its shareholders' rights as well as provide them the opportunity to practice their essential rights which are stipulated in the Company's Article of Association and according to Commercial Law & CMA rules as follows :

(1) Keeping a Shareholders Register at the Clearing Agency

The company has a special shareholders' register that is held and updated with the Kuwait Clearing Company (KCC).

This register includes names of shareholders as well as details of their shares. Therefore, BPC is keen to update this record with any changes on the registered data and to disclose to the regulatory authorities - annually- about the largest shareholders who own more than 5 % of BPC.

(2) Participating in BPC's Annual General Meetings

BPC is committed to invite all shareholders without any discrimination. Such invitation would include the AGM Agenda prepared in line with Commercial Law, CMA, and Corporate Governance rules.

BPC is keen to publish the invitation and the Agenda in daily newspapers and on the Kuwait Boursa website in order to inform all shareholders about AGM agenda and to practice their voting rights during the AGM's.

Rule (9)

Recognize the Roles of Stakeholders

(A) Ensure the Protection of Stakeholders' Rights

BPC is very keen to follow a consistent approach matching with its activities and the size of its contracts, to ensure that all stakeholders have an equal & fair treatment by implementing the principle of transparency and relevant regulations , and to maintain a good relationship with them as a result of implementing those rules.

Rule (10)

Encourage & Enhance Performance

(A) Continuous Training for the Board Members & Executive Management

BPC is committed to provide the Members of the Board & the Executive Management with appropriate training programs relevant to its core business and those programs are up to date with latest business development subjects in that regard.

(B) Evaluating the performance of the Board Members & the Executive Management

BPC had applied appropriate key performance indicators (KPIs) related to the company's strategic objectives and the roles of the Board Members & the Executive Management. Therefore, (NRC) had prepared & reviewed the annual (KPIs) report, while the results of this evaluation will be used to develop continuous training plans in order to handle any short comings and weaknesses.

(C) Importance of Corporate Value Creation for Employees

BPC represented by its Board & Executive Management is keen to promote and assert the value creation among its employees through fulfillment of the company's strategic goals, performance improvement & implementing the regulatory authorities' regulations & corporate governance rules .

Furthermore, BPC presented several periodic reports such as (Annual Report, Annual CG report, Annual Audit Committee Report,,) which contain all necessary information to support the Board, Executive management, shareholders & stakeholders in order to make informed decisions .

Rule (11)

Corporate Social Responsibility

(A) Ensuring a Balance between the objectives of the company and of society

BPC believes in the importance of social responsibility to create a balance between the company's goals and those of society, through the company's commitment to meet the regulatory requirements and following an approach matching its business and strategic objectives. Therefore, BPC is keen to invest in its employees by training them continuously & attracting the nationals.

Internal Audit Committee Report

For the fiscal year ended 30/4/2018

Committee Goals

This Committe is responsible for assisting the Board in fulfilling its responsibilities relating to ensuring the quality and integrity of the accounting, auditing, internal control, risk management framework and financial reporting practices of BPC as part of the CG requirments .

Committee Formation

After electing new board of directors by the AGM which was held on 18/6/2017, the committee was formed pursuant to Board Resolution issued in a meeting held on 20/6/2017 according to the CG requirements the committee consists of (3) members, all of whom are non- executive members and (2) are independent, while all members have relevant experience and academic qualification in accounting and the financial fields:

Non-Executive	Chair person	Mr. Khaled Ali Al-Ghanim	Committee Members
Independent	Member	Mr. Saud Abdulaziz Al-Babtain	
Independent	Member	Mr. Khaled Abdulaziz Al-Muraikhi	

Committee Meetings

The Committee held (5) meetings during the fiscal year ended 30/4/2018 as follows :

with attendance percentage 93%	held on 15 May.2017	First Meeting
	held on 13 July.2017	Second Meeting
	held on 13 Sep.2017	Third Meeting
	held on 10 Dec.2017	Fourth Meeting
	held on 14 March. 2018	Fifith Meeting

Committee's Achievements & Recommendations

Reviewed all periodic financial statements before submittal to the Board for final approval. Renewed the undertaking of Integrity of Financial Reporting and to be presented in the annual report.	Financial Statements
Recommend to re- appoint GT as an independent Audit firm to prepare the annual Internal Control Report(ICR) for the fiscal year ended 30/4/2018.	Internal Control
Reviewing the internal Audit reports for the operational departments for year ended 30/4/2018 with recommendation to set a remedial plan for the observations cited. Recommended to re- appoint Grant Thornton to perform the Risk & Internal audit functions for next year.	Internal Audit
Recommended to re-appoint Mr. Bader Al Abduljader from EY – as an external auditor since he is listed in the CMA auditors register for the fiscal year ended 30/4/2019 .	External Audit

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

Consolidated Financial Statements

30 April 2018

Boubyan Petrochemical Company K.S.C.P. and Subsidiaries
INDEPENDENT AUDITOR'S REPORT TO THE SHARHOLDERS

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Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Boubyan Petrochemical Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 30 April 2018, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 April 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements

Boubyan Petrochemical Company K.S.C.P. and Subsidiaries
INDEPENDENT AUDITOR'S REPORT TO THE SHARHOLDERS

EY
Building a better working world

Al-Faraj Auditing Office
Ali K. Al-Faraj
Chartered Accountant
Cause List Expert

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

a) Valuation and impairment of unquoted investment securities

Unquoted investment securities carried at fair value are included in financial assets at fair value through profit or loss and financial assets available for sale. The fair value of these unquoted investment securities are valued using inputs other than observable market data. Further, certain financial assets available for sale that do not have a quoted price in an active market and whose fair values cannot be reliably measured, are measured at their cost less impairment.

The valuation of unquoted investment securities carried at fair value is inherently subjective, as these are valued using inputs other than quoted prices in an active market. Key inputs used in the valuation of these investments are expected cash flows, determination of price to earnings and enterprise value multiples of comparable companies, risk free rates and application of illiquidity discounts in certain cases. In addition, for the financial assets available for sale carried at cost, the Group determines whether objective evidence of impairment exists. Indications of impairment may include evidence that an investee company is experiencing significant financial difficulties, deteriorating cash flows, adverse changes to the business and other related economic factors. Given the inherent subjectivity and the related estimation uncertainty in the valuation and impairment of these unquoted investment securities, and their significance to the Group's consolidated financial statements, this is considered a key audit matter.

Our audit procedures comprised, amongst others, involving our specialists to assist us in assessment of the Group's methodology and the appropriateness of the valuation models and inputs used to value the unquoted investment securities carried at fair value, including comparing valuation models used with that used in the prior years. We also assessed the accuracy of key inputs used in the valuation such as the cash flow projections, and the appropriateness of key inputs such as the price to earnings and enterprise value multiples considered, the long-term growth rates used to extrapolate these cash flows and the discount rate, and compared these to available external data. Further, for the financial assets available for sale carried at cost, we evaluated management's assessment of whether objective evidence of impairment exists and the qualitative and quantitative factors considered such as the investee's financial performance including dividends, financial condition and operations, and its market and economic environment.

The Group's policies on valuation and impairment of unquoted investments securities are presented in the accounting policies and in Notes 11 and 12 of the consolidated financial statements. Additionally, we assessed the adequacy of the fair value disclosures in Note 28 to the consolidated financial statements.

Al-Faraj Auditing Office
Ali K. Al-Faraj
Chartered Accountant
Cause List Expert

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

b) Impairment of goodwill

The Group has goodwill of KD 17.4 million arising from past acquisitions which is assessed for impairment at each reporting date. Impairment testing of goodwill performed by the management was significant to our audit because the assessment of the recoverable amount of goodwill is complex and requires considerable judgment on the part of management. Estimates of future cash flows are based on management's views of variables such as the interest margins, discount rates, market share assumptions, projected growth rates and economic conditions such as the economic growth and expected inflation rates. Accordingly, we consider this to be a key audit matter.

Our audit procedures included, amongst others, involving our valuation experts to assist us in evaluating the appropriateness of the valuation model and testing key assumptions used in the impairment analysis, such as the discount rate and terminal growth rate. We also evaluated the sensitivity analysis performed by management around key assumptions noted above and challenged the outcomes of the assessment.

