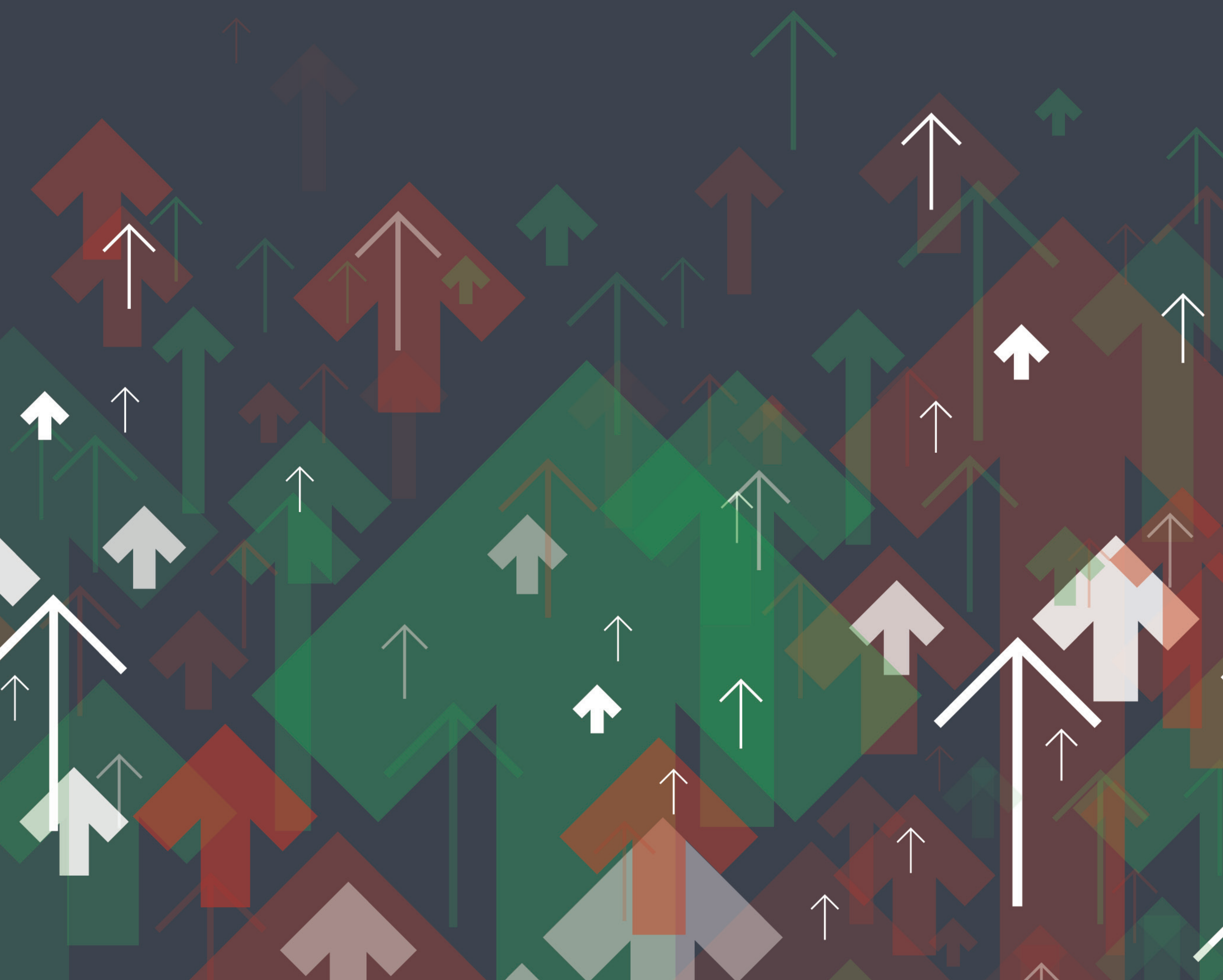
B.P.C

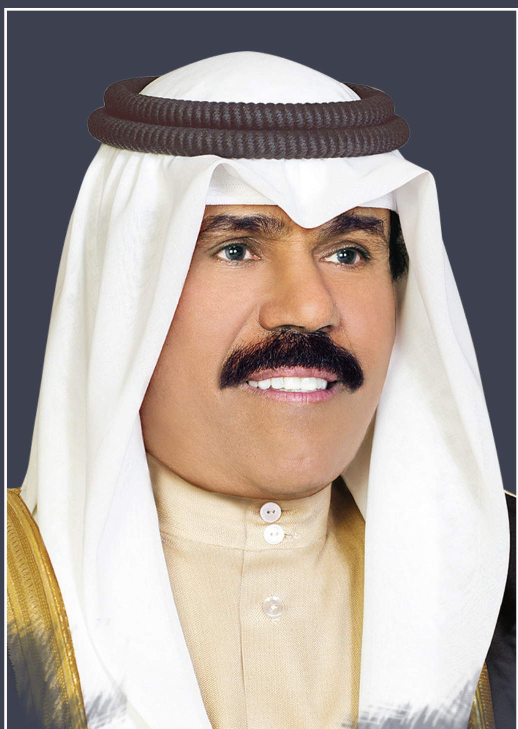
Boubyan Petrochemical Company (K.S.C)

ANNUAL REPORT

For The Year Ended 30 April 2017



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 21st annual general meeting to review the company's performance and results for the financial year ended 30/4/2017, where the company has managed to maintain a relatively good cash flow despite the decline in crude prices and the unstable economic environment.

Consistent with BPC's declared strategy, it gives me pleasure to state that this year was marked by

3 important acquisitions, as follows:

First was EQUATE's $ 3.2 billion acquisition of ME Global, followed by our acquisition of an additional 4% equity stake in AlBorg Medical Labs to reach a 24% stake; and finally the acquisition of 21.1% equity stake in Nafais Holding Co. The last two acquisitions confirm our policy of income diversification through acquiring stakes in sectors that are not directly linked to oil prices.

As for the performance of the EQUATE Group, our share of cash dividends was KD 18.54 million for the financial year ended 31/12/2016 compared to a total of KD 19.38 million for the previous year, despite the decline in crude prices during the year 2016 which directly impacted the petrochemical commodity prices. In fact the performance of EQUATE has exceeded analysts expectation due to its above mentioned acquisition of ME Global.

As regards our subsidiaries and associates, we have reported a net operating profit of KD 4.6 million, in addition to KD 5.9 million resulting from reclassifying Nafais Holding from AFS to associate.

However in terms of provisions, we remained consistent with our conservative policy by taking provisions amounting to KD 13.7 million on non-core investments, in a attempt to reflect their fair value in preparation to exit such investments, and therefore focus on the main performing companies. That will enable the management to develop our subsidiaries and associate companies for better performance.