Furthermore, we assessed the adequacy of the Group's disclosures included in Note 15 to the consolidated financial statements related to those assumptions. The Group's policy on impairment testing is disclosed in Note 2.5 to the consolidated financial statements.

Other information included in the Group's 2018 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2018 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Boubyan Petrochemical Company K.S.C.P. and Subsidiaries
INDEPENDENT AUDITOR'S REPORT TO THE SHARHOLDERS

Al-Faraj Auditing Office
Ali K. Al-Faraj
Chartered Accountant
Cause List Expert

Report on the Audit of Consolidated Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Al-Faraj Auditing Office
Ali K. Al-Faraj
Chartered Accountant
Cause List Expert

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

b) Impairment of goodwill

The Group has goodwill of KD 17.4 million arising from past acquisitions which is assessed for impairment at each reporting date. Impairment testing of goodwill performed by the management was significant to our audit because the assessment of the recoverable amount of goodwill is complex and requires considerable judgment on the part of management. Estimates of future cash flows are based on management's views of variables such as the interest margins, discount rates, market share assumptions, projected growth rates and economic conditions such as the economic growth and expected inflation rates. Accordingly, we consider this to be a key audit matter.

Our audit procedures included, amongst others, involving our valuation experts to assist us in evaluating the appropriateness of the valuation model and testing key assumptions used in the impairment analysis, such as the discount rate and terminal growth rate. We also evaluated the sensitivity analysis performed by management around key assumptions noted above and challenged the outcomes of the assessment.

Furthermore, we assessed the adequacy of the Group's disclosures included in Note 15 to the consolidated financial statements related to those assumptions. The Group's policy on impairment testing is disclosed in Note 2.5 to the consolidated financial statements.

Other information included in the Group's 2018 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2018 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Boubyan Petrochemical Company K.S.C.P. and Subsidiaries
INDEPENDENT AUDITOR'S REPORT TO THE SHARHOLDERS

Report on the Audit of Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation, and Articles of Association that an inventory count was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, have occurred during the year ended 30 April 2018, that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207 A EY
AL AIBAN, AL OSAIMI & PARTNERS

16 MAY 2018
Kuwait

	Notes	2018 KD	2017 KD
Sale of goods		**23,873,821**	25,795,507
Tuition fees		**4,423,355**	-
Total revenue		**28,297,176**	25,795,507
Cost of goods sold		**(20,481,530)**	(21,821,579)
Tuition cost		**(3,358,247)**	-
Total cost of revenue		**(23,839,777)**	(21,821,579)
GROSS PROFIT		**4,457,399**	3,973,928
Dividend income	4	**30,757,765**	19,322,148
Gain (loss) on financial assets at fair value through profit or loss	11	**8,765,312**	(339,632)
Net gain on financial assets available for sale		**18,471**	62,241
Gain on reclassification of financial assets available for sale to associate	13	**-**	5,911,345
Share of results from associates	13	**8,833,107**	4,278,966
Impairment of financial assets available for sale	12	**(11,098,252)**	(8,761,195)
Impairment of associates	13	**(7,405,542)**	(1,398,675)
Impairment of intangible assets	15	**(9,807,834)**	(857,715)
Impairment of property, plant and equipment	14	**(5,672,695)**	(2,726,306)
General and administrative expenses	6	**(9,422,217)**	(5,674,374)
Finance costs		**(5,808,768)**	(3,005,694)
Other income		**639,925**	216,129
Foreign exchange gain (loss)		**466,064**	(207,143)
PROFIT BEFORE TAXATION AND DIRECTORS' FEES		**4,722,735**	10,794,023
Taxation	8	**(125,847)**	(317,208)
Directors' fees		**(75,000)**	(75,000)
PROFIT FOR THE YEAR		**4,521,888**	10,401,815
Attributable to:			
Equity holders of the Parent Company		**5,455,866**	10,401,815
Non-controlling interests		**(933,978)**	-
		4,521,888	10,401,815
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	9	**10.59 fils**	20.18 fils

The attached notes 1 to 30 form part of these consolidated financial statements

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | For the year ended 30 April 2018

	Notes	2018 KD	2017 KD
PROFIT FOR THE YEAR		**4,521,888**	10,401,815
Other comprehensive income			
Items that are or may be reclassified subsequently to consolidated statement of income:			
Unrealised gain on financial assets available for sale		**17,743,329**	5,236,707
Exchange differences on translation of foreign operations		**(499,907)**	256,700
Transfer to consolidated statement of income on reclassification of financial assets available for sale			(985,854)
		2,717,525	1,366,274
Share of other comprehensive (loss) income of associates	13	**(21,343)**	95,675
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		**19,939,604**	5,969,502
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**24,461,492**	16,371,317
Attributable to:			
Equity holders of the Parent Company		**25,395,470**	16,371,317
Non-controlling interest		**(933,978)**	-
		24,461,492	16,371,317

	Notes	2018 KD	2017 KD
ASSETS			
Cash and cash equivalents	5	**18,070,399**	16,624,518
Accounts receivable and prepayments	7	**15,417,005**	11,080,831
Inventories	10	**5,738,708**	7,493,724
Financial assets at fair value through profit or loss	11	**133,590,313**	124,825,001
Financial assets available for sale	12	**198,861,589**	176,105,039
Investment in associates	13	**91,500,865**	56,502,844
Property, plant and equipment	14	**14,139,443**	18,428,154
Intangible assets	15	**17,463,431**	5,144,748
TOTAL ASSETS		**494,781,753**	416,204,859
LIABILITIES AND EQUITY			
Liabilities			
Term loans	16	**59,521,057**	75,955,838
Payables under Islamic financing	17	**116,507,904**	31,381,259
Accounts payable and accruals	18	**20,829,698**	13,366,128
Total liabilities		**196,858,659**	120,703,225
Equity			
Share capital	19	**53,482,275**	53,482,275
Share premium		**2,400,000**	2,400,000
Treasury shares	20	**(9,769,966)**	(9,806,151)
Treasury shares reserve		**1,274,579**	998,971
Statutory reserve	21	**26,741,138**	26,741,138
Voluntary reserve	22	**25,467,750**	25,467,750
Revaluation reserve		**4,381,664**	5,106,784
Foreign currency translation reserve		**1,512,827**	2,012,734
Other reserves		**(9,119,606)**	50,516
Cumulative changes in fair value		**149,200,255**	128,760,744
Retained earnings		**45,135,980**	60,286,873
Equity attributable to holders of the Parent Company		**290,706,896**	295,501,634
Non-controlling interests		**7,216,198**	-
Total equity		**297,923,094**	295,501,634
TOTAL LIABILITIES AND EQUITY		**494,781,753**	416,204,859

Dabbous M. Al-Dabbous
(Chairman)

Khaled A. Al-Ghanim
(Deputy Chairman)

The attached notes 1 to 30 form part of these consolidated financial statements

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | For the year ended 30 April 2018

	Share capital	Share Premium	Treasury Shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Revaluation reserve	Foreign currency translation reserve	Other reserves	Cumulative changes in fair value	Retained earnings	Sub total	Non-controlling interests	Total
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance as at 1 May 2017	53,482,275	2,400,000	(9,806,151)	998,971	26,741,138	25,467,750	5,106,784	2,012,734	50,516	128,760,744	60,286,873	295,501,634	-	295,501,634
Profit for the year	-	-	-	-	-	-	-	-	-	-	5,455,866	5,455,866	(933,978)	4,521,888
Other comprehensive (loss) income	-	-	-	-	-	-	-	(499,907)	-	20,439,511	-	19,939,604	-	19,939,604
Total comprehensive (loss) income for the year	-	-	-	-	-	-	-	(499,907)	-	20,439,511	5,455,866	25,395,470	(933,978)	24,461,492
Movement in revaluation reserve	-	-	-	-	-	-	(725,120)	-	-	-	-	(725,120)	-	(725,120)
Step acquisition of non-controlling interests (Note 3)	-	-	-	-	-	-	-	-	(9,170,122)	-	-	(9,170,122)	(13,429,226)	(22,599,348)
Dividends (Note 19)	-	-	-	-	-	-	-	-	-	-	(20,606,759)	(20,606,759)	-	(20,606,759)
Net movement in treasure shares	-	-	36,185	275,608	-	-	-	-	-	-	-	311,793	-	311,793
Acquisition of a subsidiary (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	21,579,402	21,579,402
Balance as at 30 April 2018	**53,482,275**	**2,400,000**	**(9,769,966)**	**1,274,579**	**26,741,138**	**25,467,750**	**4,381,664**	**1,512,827**	**(9,119,606)**	**149,200,255**	**45,135,980**	**290,706,896**	**7,216,198**	**297,923,094**

The attached notes 1 to 30 form part of these consolidated financial statements

	Share capital	Share premium	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Revaluation reserve	Foreign currency translation reserve	Other reserves	Cumulative changes in fair value	Retained earnings	Total
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance as at 1 May 2016	53,482,275	2,400,000	(9,741,292)	998,971	26,741,138	25,467,750	5,106,784	1,756,034	50,516	123,047,942	70,506,007	299,816,125
Profit for the year	-	-	-	-	-	-	-	-	-	-	10,401,815	10,401,815
Other comprehensive income	-	-	-	-	-	-	-	256,700	-	5,712,802	-	5,969,502
Total comprehensive income for the year	-	-	-	-	-	-	-	256,700	-	5,712,802	**10,401,815**	16,371,317
Dividends (Note 19)	-	-	-	-	-	-	-	-	-	-	(20,620,949)	(20,620,949)
Purchase of treasury shares	-	-	(64,859)	-	-	-	-	-	-	-	-	(64,859)
Balance as at 30 April 2017	53,482,275	2,400,000	(9,806,151)	998,971	26,741,138	25,467,750	5,106,784	2,012,734	50,516	128,760,744	60,286,873	295,501,634

Cumulative changes in fair value consist of the following:

	2018	2017
	KD	KD
Unrealised gain relating to financial assets available for sale	**148,994,131**	128,533,278
Share of cumulative changes in fair values in the equity of associates	**206,124**	227,466
	149,200,255	128,760,744

The attached notes 1 to 30 form part of these consolidated financial statements

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

CONSOLIDATED STATEMENT OF CASH FLOWS | For the year ended 30 April 2018

	Notes	2018 KD	2017 KD
OPERATING ACTIVITIES			
Profit before taxation and Directors' fees		**4,722,735**	10,794,023
Adjustments to reconcile profit before taxation and Directors' fees to net cash flows:			
Finance costs		**5,808,768**	3,005,694
Depreciation	14	**1,394,420**	1,421,640
(Gain) loss from financial assets at fair value through profit or loss	11	**(8,765,312)**	339,632
Dividend income		**(414,191)**	(780,609)
Realised gain on sale of financial assets available for sale		**(18,471)**	(62,241)
Gain on sale of property, plant and equipment		**(3,470)**	(2,295)
Impairment of financial assets available for sale	12	**11,098,252**	8,761,195
Gain on reclassification of financial assets available for sale to associate	13	**-**	(5,911,345)
Share of results from associates	13	**(8,833,107)**	(4,278,966)
Impairment of intangible assets		**9,807,834**	857,715
Impairment of property, plant and equipment	14	**5,672,695**	2,726,306
Impairment of associates	13	**7,405,542**	1,398,675
Foreign exchange loss		**304,796**	207,143
		28,180,491	18,476,567
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		**(227,991)**	3,129,280
Inventories		**2,200,434**	(97,901)
Accounts payable and accruals		**3,897,442**	(3,228,021)
Taxation paid		**(19,176)**	(174,597)
Net cash flows from operating activities		**34,031,200**	18,105,328
INVESTING ACTIVITIES			
Additions to property, plant and equipment	14	**(716,040)**	(782,144)
Acquisition of subsidiary net of cash	3	**(35,298,468)**	-
Step acquisition of non -controlling interests		**(22,599,348)**	-
Proceeds from sale of property, plant and equipment		**22,121**	2,295
Acquisition of additional interest in an associate	13	**(16,798,098)**	(4,960,520)
Cash proceeds due to capital reduction of an associate		**6,787,143**	-
Additions to financial assets available for sale		**(13,698,745)**	(3,488,540)
Dividends received from associates		**6,410,270**	1,657,205
Dividend received		**414,191**	780,609
Proceeds from disposal of financial assets available for sale		**18,471**	62,241
Net movement in term deposits		**(880,000)**	-
Net cash flows used in investing activities		**(76,338,503)**	(6,728,854)
FINANCING ACTIVITIES			
Dividend paid		**(20,609,621)**	(20,594,057)
Net movement in term loans		**(16,434,781)**	11,231,391
Net movement in payables under Islamic financing		**85,126,645**	(2,212,554)
Finance cost paid		**(5,808,768)**	(3,005,694)
Net movement in treasury shares		**311,793**	(64,859)
Net cash flows from (used in) financing activities		**42,585,268**	(14,645,773)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**277,965**	(3,269,301)
Foreign currency translation adjustment – net		**287,916**	-
Cash and cash equivalents as at 1 May		**16,624,518**	19,893,819
CASH AND CASH EQUIVALENTS AS AT 30 APRIL	5	**17,190,399**	16,624,518

The attached notes 1 to 30 form part of these consolidated financial statements

1 CORPORATE INFORMATION

The consolidated financial statements of Boubyan Petrochemical Company K.S.C.P. (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 April 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 13 May 2018 and are subject to the approval of the Annual General Assembly of the shareholders of the Parent Company. The Annual General Assembly of the shareholders has the power to amend the consolidated financial statements after issuance.

The Parent Company is a Kuwaiti Public Shareholding Company incorporated in the State of Kuwait on 12 February 1995. The Parent Company is listed on the Kuwait Stock Exchange. The Parent Company's registered office is at KIPCO Tower, Floor 35, Khalid bin Al Waleed St, P.O. Box 2383, 13024 Safat, Kuwait.

The principal objectives of the Parent Company include the following:

- To manufacture all kinds of petrochemical material and their derivatives.
- To sell, purchase, supply, distribute, export and store such materials and to participate in related activities including establishing and leasing the required services inside or outside Kuwait either as a principal or as an agent.
- Acquiring and developing industrial projects, industries estates, services and support industries. Provision of industries & financial support to projects under development.
- 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 investments to date are in Equate Petrochemical Company K.S.C. (Closed) ("Equate") and The Kuwait Olefins Company K.S.C. (Closed) ("TKOC"). Equate and TKOC are both closed shareholding companies incorporated in the State of Kuwait to build and operate petrochemical plants in the Shuaiba Industrial Area of the State of Kuwait.

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

	2018	2017
Petrochemical Industries Company K.S.C.	**42.5%**	42.5%
Dow Chemical Company	**42.5%**	42.5%
Boubyan Petrochemical Company K.S.C.P.	**9%**	9%
Qurain Petrochemical Company K.S.C.P.	**6%**	6%

2.1 BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Basis of preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for land and buildings, plant and machinery, financial assets at fair value through profit or loss and financial assets available for sale carried at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.
The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is also functional currency of the Parent Company.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous financial year, except for the adoption of the amendments to the existing standards relevant to the Group, effective as of 1 May 2017. The nature and the impact of each amendment is described below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The application of this amendment is fully given in the consolidated statement of cash flows.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group applied amendments retrospectively. However, their application has no effect on the Group's financial position and performance.

Annual Improvements Cycle - 2014-2016

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. This does not have any impact on the consolidated financial statements of the Group.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 May 2017 did not have any material impact on the accounting policies, financial position or performance of the Group.

2.3 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. This listing of standards issued is those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date from 1 May 2018.

The Group will avail the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement including impairment change. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will be recognised in opening retained earnings and reserves as at 1 May 2018. During the year ended 30 April 2018, the Group has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018-19 when the Group will adopt IFRS 9.

(a) Classification and measurement

The new standard requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories will be replaced by: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through OCI instruments as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the consolidated statement of income.

The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements will be presented in OCI with no subsequent reclassification to the consolidated statement of income, unless an accounting mismatch in profit or loss would arise.