On the financial front for the year ended 30/4/2017, BPC managed to achieve net profit of KD 10.4 million, equivalent to 20.18 fils per share, before reserves and dividends; while cash flow reached KD 19.76 million (i.e. 38 fils per share). The decline in net profits is primarily attributed to provisions/impairments taken on non-core investments, so that focus on main investments can be achieved.

Given the continued stable performance and the comfortable liquidity, the Board recommends cash dividends distribution amounting to KD 20.6 million at the a rate of 40% (i.e. 40 fils per share) for the financial year ended 30/4/2017. It is worth noting that this represents the 21st year of continued profitability and the 16th year of continuous cash dividends distribution. If the proposed distributions are approved, then total accumulated cash dividends paid since Boubyan's inception would reach 588 fils.

The Board has also recommended to the AGM a remuneration distribution to its members amounting to a total of KD 75,000 for the year ended 30/4/2017.

As for Corporate Governance, a report was prepared highlighting the adherence to the required CG rules stated by regulatory bodies, especially CMA. The subject CG report along with a summary of our major direct investments, are attached for your reference.

Finally, we would like to thank our stakeholders for their valuable trust and unlimited support for the company over the past 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 under advanced stage of construction in US Gulf coast bas4ed on low cost feedstock, will significantly enhance EQUATE's overall performance which would directly benefit BPC.

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.

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 42 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.