The Group had reviewed and assessed the Group's existing financial instruments as at 30 April 2018 based on the facts and circumstances that existed at that date and concluded the following in regards to their classification and measurement:

- Financial assets representing trade and other receivables, amount due from related parties and cash and cash equivalents and that are held within a business model whose objective is to collect the contractual cash flows will subsequently be measured at amortised cost.
- Management had elected to designate investments in equity instruments as FVOCI as they believe that recognising short term fluctuations in the fair value of investments in the consolidated statement of income would not be consistent with the Group's strategy of holding these investments for medium to long term purposes and realising their performance

potential in the long run. Consequently, all fair value gains and losses will be reported in OCI, neither impairment gains or losses nor gains or losses upon disposal will be recognised in the consolidated statement of income. The management is in the process of assessing the impact.

- The Group expects no significant changes would occur in financial liabilities as the Group classifies all its financial liabilities at amortised cost under IAS 39 and the same classification is expected to be carried forward under IFRS 9 based on their business model.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all its investments, loans and receivables, either on a 12 month or lifetime basis. The Group will apply a simplified approach and record lifetime expected losses on all investments, trade receivables and other receivables which management has assessed and will not have a material impact on the consolidated financial statements of the Group.

(c) Hedge Accounting

The Group determined that all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Group's consolidated financial statements.

(d) Disclosure

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The Group's assessment included an analysis to identify data gaps against current process and the Group is in process of implementing the system and controls that it believes will be necessary to capture the required data.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases). Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services.

The standard will also specify a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and corresponding cash flows with customers. The Group does not expect any material impact on the accounting policies, financial position or performance upon adoption of this Standard.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee recognises a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Group is in the process of evaluating the impact of IFRS 16 on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

Annual Improvements 2014-2016 Cycle (issued in December 2016)
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis.

Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(1) The beginning of the reporting period in which the entity first applies the interpretation or

(2) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the Group's current practice is in line with the Interpretation, the Group does not expect any effect on its consolidated financial statements.

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (collectively the "Group") as at 30 April 2018.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Group and in case of different reporting date of subsidiary, which are not more than three months, from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.
If the Group losses control over a subsidiary, it

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | As at 30 April 2018

Details of the subsidiary companies included in the consolidated financial statements are set

Name of the company	Country of incorporation	Principal activity	Effective interest at 30 April	
			2018	2017
Directly held				
Boubyan Plastic Industries Company K.S.C. (Closed) ["BPIC"] *	State of Kuwait	Manufacturing and trading of packaging material	**100%**	100%
Muna Noor Manufacturing and Trading	Manufacturing and trading of plastic pipes	Sultanate of Oman	**80%**	80%
Jubail Integrated Packaging Company Limited (A Limited Liability Company) ["JIPC"]	Kingdom of Saudi Arabia	Manufacturing	**60%**	60%
Muna Noor Plastic Industries LLC	Manufacturing and trading of plastic pipes	Sultanate of Oman	**80%**	80%
Muna Noor LLC - Salalah	Manufacturing	Sultanate of Oman	**100%**	100%
Educational Holding Group K.S.C.P. ("EDU") (Note 3)	State of Kuwait	Educational services	**82.7%**	-
Held through BPIC				
Muna Noor Manufacturing and Trading Co. LLC ("MNMT")	Sultanate of Oman	Manufacturing and trading of plastic pipes	**20%**	20%
Jubail Integrated Packaging Company Limited (A Limited Liability Company) ["JIPC"]	Kingdom of Saudi Arabia	Manufacturing and trading of packaging material	**40%**	40%
Muna Noor Plastic Industries LLC ("MNPI")	Sultanate of Oman	Manufacturing and trading of plastic pipes	**20%**	20%
Muna Noor LLC - Salalah ("MN- S")	Sultanate of Oman	Manufacturing and trading of plastic pipes	**20%**	20%

*1% equity interest is held by a related party for the benefit of the Parent Company. The related party has confirmed that the Parent Company is the beneficial owner of this 1% equity interest.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 related costs incurred are expensed and included in general and administrative expenses.

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

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of income.

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

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

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of income.

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

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

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements since is the primary obligor in all the revenue arrangements and has a pricing latitude and is also exposed to inventory and credit risks. 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.

Tuition fees

Tuition fees are recognised at gross amounts, adjusted by allowable discounts, on a time apportionment basis for the financial year to which they relate.

Interest income

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

Dividend income

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

Taxation

Zakat:

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

Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to Kuwait Foundation for the Advancement of Sciences is calculated at 1% of the profit of the Parent Company after deducting its share of income from shareholding subsidiaries and associates and transfer to statutory reserve and Board of directors' remuneration, and accumulated losses brought forward.

National Labour Support Tax (NLST)

National Labor Support Tax is calculated at 2.5% on the consolidated profit of the Parent Company after deducting its share of profit from associates and subsidiaries listed in Kuwait Stock Exchange, its share of NLST paid by subsidiaries listed in Kuwait Stock Exchange, and cash dividends received from companies listed in Kuwait Stock Exchange in accordance with law No. 19 for year 2000 and Ministerial resolution No. 24 for year 2006 and their executive regulations.

Taxation on overseas subsidiaries

Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate. Income tax payable on taxable profit is recognised as an expense in the period in which the profits arise in accordance with the fiscal regulations of the respective countries in which the Group operates. Deferred tax 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, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, financial assets available for sale, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

The Group's financial assets include cash and cash equivalents, accounts receivable, financial assets at fair value through profit or loss and financial assets available for sale.

Financial assets (continued)

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes, financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. 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.

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

Financial assets designated upon initial recognition at fair value through profit or loss 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 financial assets. The reclassification to loans and receivables, financial assets available for sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss 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 profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Financial assets available for sale

Financial assets available for sale include equity securities. Equity investments classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, financial assets available for sale are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income until the investment is derecognised, at which time the cumulative gain or loss is recognised in the consolidated statement of income, or determined to be impaired, at which time the cumulative loss is reclassified to the consolidated statement of income. Financial assets available for sale whose fair value cannot be reliably measured are carried at cost less impairment losses, if any

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

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

Financial assets (continued)

Subsequent measurement (continued)

Accounts receivable

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

Cash and cash equivalents

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

For the purpose of consolidated statement of cash flows, cash and cash equivalent consist of cash and bank balances as defined above.

Derecognition

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 debtors or a group of debtors 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 observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets available for sale

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

In the case of equity financial assets 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 to be 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 income is removed from other comprehensive income and recognised in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income; increases in their fair value after impairment are recognised in other comprehensive income.

The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, 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's financial liabilities comprise of term loans, payables under Islamic financing and accounts payable and accruals.

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.

Payables under Islamic financing

Murabaha

Murabaha is an Islamic agreement which represents the amount 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 apportionment basis taking account of the profit rate attributable and the balance outstanding.

Tawarruq

Tawarruq is an Islamic agreement which represent amounts payable on a deferred settlement basis for commodities purchased under Tawarruq arrangements. Tawarruq payables are stated at the gross amount of the payables, less deferred profit payables.

Ijara

Ijara is an Islamic agreement which represent amounts payable on a deferred settlement basis for assets purchased under ijara arrangements. Ijara payables are stated at the gross amount of the payables, less deferred profit payables.

Accounts payable and accruals

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

Financial liabilities (continued)

Derecognition

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

Hedge accounting

Initial recognition and measurement

The Group uses financial instruments to hedge its exposure to fluctuations in foreign exchange rates relating to the fair values of certain available for sale investments.

For the purpose of hedge accounting, hedges of the Group are classified as fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. 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%.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the consolidated statement of income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the consolidated statement of income.

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

Offsetting

Financial assets and financial liabilities are offset and the net amount is 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.

Finance costs

Interests on borrowings are calculated on the accrual basis and are recognised in the consolidated statement of income in the period in which they are incurred.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value (continued)

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

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

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

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

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

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For investments in equity instruments, where a reasonable estimate of fair value cannot be determined, the investment is carried at cost.

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

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

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 and, are accounted for as follows:

Raw materials:	purchase cost on a weighted average basis
Work in progress and finished goods:	cost of direct materials and labor plus attributable overheads based on a normal level of activity
Goods in transit:	purchase cost incurred up to the reporting date

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

Investment in associates

An associate is one over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies, 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 consolidated statement of income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the other comprehensive income of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of results of associates is shown on the face of the consolidated statement of income. This is the profit or loss attributable to equity holders of the associate and therefore is profit or loss after tax and non-controlling interest in the subsidiaries of the associates.

The financial statements of the associates are prepared for the same reporting period as the Group and in case of different reporting date of associate, which are not more than three months, from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in consolidated statement of income.

Property, plant and equipment

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

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

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

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

When an asset is revalued, any increase in the carrying amount arising on revaluation is credited directly to consolidated statement of comprehensive income, except to the extent that a revaluation increase merely restores the carrying value of an asset to its original cost, whereby it is recognised in the consolidated statement of 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.

Valuations are performed periodically to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off.

Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

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

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.

Other reserve

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

End of service benefits

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

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

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.

Transactions and balances

Foreign currency transactions are initially 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 retranslated to Kuwaiti Dinars at rates of exchange prevailing on that date. Any resultant gains or losses are recognised in the consolidated statement of income for the year.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Kuwaiti Dinars at the foreign exchange rates ruling at the dates that the fair values were determined.

In case of non-monetary assets and liabilities whose change in fair values are recognised directly in other comprehensive income, foreign exchange differences are recognised directly in other comprehensive income and for non-monetary assets and liabilities whose change in fair value are recognised in the consolidated statement of income for the year, foreign exchange differences are recognised in the consolidated statement of income.

Group companies

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 the shareholder's equity within cumulative changes in fair value until the disposal of the respective entities.

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.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Provisions

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

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.

2.6 SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of income. The Group has used judgment and estimates principally in, but not limited to the following:

Classification of investments

The Group decides on acquisition of investments whether they should be classified as financial assets carried at fair value through profit or loss or financial assets available for sale.

The management classifies investments carried at fair value through profit or loss 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 profit or loss 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 consolidated statement of income in the management accounts, they are classified at fair value through profit or loss.

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.

2.6 SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment of investments

The Group treats financial assets available for sale 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.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation or amortization. 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 or amortisation charge would be adjusted where management believes the useful lives differ from previous estimates.

Impairment of property, plant and equipment

A decline in the value of property, plant and equipment and intangible assets could have a significant effect on the amounts recognised in the consolidated financial statements. Management assesses the impairment of property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:

- significant changes in the technology and regulatory environments.
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

Impairment of accounts receivable

An estimate of the collectible amount of 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 inventories

Inventories are valued 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 current selling prices.

Impairment of investment in associates

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired.

If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.

Valuation of unquoted financial assets

Where the fair value of financial assets recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The determination of the cash flows and discount factors for unquoted equity financial assets requires significant estimation.

3 BUSINESS COMBINATION

On 18 May 2017, the Parent Company acquired 53.573% interest in Educational Holding Group K.S.C.P ("EDU") whose primary activity is providing educational services. The Group elected to measure the non-controlling interest in the acquirees at the proportionate share of its interest in the acquirees' identifiable net assets. The consideration paid and the provisional values of the identifiable assets and liabilities assumed were initially determined as stated in the table below.

	Provisional values
	KD
Assets	
Cash and cash equivalents	3,995,199
Accounts receivable and prepayments	4,108,183
Inventories	445,418
Investment in associates*	30,274,072
Property and equipment	3,017,450
	41,840,322
Liabilities	
Accounts payable and accruals	3,387,320
Net assets acquired	38,453,002
Non-controlling interest	(21,579,402)
Provisional goodwill	22,420,067
Purchase consideration paid	39,293,667

	Cash flow on acquisition
	KD
Consideration paid by cash	39,293,667
Less: cash and cash equivalents in subsidiary acquired	(3,995,199)
Net cash outflow on acquisition	35,298,468

* Investment in associates includes the following entities:

Name of the company	Country of incorporatio	Principal activity	Effective equity interest	31 July 2017
			2017	KD
EYAS for Higher and Technical Education Company K.S.C. (Closed) ("EYAS")	Kuwait	Educational services	42.03%	16,902,214
Sama Educational Company K.S.C. (Closed) ("SEC")	Kuwait	Educational services	41.69%	13,371,858
				30,274,072

During the current year, the Group has acquired additional equity interest in Educational Holding KSCP. As a result, the Group's ownership interest in EDU has increased to 82.7% as at the reporting date for KD 22,599,348. The difference between the consideration paid and book value is recorded as other reserves amounting to KD 9,170,122.

As at the reporting date, the Group is still under the process of finalising the Purchase Price Allocation ("PPA") exercise.

4 DIVIDEND INCOME

Dividend income for the year includes dividend received from Equate and TKOC amounting to KD 20,694,629 (2017: KD 11,324,281) and KD 9,648,945 (2017: KD 7,217,258) respectively.

5 CASH AND CASH EQUIVALENTS

	2018	2017
	KD	KD
Cash and bank balances	16,982,899	15,757,261
Term deposits	1,087,500	867,257
Cash and cash equivalents for the purpose of consolidated statement of financial position	18,070,399	16,624,518
Less: Term deposits whose original maturity is more than three months	(880,000)	-
	17,190,399	16,624,518

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2018 KD	2017 KD
Staff costs	**3,473,239**	3,476,578
Depreciation (Note 14)	**457,602**	219,993
Impairment of accounts receivable and inventories	**2,491,151**	-
Other administrative expenses	**3,000,225**	1,977,803
	9,422,217	5,674,374

7 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2018 KD	2017 KD
Trade receivables, gross	**13,827,386**	9,279,914
Less: allowance	**(908,450)**	(422,439)
Trade receivables, net	**12,918,936**	8,857,475
Accrued income	**807,335**	818,403
Other receivables	**1,690,734**	1,404,953
	15,417,005	11,080,831

Trade receivables are non-interest bearing and are generally 0 to 90 days terms.
As at 30 April, the aging of trade receivables that were not impaired is as follows:

	Neither past due nor impaired	Past due but not impaired				
		< 30 days	30 to 60 days	60 to 90 days	> 90 days	Total
	KD	KD	KD	KD	KD	KD
2018	**1,798,081**	**118,449**	**1,337,527**	**1,517,372**	**8,147,507**	**12,918,936**
2017	406,839	344,632	189,154	108,250	7,808,600	8,857,475

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.

8 TAXATION

	2018	2017
	KD	KD
Contribution to NLST	**99,640**	216,480
Contribution to KFAS	**26,207**	90,957
Taxation arising from overseas subsidiary	**-**	9,771
	125,847	317,208

9 BASIC AND DILUTED EARNINGS PER SHARE

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

	2018	2017
	KD	KD
Profit for the year attributable to equity holders of the Parent Company	**5,455,866**	10,401,815
	Shares	Shares
Weighted average number of shares outstanding	**534,822,750**	534,822,750
Weighted average number of treasury shares	**(19,712,193)**	(19,299,024)
Weighted average number of outstanding shares	**515,110,557**	515,523,726
Basic and diluted earnings per share attributable to equity holders of the Parent Company	**10.59 fils**	20.18 fils

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

10 INVENTORIES

	2018 KD	2017 KD
Raw materials	**3,062,733**	4,939,327
Work in progress	**31,051**	44,284
Finished goods	**1,776,255**	2,139,413
Goods in transit	**868,669**	370,700
	5,738,708	7,493,724

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 KD	2017 KD
Financial assets designated at fair value through profit or loss		
Unquoted investments	**133,590,313**	124,825,001

Unquoted investments

Fair value of the unquoted investment has been estimated using a weighted average of four valuation models: dividend discount model, free cash flow model, PE multiple method and EBIDTA multiple method. The valuation requires management to make certain assumptions about the models inputs, including projected cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of the fair value for this unquoted equity investment. As a result of this exercise, an unrealised gain of KD 8,765,312 (2017: unrealised loss of KD 339,632) was recognised in the consolidated statement of income for the year.

12 FINANCIAL ASSETS AVAILABLE FOR SALE

	2018 KD	2017 KD
Quoted equity investments	**2,277,137**	1,736,024
Unquoted equity investments – Equate	**172,959,075**	153,296,000
Unquoted equity investments – Others	**23,625,377**	21,073,015
	198,861,589	176,105,039

The fair value of the 9% equity interest in Equate Petrochemicals Company K.S.C. (Closed) ("Equate") has been estimated using a weighted average of four valuation models: dividend discount model, free cash flow model, PE multiple method and EBIDTA multiple method. The valuation requires management to make certain assumptions about the models inputs, including projected cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of the fair value for this unquoted equity investment.

As a result of this exercise, an unrealised gain of KD 19,833,779 (2017: KD 4,832,046) was recognised in the other comprehensive income.