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

Boubyan Petrochemical Company acquired a 24% equity stake in Al-Kout Industrial Projects Company in May of 2010, through an auction on the Kuwait Stock Exchange; such a stake has increased to 24.75% since the initial purchase of the stake. 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 5.8 million (i.e. 57.8 fils/share) for the year ended in December 31st 2016 in comparison to KD 5.3 million (52.8 fils/share) the previous year. Al-Kout also declared a cash dividend of 50 fils/share for the year ended December 31st 2016.

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

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

BANAGAS operates a liquefied petroleum gas plant facilities to recover propane, butane, and naphtha from associated gas recovered from oil wells and refinery gas. BANAGAS produces approximately 3000 bbls of propane, 3200 bbls of butane, and 4500 bbls of naphtha per day. At present BANGAS employs over 500 people, of which 92% are Bahrainis.

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

BPIC, a wholly owned subsidiary of BPC is located in Shuaiba Industrial Area on a 10,000 square meters land leased from the Public Authority of Industry. Production capacity is around 12,000 tpa of plastic packaging products that serve the petrochemical and many other industries. BPIC product portfolio includes heavy duty plastic bags that are used for packing petrochemical materials, stretch film, shrink film, green house film for the agriculture industry, and various packaging materials. The plant has managed to secure annual contracts from major clients and specialized petrochemical companies in the region, including our strategic partner, EQUATE.

Jubail Integrated Packaging Company (JIPC) LLC, Saudi Arabia

Established in 1994, JIPC a wholly owned subsidiary of BPC, manufactures and markets various types of stretch, shrink-wrap and cling-films and has an installed capacity to produce 19,200 tons per year. JIPC caters primarily to the Saudi Market with periodic exports to Europe. The products of JIPC complement those of BPIC and together they meet the significant demand from the MENA region.

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

BIIHC was incorporated almost 13 years ago (1/8/2004) with a KD 30 million paid up capital. BPC has 20% equity stake in BIIHC (an Associate Co.). This makes BPC its largest single shareholder. BIIHC main activity has been investing in operating companies and in certain industrial equity holdings in the GCC and internationally. BIIHC was listed on the Kuwait Stock Exchange in December 2010.

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.

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. .

BPC ANNUAL CORPORATE GOVERNANCE REPORT

Preface

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 30/4/2017, which was adopted by the Board meeting held on 11/5/2017 .

This report will explain in a brief how BPC have implemented 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, as well as, other interested parties in relation to it .

Therefore, 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.

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, all of them hold the relevant educational qualifications and professional experience to carry out their responsibilities professionally and to form the required 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 assigned as a Board secretary based on Board resolution No. (6/2014) alongside his position as the General Manager .	

(B) Organizing Board Meetings

The Board held (7) meetings during the fiscal year ended on 30/4/2017 , with an attendance rate of 89 %,
In addition, the BoD successfully passed several resolutions by circulation

It is worth noting that BPC held an EGM on 14/6/2016 to modify its Articles of Association , by adding an article 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 discussions and voting processes and signed from the board secretary and all attendees as per the commercial Law No.(1/2016) and Corporate Governance rules .

Rule (2)

Establish Appropriate Roles & Responsibilities

(A) Board 's Achievements relevant to the Corporate Governance rules.

Besides the usual role of the Board in achieving the company's main objective to Increase of net profit and achievement of the targeted growth rates, The board has taken basic steps to developing an integrated Corporate Governance framework in general ,and this rule in particular by forming the specialized independent committees and adopting their charters as follows:

(B) Audit & Risk Committee (ARC)

The Audit & Risk committee was formed pursuant to a Board Resolution No. (2/2015) issued in the meeting held on 11 /5/2016 , and the Board had adopted the committee's Charter in the same meeting based on the CMA previous approval to merge those committees.			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 (4) meetings during the fiscal year ended on 30/4/2017 with the attendance of all Committee members .			Committee's Meetings

(C) Nomination & Remuneration Committee(NRC)

The Nomination & Remuneration Committee was formed pursuant to a Board Resolution No. (2/2015) issued in the meeting held on 11 /5/2016 , and the BoD approved the committee's Charter in the same meeting which outline its roles .			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 30/4/2017 with the attendance of all Committee members .			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)

After the formation, (NRC) held (2) meetings with many achievements such as :

1- Elect Mr. Khaled Ali Al-Ghanim as the chairman of the Committee & appoint Mr. Mohamad al Bahar as a secretary of the Committee.

2- Create a record containing the profile of the Board of Directors & Executive Management members, which is assist the committee to carry out its duties relevant to the annual nomination and re-nomination.

3- Prepare the Independency Terms Form to ensure the validity of those terms on annually basis.

4- Setting out the Maximum Memberships of the Board in line with provision of the Commercial law No (1/2016).

5- Prepare 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 approve their remunerations as below :

The total Remuneration for the Board members is (75,000 KD) for the fiscal year ended 30/4/2017.

The total Remuneration for the Board members was (75,000 KD) for the fiscal year ended 30/4/2016.

(5-b) The Executive Management's Remunerations

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

The total remunerations for the Executive Management including salaries and benefits was (372,254 KD) for the fiscal year ended 30/4/2016.

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 to the preparation of fair and sound financial statements and they 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 Committee (ARC)

After the formation the Risk and Audit Committee(ARC) based on the CMA previous approval to merge those committees, (ARC) had carried out its task and responsibilities as per its adopted charter & held (4) meetings with many achievements such as :

1- Elect Mr. Khaled Ali Al-Ghanim as the chairman of the Committee & appoint Mr. Mohamad al Bahar as a secretary of the Committee.

2-Prepare the annual undertaking form of the Integrity of Financial Reports to be presented by the Board and the Executive management.

3- Review the annual / interim Financial Statements and provide a recommendation to the Board for final approval.

4- Recommend to assign the qualified Audit firms to perform the audit & risk function based on the CMA's approval.

5- Recommend to appoint (Grant Thornton) as an independent Audit firm to prepare the annual Internal Control Report(ICR) for the fiscal year ended 30/4/2017.

(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 or re- appoint the External Auditor.

Therefore, the committee recommended to appoint Mr. /Bader Al AbdullJader from EY- as an External auditor listed in the CMA auditors register, for the fiscal year ended 30/4/2018.

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 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 Audit & risk function according to 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 during 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 believes in the importance of complying with professional & ethical behavior as it's the most important factor in the company's success , which is enhance the shareholder & investors' trust .Therefore ,everyone in BPC is keen to follow this charter as stipulated in the law & 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 & solving the conflict of interest 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 have an impact on the share price and the shareholders' right . As well as disclosing the quarterly and annual financial statements immediately & without any delay to ensure that shareholders and potential investors are satisfied with the company's position & 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 shareholders & potential investors to provide them with all necessary information, reports & updating the content of the website. (IR) unit is pleased to perform its roles 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.

Rule (8)

Respect the Rights of Shareholders

(A) Protecting shareholders' Rights

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

(1) Keeping a Shareholders Register at the Clearing Agency

The company formed a special shareholders' register to be maintained and updated with the Kuwait clearing agency (KCC).

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

(2) Participating in the BPC's General Assemblies Meetings

BPC is committed to direct a public invitation to all shareholders without any partiality to encourage them to participate and vote in the company's annual meetings, and this invitation is enclosed with the AGM Agenda prepared in line with Commercial Law, CMA, Corporate Governance rules.

BPC is very keen to publishes the invitation and the Agenda in daily newspapers and on the Kuwait Boursa website in order to encourage all shareholders to know about AGM and to practice their voting rights.

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 with the principle of transparency, and to maintain a good relation 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 developments subjects in that regard.

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

BPC has appropriate key performance indicators (KPIs) related to the company's strategic objectives and the roles of the Board Members & the Executive Management and the results of this evaluation will be used to develop continuous training plans in order to treat the identified 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 their 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 to take a sound 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 national labour.

Internal Audit Committee Report

For the fiscal year ended 30/4/2017

The Committee Purpose

This Committe is responsible for assisting the Board in fulfilling its responsibilities relating to oversee 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.