Investment in Equate is designated as a hedged item in fair value relationship with amounts borrowed from banks as term loans and Islamic financing (Note 16 and 17). As a result of the fair value hedge, Equate value has decreased by KD 305,412 (Note 27) which is recognised in consolidated statement of income and offset with similar increase on the designated term loans.

Management has performed a review of other unquoted 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 11,098,252 (2017: KD 8,761,195) in the consolidated statement of income for the year in respect of financial assets 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 2018 in respect of these investments.

At 30 April 2018, certain unquoted financial assets available for sale amounting to KD 21,664,872 (2017: KD 16,394,985) are carried at cost less impairment due to lack of reliable measures of their fair values.

Certain financial assets available for sale denominated in US Dollars with a carrying value of KD 424,265 (2017: KD 3,151,349) are designated as hedged items in fair value hedging relationships with amounts borrowed from banks as term loans and payables under Islamic financing (Note 16 and 17).

13 INVESTMENT IN ASSOCIATES

The Parent Company has the following investment in associates:

	Country of incorporation	Ownership		Principal activity
		2018	2017	
Al-Kout Industrial Projects Company K.S.C P. ("Al-Kout")*	State of Kuwait	**46.46%**	24.76%	Involved in manufacturing Activities
Boubyan International Industries Holding Company K.S.C.P. ("BIIHC")	State of Kuwait	**20.00%**	20.00%	To undertake industrial investments
Arabian Waterproofing Industries Company ("Awazel")	Kingdom of Saudi Arabia	**20.80%**	20.80%	Engaged in manufacture of waterproofing products and heat insulation materials
Al Borg Medical Laboratories Company Limited ("Al-Borg")	Kingdom of Saudi Arabia	**24%**	24.00%	Engaged in Medical laboratories and environmental and scientific tests
Nafais Holding Company K.S.C.P ("Nafais")**	State of Kuwait	**21.12%**	21.12%	To invest in stakes mainly in educational and medical companies
EYAS for Higher and Technical Education Company K.S.C. (Closed) ("EYAS")***	State of Kuwait	**42.03%**	-	Educational activities
Sama Educational Company K.S.C. (Closed) ("SEC")***	State of Kuwait	**41.69%**	-	Educational activities

*During the year, the Parent Company acquired an additional 21.74% interest in Al-Kout Industrial Projects Company K.S.C P. ("Al-Kout") located in Kuwait for a total cash consideration of KD 16,798,098 increasing the Group's ownership from 24.76% to 46.50%.

**During the prior year, the Parent Company acquired an additional 3% interest in Nafais Holding Company K.S.C.P. ("Nafais"), increasing the Group's interest from 18.13% to 21.12% for a total cash consideration of KD 2,580,349. Accordingly, the Group has reclassified this investment with a total carrying value of KD 12,777,745 from a financial asset available for sale to an investment in associate. Such reclassification has resulted in a gain of KD 5,911,345. The fair value of identifiable assets and liabilities assumed have been provisionally determined by the management of the Group. The management is in the process of determining the fair value of assets acquired and liabilities assumed.

***Held through Education Holding Group K.S.C.P.

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

	2018 KD	2017 KD
As at 1 May	**56,502,844**	31,385,625
Additions	**16,798,098**	23,649,610
Arising on business combination (Note 3)	**30,274,072**	-
Share of results	**8,833,107**	4,278,966
Impairment	**(7,405,542)**	(1,398,675)
Capital reduction	**(6,787,143)**	-
Dividends received	**(6,410,270)**	(1,657,205)
Foreign currency translation	**(282,958)**	148,848
Share of other comprehensive (loss) income	**(21,343)**	95,675
As at 30 April	**91,500,865**	56,502,844

13 INVESTMENT IN ASSOCIATES (continued)

The following table summarises the financial information of the material investments in associates. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in material associates.

2018	Al-Kout Industrial Projects Company K.S.C.P. ("Al-Kout")	Arabian Waterproofing Industries Company ("Awazel")	Al Borg Medical Laboratories ("Al-Borg")	Nafais Holding Company K.S.C.P ("Nafais")	EYAS for Higher and Technical Education Company K.S.C. (Closed) ("EYAS")	Sama Educational Company K.S.C. (Closed) ("SEC")	Total
	KD	KD	KD	KD	KD	KD	KD
Assets	42,940,578	37,087,457	42,875,619	50,935,235	44,183,119	39,236,550	257,258,558
Liabilities	(11,077,213)	(4,079,684)	(18,538,097)	(15,451,047)	(9,926,257)	(7,645,146)	(66,717,444)
Net assets	31,863,365	33,007,773	24,337,522	35,484,188	34,256,862	31,591,404	190,541,114
	46.46%	20.80%	24.00%	21.12%	42.03%	41.69%	
Group's share of net assets	14,803,746	6,859,015	5,841,005	7,495,751	14,398,159	13,170,458	62,568,134
Goodwill	6,013,392	3,866,691	8,538,345	2,772,570	4,488,395	-	25,679,393
Revaluation surplus	1,932,291	-	-	-	-	-	1,932,291
Others	550,890	-	-	-	-	(183,843)	367,047
	23,300,319	10,725,706	14,379,350	10,268,321	18,886,554	12,986,615	90,546,865
Fair value of the Group's quoted associates	31,877,445	-	-	-	-	-	31,877,445
Revenue	23,799,302	21,441,646	28,715,705	13,144,694	12,988,058	8,759,770	108,849,175
Profit for the year	6,002,097	2,219,257	4,296,094	6,840,817	3,506,023	3,902,845	26,767,133
Group's share of profit	1,485,519	461,162	1,031,063	1,445,068	2,032,597	2,377,698	8,833,107

2017	Al-Kout Industrial Projects Company K.S.C.P. ("Al-Kout")	Arabian Waterproofing Industries Company ("Awazel")	Al Borg Medical Laboratories ("Al-Borg")	Nafais Holding Company K.S.C.P ("Nafais")	Total
	KD	KD	KD	KD	KD
Assets	46,649,606	40,628,472	26,857,355	71,003,780	185,139,213
Liabilities	(5,705,417)	(4,938,756)	(6,573,442)	(7,276,626)	(24,494,241)
Net assets	40,944,189	35,689,716	20,283,913	63,727,154	160,644,972
	24.76%	20.78%	24%	21.12%	
Group's share of net assets	10,135,734	7,416,323	4,868,139	13,459,175	35,879,371
Goodwill	1,599,601	3,866,691	8,637,266	5,229,915	19,333,473
	11,735,335	11,283,014	13,505,405	18,689,090	55,212,844
Fair value of the Group's quoted associates	16,814,517	-	-	13,349,350	30,163,867
Revenue	17,131,383	27,710,106	29,664,425	12,973,208	87,479,122
Profit for the year	5,642,496	6,054,947	6,765,275	4,893,033	23,355,751
Group's share of profit	1,397,082	1,258,218	1,623,666	-	4,278,966

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land KD	Buildings KD	Plant and equipment KD	Furniture and office equipment KD	Motor vehicles KD	Capital work in progress KD	Total KD
Cost or valuation:							
As at 1 May 2017	1,200,000	11,094,591	18,379,378	1,652,411	556,351	164,758	33,047,489
Additions	-	136,517	156,479	176,686	39,237	207,121	716,040
Arising on business combination	1,100,265	1,427,537	-	328,044	1,603	160,001	3,017,450
Disposals	-	-	-	-	(8,307)	(13,917)	(22,224)
Impairment	(1,098,987)	(2,211,289)	(2,213,994)	(144,204)	(4,221)	-	(5,672,695)
Revaluation surplus	-	(464,563)	(244,891)	(7,447)	(8,219)	-	(725,120)
Foreign currency translation	(1,278)	(66,914)	(128,185)	(9,176)	(4,045)	(1,717)	(211,315)
As at 30 April 2018	**1,200,000**	**9,915,879**	**15,948,787**	**1,996,314**	**572,399**	**516,246**	**30,149,625**
Accumulated depreciation:							
As at 1 May 2017	-	3,451,539	9,975,853	827,076	351,199	13,668	14,619,335
Charge for the current year	-	331,243	782,932	197,617	82,628	-	1,394,420
Relating to disposals	-	-	-	-	(3,573)	-	(3,573)
As at 30 April 2018	**-**	**3,782,782**	**10,758,785**	**1,024,693**	**430,254**	**13,668**	**16,010,182**
Net carrying amount:							
As at 30 April 2018	**1,200,000**	**6,133,097**	**5,190,002**	**971,621**	**142,145**	**502,578**	**14,139,443**

The capital work in progress relate to the costs incurred on the construction of new factory of a subsidiary, Muna Noor Plastic Industries LLC.