The Committee Formation

The committee was formed based on the Board resolution No.(2/2015) issued in the meeting held on 11 /5/2016 .
As per the CG requirements ; the Committee consist of (3) members, all of them are non- executive members and (2) of them are independents, and members have a 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	

The Committee Meetings

The Committee held (4) meetings during the fiscal year ended 30/4/2017 as follows :

with attendance of all Committee members	held on 7 Sep.2016	First Meeting
	held on 20 Nov.2016	Second Meeting
	held on 12 March.2016	Third Meeting
	held on 11 May 2016	Fourth Meeting

The Committee's Achievements & Recommendations

Reviewed all periodic financial statements before being submitted to the Board for final approval. Prepared the undertaking form of the Integrity of Financial Reporting to be presented in the annual report.	Financial Statements
Recommend to appoint an independent Audit firm to prepare the annual Internal Control Report(ICR) for the fiscal year ended 30/4/2017.	Internal Control
Recommend to appoint Grant Thornton to perform the Risk & Internal audit functions .	Internal Audit
prepared the criteria of independence & Neutrality of the external auditor from the company and its BoD. Recommend to appoint Mr. Bader Al Abduljader from EY – as an external auditor listed in the CMA auditors register for the fiscal year ended 30/4/2018 .	External Audit


90%
60%
50%
80%
70%
100%
30%
40%

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

Consolidated Financial Statements

30 April 2017

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 the 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 2017, 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 them 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 of 30 April 2017, and its consolidated financial performance and its consolidated cash flows for the year them 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 anre those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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 key audit matter below, our description of how our audit addressed the matter is provided in the context.

a) Financial assets valued using other than observable market data

Financial assets valued using other than observable market data comprise of quoted and unquoted assets available for sale and unquoted financial assets at fair value through profit or loss. Financial assets available for sale that do not have a quoted price in an active market and whos fair values cannot be reliably measured, are measured at their cost less impairment. The financial asset at fair value through profit or loss is measured at fair value with the corresponding fair value change recognised in the consolidated statement of income for the year.

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) Financial assets valued using other than observable market data (continued)

As the valuation of financial assets classified under level 3 is inherently subjective using inputs other than the observable market data, and given the judgement involved in assessing the significant or prolonged decline in value of unquoted financial assets available for sale, we determined this to be 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 level 3 financial assets, 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 considered the appropriateness of key inputs such as long-term growth rates used to extrapolate these cash flows and the discount rate and compared these to available external data.

Furthermore, we evaluated the Group's assessment about whether objective evidence of impairment exists for individual financial assets available for sale by challenging the judgments used by the management and whether the value of any investment declined significantly or for a prolonged period.

Additionally, we assessed the adequacy of the fair value disclosures in Note 25 to the consolidated financial statements.

Other information included in the Group's 2017 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2017 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

EY
Building a better working world

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

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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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:

• Indentify 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 contro.

• 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.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 uncertaintyexists 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 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 and 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 conmmunicate 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 maters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with those charged with governance, we deternine 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 maters 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 matte 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 Leagal 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, and its executive requlations, and by the Parent Company's Articles of Association and Memorandum of Incorporation, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the companies Law No. 1 of 2016 and its executive regulations, or of the Parent Company's Articles of Association and Memorandum of Incorporation, have occurred during the year ended 30 April 2017, that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
AL-AIBAN, AL-OSAIMI & PARTNERS