Management has performed a valuation of plant and equipment to assess whether impairment has occurred in the value of these assets. Based on the valuations performed, management has recorded an impairment loss of KD 5,672,695 (2017: KD 2,726,306) in the consolidated statement of income for the year in respect of these assets.

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land KD	Buildings KD	Plant and equipment KD	Furniture and office equipment KD	Motor vehicles KD	Capital work in progress KD	Total KD
Cost or valuation:							
As at 1 May 2016	1,200,000	10,318,165	16,908,739	1,504,785	447,606	4,425,712	34,805,007
Additions	-	722,281	4,109,378	142,620	108,896	(4,301,031)	782,144
Disposals	-	-	-	-	(2,295)	-	(2,295)
Impairment	-	-	(2,726,306)	-	-	-	(2,726,306)
Foreign currency translation	-	54,145	87,567	5,006	2,144	40,077	188,939
As at 30 April 2017	1,200,000	11,094,591	18,379,378	1,652,411	556,351	164,758	33,047,489
Accumulated depreciation:							
As at 1 May 2016	-	3,184,922	9,002,956	706,408	295,459	13,668	13,203,413
Charge for the current year	-	266,617	976,320	120,668	58,035	-	1,421,640
Relating to disposals	-	-	-	-	(2,295)	-	(2,295)
Foreign currency translation	-	-	(3,423)	-	-	-	(3,423)
As at 30 April 2017	-	3,451,539	9,975,853	827,076	351,199	13,668	14,619,335
Net carrying amount:							
As at 30 April 2017	1,200,000	7,643,052	8,403,525	825,335	205,152	151,090	18,428,154

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation has been allocated to the cost of goods sold and general and administrative expenses as follows:

	2018 KD	2017 KD
Cost of goods sold	**936,818**	1,201,647
General and administrative expenses (Note 6)	**457,602**	219,993
	1,394,420	1,421,640

Revaluation

Fair value of the land, building and plant and machinery was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the lands. As at the date of revaluation on 30 April 2018, the land, building and plant and machinery fair values are based on valuations performed by an accredited independent valuer who holds a recognised and relevant professional qualification and has valuation experience for similar lands.

Fair value hierarchy

The fair value measurement of land, building and plant and machinery has been categorised as level 3, based on inputs to the valuation technique used.

15 INTANGIBLE ASSETS

The Group has identified "Educational Holding Group K.S.C.P." and "Muna Noor Manufacturing and Trading Co. LLC" as cash generating units for the purpose of testing the impairment of goodwill. Accordingly, the goodwill acquired through business combination has been allocated to the cash generating units as follows:

Cash generating units	*Carrying amount of goodwill*	
	2018 KD	2017 KD
Educational Holding Group K.S.C.P.	**17,463,431**	-
Muna Noor Manufacturing and Trading Company LLC	-	5,144,748
	17,463,431	5,144,748

The Group performed its impairment test as at 30 April 2018. The recoverable amount of the cash-generating unit has been determined based on the higher of fair value less costs to sell or value in use calculation. The value in use is based on cash flow projections approved by management covering a five-year period. The discount rate applied to cash flow projections for educational business is 11.01% (2017: 11.01%) over a five years period. Cash flows beyond the five year period are extrapolated using a projected growth rate of 2% (2017: 2%) per annum.

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

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

Discount rates

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

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

Assumptions related to these are important because, as well as using industry data for growth rates, management assess how the cash generating unit's relative position to its competitors might change over the forecast period.

As a result of the above analysis, impairment amounting to KD 5,144,748 against MNMT and KD 4,663,086 against EDU, was recorded by the Group during the year ended 30 April 2018 (2017: KD 857,715) based on the above assessment.

Sensitivity to changes in assumptions

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

16 TERM LOANS

	2018 KD	2017 KD
Foreign currency		
US Dollars	**32,411,200**	34,701,269
Others	**11,109,857**	3,754,569
Local currency	**16,000,000**	37,500,000
	59,521,057	75,955,838

Terms loans are unsecured and carries interest at commercial rates.

17 PAYABLES UNDER ISLAMIC FINANCING

Payables under Islamic financing represents Murabaha, Tawarruq and Ijara agreement entered with local banks and is carried at their principal amount net of deferred profit.

2018	Foreign currency KD	Local currency KD	Total KD
Murabaha:			
Gross amount	**4,490,195**	**36,061,868**	**40,552,063**
Less: deferred profit	**(15,795)**	**(148,251)**	**(164,046)**
	4,474,400	**35,913,617**	**40,388,017**
Tawarruq:			
Gross amount	**27,560,573**	**27,213,005**	**54,773,578**
Less: deferred profit	**(133,654)**	**(101,836)**	**(235,490)**
	27,426,919	**27,111,169**	**54,538,088**
Ijara:			
Gross amount	**-**	**21,707,654**	**21,707,654**
Less: deferred profit	**-**	**(125,855)**	**(125,855)**
	-	**21,581,799**	**21,581,799**
	31,901,319	**84,606,585**	**116,507,904**

2017	Foreign currency	Local currency	Total
	KD	KD	KD
Murabaha:			
Gross amount	4,313,833	938,352	5,252,185
Less: deferred profit	(15,733)	(63,352)	(79,085)
	4,298,100	875,000	5,173,100
Tawarruq:			
Gross amount	26,335,223	-	26,335,223
Less: deferred profit	(127,064)	-	(127,064)
	26,208,159	-	26,208,159
	30,506,259	875,000	31,381,259

The average profit rate attributable to Murabaha payables, Tawaruq payables and Ijara payables is at commercial rates.

The US Dollar foreign currency borrowing (Note 16 and 17) have been designated as fair value hedging instruments to manage the exposure to fluctuations in foreign currency rates of certain financial assets available for sale (Note 12).

18 ACCOUNTS PAYABLE AND ACCRUALS

	2018	2017
	KD	KD
Accounts payable	**12,060,682**	4,578,179
Dividend payable	**3,629,558**	3,632,421
Accrued charges on credit facilities	**444,844**	399,556
Provision for taxation	**212,295**	378,948
Directors' fees payable	**75,000**	75,000
Other payables	**4,407,319**	4,302,024
	20,829,698	13,366,128

19 SHARE CAPITAL AND DIVIDENDS

Share capital

Authorised, issued and paid-up capital consists of 534,822,750 shares (2017: 534,822,750 shares) of 100 fils per share (2017: 100 fils per share). This is comprised of 400,000,000 shares (2017: 400,000,000 shares) which are fully paid up in cash whereas 134,822,750 shares (2017: 134,822,750 shares) were issued as bonus shares.

Dividend

The Board of Directors of the Parent Company has proposed a cash dividend of 45 fils per share (2017: 40 fils per share) on outstanding shares (excluding treasury shares) amounting to KD 23,207,602 (2017: KD 20,606,759) in respect of the year ended 30 April 2018, 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.

On 18 June 2017, the shareholders at the Annual General Assembly of the Parent Company approved the consolidated financial statements for the year ended 30 April 2017 and approved a cash dividend of 40 fils per share (30 April 2016: 40 fils per share) on outstanding shares (excluding treasury shares) amounting to KD 20,606,759 in respect of the year ended 30 April 2017 (30 April 2016: KD 20,620,949).

20 TREASURY SHARES

	2018 KD	2017 KD
Number of treasury shares	**19,098,257**	19,299,024
Percentage of issued shares	**3.57%**	3.61%
Cost of treasury shares in KD	**9,769,966**	9,806,151
Market value in KD	**16,023,438**	11,000,444

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

21 STATUTORY RESERVE

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year attributable to equity holders of the Parent Company (before tax and board of directors' remuneration) shall be transferred to the statutory reserve. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital.

The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital. For the current year no such transfer has been made as the statutory reserve has reached 50% of the paid-up share capital.