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

15 MAY 2017
Kuwait

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

CONSOLIDATED STATEMENT OF INCOME | For the year ended 30 April 2017

	Notes	2017 KD	2016 KD
Sales		**25,795,507**	30,561,908
Cost of sales		**(21,821,579)**	(25,475,667)
GROSS PROFIT		**3,973,928**	5,086,241
Dividend income	3	**19,322,148**	20,141,953
Loss on financial assets at fair value through profit or loss	10	**(339,632)**	(120,000)
Net gain on financial assets available for sale		**62,241**	4,141,727
Gain on reclassification of financial assets available for sale to associate	12	**5,911,345**	-
Share of results from associates	12	**4,278,966**	3,730,898
Impairment of associates	12	**(1,398,675)**	(918,108)
Impairment of goodwill		**(857,715)**	-
Impairment of property, plant and equipment	13	**(2,726,306)**	-
General and administrative expenses	5	**(5,674,374)**	(4,608,523)
Finance costs		**(3,005,694)**	(2,475,611)
Other income		**216,129**	989,366
Foreign exchange loss		**(207,143)**	(78,703)
Gain on sale of associate's assets	12	**-**	685,637
Profit before impairment of financial assets available for sale		**19,555,218**	26,574,877
Impairment of financial asset available for sale	11	**(8,761,195)**	(2,602,002)
PROFIT BEFORE TAXATION AND DIRECTORS' FEE		**10,794,023**	23,972,875
Taxation	7	**(317,208)**	(1,058,266)
Directors' fees		**(75,000)**	(75,000)
PROFIT FOR THE YEAR		**10,401,815**	22,839,609
BASIC AND DILUTED EARNINGS PER SHARE	8	**20.18 fils**	43.83 fils

The attached notes 1 to 27 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 2017

	Notes	2017 KD	2016 KD
PROFIT FOR THE YEAR		**10,401,815**	22,839,609
Other comprehensive income (loss)			
Items that are or may be reclassified subsequently to consolidated statement of income:			
Unrealised gain (loss) on financial assets available for sale	11	**5,236,707**	(8,183,610)
Exchange differences on translation of foreign operations		**256,700**	(88,390)
Realised loss on sale of financial assets available for sale		**-**	(115,325)
Transfer to consolidated statement of income on impairment of financial assets available for sale	11	**1,366,274**	2,602,002
Share of other comprehensive income of associates	12	**95,675**	145,129
Transfer to consolidated statement of income reclassification of financial assets available for sale to associates	12	**(985,854)**	-
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**5,969,502**	(5,640,194)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**16,371,317**	17,199,415

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION | For the year ended 30 April 2017

	Notes	2017 KD	2016 KD
ASSETS			
Cash and cash equivalents	4	**16,624,518**	19,893,819
Accounts receivable and prepayments	6	**11,080,831**	14,210,111
Inventories	9	**7,493,724**	7,342,548
Financial assets at fair value through profit or loss	10	**124,825,001**	125,164,633
Financial assets available for sale	11	**176,105,039**	188,292,533
Investment in associates	12	**56,502,844**	31,385,625
Property, plant and equipment	13	**18,428,154**	21,601,594
Goodwill		**5,144,748**	6,002,464
TOTAL ASSETS		**416,204,859**	413,893,327
LIABILITIES AND EQUITY			
Liabilities			
Term loans	14	**75,955,838**	64,348,060
Islamic financing payables	15	**31,381,259**	33,469,564
Accounts payable and accruals	16	**9,733,707**	12,654,049
Dividend payable		**3,632,421**	3,605,529
Total liabilities		**120,703,225**	114,077,202
Equity			
Share capital	17	**53,482,275**	53,482,275
Share premium		**2,400,000**	2,400,000
Treasury shares	18	**(9,806,151)**	(9,741,292)
Treasury shares reserve		**998,971**	998,971
Statutory reserve	19	**26,741,138**	26,741,138
Voluntary reserve	20	**25,467,750**	25,467,750
Other reserves		**50,516**	50,516
Revaluation reserve		**5,106,784**	5,106,784
Foreign currency translation reserve		**2,012,734**	1,756,034
Cumulative changes in fair value		**128,760,744**	123,047,942
Retained earnings		**60,286,873**	70,506,007
Total equity		**295,501,634**	299,816,125
TOTAL LIABILITIES AND EQUITY		**416,204,859**	413,893,327

Dabbous M. Al-Dabbous
(Chairman)

Khaled A. Al-Ghanim
(Deputy Chairman)

The attached notes 1 to 27 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 2017