22 VOLUNTARY RESERVE

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association a maximum of 10% of the profit for the year attributable to the equity holders of the Parent Company before contribution to KFAS, NLST, Zakat and directors' remuneration is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the annual general assembly of the Parent Company upon a recommendation by the Board of Directors. There is no restriction on distribution of the voluntary reserve. For the current year, no such transfer has been made upon the recommendation of the Board of Directors.

23 MATERIAL PARTLY-OWNED SUBSIDIARY

Financial information of the subsidiary that has material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	**Country of incorporation**	**2018**	2017
Educational Holding Group K.S.C.P. ("EDU")	State of Kuwait	**82.7%**	-

23 MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

Accumulated balance of material non-controlling interest:

Name		2018	2017
		KD	KD
Educational Holding Group K.S.C.P. ("EDU")		7,216,198	-

Loss allocated to material non-controlling interest:

Name		2018	2017
		KD	KD
Educational Holding Group K.S.C.P. ("EDU")		(933,978)	-

The summarised financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of income from date of acquisition to 28 February:

			2018
			KD
Tuition fees			4,423,355
Sale of goods			192,615
Other income			106,204
Share of results of associates			4,410,293
Tuition costs			(3,358,247)
Cost of goods sold			(118,691)
General and administrative expenses			(946,235)
Impairment of intangible assets			(4,663,086)
Impairment of plant, property and equipment			(2,959,746)
Total loss for the period ended 28 February 2018			(2,913,538)
Attributable to non-controlling interests			(933,978)
Dividends paid to non-controlling interests			-

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Summarised statement of financial position as at 28 February:

			2018
			KD
Cash and cash equivalents			5,887,372
Accounts receivable and prepayments			5,964,672
Inventories			266,876
Investment in associates			31,873,168
Property and equipment and intangible assets			217,206
Accounts payable and accruals			(7,405,417)
Total equity			36,803,877
Attributable to:			
Equity holders of the Parent Company			29,587,679
Non-controlling interests			7,216,198

Summarised cash flow information from date of acquisition to 28 February:

			2018
			KD
Operating			3,450,294
Investing			2,883,852
Financing			(3,733,684)
Net increase in cash and cash equivalents			2,600,462

24 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturity profile of cash and cash equivalents, term loans and Payables under Islamic financing 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:

2018	Within 3 months	3 to 12 months	1 to 5 years	Over five years	Total
ASSETS	**KD**	**KD**	**KD**	**KD**	**KD**
Cash and cash equivalents	17,190,399	880,000	-	-	**18,070,399**
Accounts receivable and prepayments	3,272,232	12,144,773	-	-	**15,417,005**
Inventories	5,738,708		-	-	**5,738,708**
Financial assets at fair value through profit or loss (designated)	-	133,590,313	-	-	**133,590,313**
Financial assets available for sale	-	2,277,137	23,625,377	172,959,075	**198,861,589**
Investment in associates	-	-	-	91,500,865	**91,500,865**
Property, plant and equipment	-	-	-	14,139,443	**14,139,443**
Intangible assets	-	-	-	17,463,431	**17,463,431**
TOTAL ASSETS	26,201,339	148,922,223	23,625,377	296,062,814	**494,781,753**

24 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

	Within 3 months	3 to 12 months	1 to 5 years	Over five years	Total
LIABILITIES	**KD**	**KD**	**KD**	**KD**	**KD**
Term loans	371,183	10,121,550	49,028,324	-	**59,521,057**
Payables under Islamic financing	7,889,200	23,337,074	85,281,630	-	**116,507,904**
Accounts payable and accruals	7,878,834	12,195,464	755,400	-	**20,829,698**
TOTAL LIABILITIES	16,139,217	45,654,088	135,065,354	-	**196,858,659**

2017	Within 3 months	3 to 12 months	1 to 5 years	Over five years	Total
ASSETS	KD	KD	KD	KD	KD
Cash and cash equivalents	16,624,518	-	-	-	16,624,518
Accounts receivable and prepayments	3,272,232	7,808,599	-	-	11,080,831
Inventories	7,493,724	-	-	-	7,493,724
Financial assets at fair value through profit or loss (designated)	-	124,825,001	-	-	124,825,001
Financial assets available for sale	-	1,736,024	21,073,015	153,296,000	176,105,039
Investment in associates	-	-	-	56,502,844	56,502,844
Property, plant and equipment	-	-	-	18,428,154	18,428,154
Goodwill	-	-	-	5,144,748	5,144,748
TOTAL ASSETS	27,390,474	134,369,624	21,073,015	233,371,746	416,204,859

24 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

LIABILITIES	Within 3 months KD	3 to 12 months KD	1 to 5 years KD	Over five years KD	Total KD
Term loans	1,432,441	21,949,779	52,573,618	-	75,955,838
Payables under Islamic financing	771,638	11,811,537	18,798,084	-	31,381,259
Accounts payable and accruals	6,065,848	7,300,280	-	-	13,366,128
TOTAL LIABILITIES	8,269,927	41,061,596	71,371,702	-	120,703,225

25 SEGMENTAL INFORMATION

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

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

Energy and Petrochemicals:	Direct investment stakes in this sector comprising of basic materials (Equate, TKOC, Banagas and others), manufacturing activities of subsidiaries : Muna Noor Manufacturing & Trading Co LLC, Oman, Muna Noor LLC (Salalah), Oman, Jubail Integrated Packaging Company Limited (A Limited Liability Company), KSA, ("JPIC"), Muna Noor Plastic Industries LLC, Oman, Boubyan Plastics Industries Co. K.S.C. (Closed) and Energy (Power distribution and District cooling).
Services:	Tuition fees and revenue generated from providing educational and medical services.
Others:	Investing directly and through portfolios into shipping, services, funds etc.

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25 SEGMENTAL INFORMATION (continued)

Year ended 30 April 2018	Energy and Petrochemical	Services	Others	**Total**
	KD	KD	KD	**KD**
Revenue				
Dividend income	30,343,574	-	414,191	**30,757,765**
Investment income	8,765,312	-	18,471	**8,783,783**
Share of results of associates	1,946,681	6,886,426	-	**8,833,107**
Sale of goods	23,681,206	192,615	-	**23,873,821**
Tuition fee	-	4,423,355	-	**4,423,355**
Segment revenue	64,736,773	11,502,396	432,662	**76,671,831**
Segment profit	19,164,660	(8,508,263)	(6,134,509)	**4,521,888**
Segment assets	403,213,558	85,594,532	5,973,663	**494,781,753**
Segment liabilities	109,279,953	84,650,000	2,928,706	**196,858,659**
Other information:				
Finance costs	(4,632,679)	(1,176,089)	-	**(5,808,768)**
Impairment loss on financial assets available for sale	-	-	(11,098,252)	**(11,098,252)**
Impairment loss on associate	(5,469,542)	(1,600,000)	(336,000)	**(7,405,542)**
Impairment of property, plant and equipment	(2,712,949)	(2,959,746)	-	**(5,672,695)**
Impairment of intangible assets	(5,144,748)	(4,663,086)	-	**(9,807,834)**
Investment in associate	10,725,706	79,821,159	954,000	**91,500,865**

25 SEGMENTAL INFORMATION (continued)

Year ended 30 April 2017	Energy and Petrochemical	Services	Others	Total
	KD	KD	KD	KD
Revenue				
Dividend income	18,541,539	-	780,609	19,322,148
Investment (loss) income	(339,632)	-	5,973,586	5,633,954
Share of results of associates	2,655,300	1,623,666	-	4,278,966
Sales	25,795,507	-	-	25,795,507
Segment revenue	46,652,714	1,623,666	6,754,195	55,030,575
Segment profit	12,183,823	-	(1,782,008)	10,401,815
Segment assets	373,966,987	32,194,495	10,043,377	416,204,859
Segment liabilities	(105,285,007)	-	(15,418,218)	(120,703,225)
Other information:				
Finance costs	(3,005,694)	-	-	(3,005,694)
Impairment of intangible assets	(857,715)	-	-	(857,715)
Impairment of property, plant and equipment	(2,726,306)	-	-	(2,726,306)
Impairment loss on associate	-	-	(1,398,675)	(1,398,675)
Impairment loss on financial assets available for sale	-	-	(8,761,195)	(8,761,195)