	Share capital	Share premium	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Other reserves	Revaluation reserve	Foreign currency translation reserve	Cumulative changes in fair value	Retained earnings	Total equity
	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	50,516	5,106,784	1,756,034	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 17)	-	-	-	-	-	-	-	-	-	-	(20,620,949)	(20,620,949)
Purchase of treasury shares (note 18)	-	-	(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**	**50,516**	**5,106,784**	**2,012,734**	**128,760,744**	**60,286,873**	**295,501,634**

The attached notes 1 to 27 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued) | For the year ended 30 April 2017

	Share capital	Share premium	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Other reserves	Revaluation reserve	Foreign currency translation reserve	Cumulative changes in fair value	Retained earnings	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance as at 1 May 2015	50,935,500	2,400,000	(6,142,427)	998,971	25,467,750	25,467,750	50,516	5,106,784	1,844,425	128,599,745	71,424,023	306,153,037
Profit for the year	-	-	-	-	-	-	-	-	-	-	22,839,609	22,839,609
Other comprehensive loss	-	-	-	-	-	-	-	-	(88,390)	(5,551,804)	-	(5,640,194)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	-	-	(88,391)	(5,551,803)	**22,839,609**	17,199,415
Transfer to reserves (note 19, 20)	-	-	-	-	1,273,388	-	-	-	-	-	(1,273,388)	-
Issue of bonus shares	2,546,775	-	-	-	-	-	-	-	-	-	(2,546,775)	-
Dividends (note 17)	-	-	-	-	-	-	-	-	-	-	(19,937,462)	(19,937,462)
Purchase of treasury shares (note 18)	-	-	(3,598,865)	-	-	-	-	-	-	-	-	(3,598,865)
Balance as at 30 April 2016	53,482,275	2,400,000	(9,741,292)	998,971	26,741,138	25,467,750	50,516	5,106,784	1,756,034	123,047,942	70,506,007	299,816,125

Cumulative changes in fair value consist of the following:

	2017 KD	2016 KD
a) Unrealised gain relating to financial assets available for sale	**128,533,278**	122,916,151
b) Share of cumulative changes in fair values in the equity of associates	**227,466**	131,790
	128,760,744	123,047,941

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

CONSOLIDATED STATEMENT OF CASH FLOWS | For the year ended 30 April 2017

	Notes	2017 KD	2016 KD
OPERATING ACTIVITIES			
Profit for the year before Taxation and Directors' fees		**10,794,023**	23,972,875
Adjustments for:			
Finance cost		**3,005,694**	2,475,611
Depreciation	13	**1,421,640**	1,281,736
Employees' end of service benefits		**53,275**	88,566
Loss from financial assets at fair value through profit or loss	10	**339,632**	120,000
Dividend income		**(780,609)**	(759,863)
Realised gain on sale of financial assets available for sale		**(62,241)**	(4,141,727)
Gain on sale on associate's assets	12	**-**	(685,637)
Gain on sale of property, plant and equipment		**(2,295)**	(81,545)
Impairment of financial assets available for sale	11	**8,761,195**	2,602,002
Gain on reclassification of financial assets available for sale to associate	12	**(5,911,345)**	-
Share of results from associates	12	**(4,278,966)**	(3,730,898)
Impairment of goodwill		**857,715**	-
Impairment of property, plant and equipment	13	**2,726,306**	-
Impairment of associates	12	**1,398,675**	918,108
Foreign exchange loss		**207,143**	78,703
		18,529,842	22,137,931
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		**3,129,280**	(3,329,690)
Inventories		**(151,176)**	(557,942)
Accounts payable and accruals		**(3,228,021)**	1,629,972
Tax paid		**(174,597)**	(1,256,221)
Net cash flows from operating activities		**18,105,328**	18,624,050
INVESTING ACTIVITIES			
Additions to property, plant and equipment	13	**(782,144)**	(632,902)
Proceeds from sale of property, plant and equipment		**2,295**	81,545
Acquisition of additional stake in associate	12	**(4,960,520)**	-
Additions to financial assets available for sale		**(3,488,540)**	(9,289,205)
Dividends received from associates		**1,657,205**	1,799,524
Dividend income received from financial assets available for sale		**780,609**	759,863
Proceeds from disposal of associate's assets	13	**-**	2,617,095
Proceeds from disposal of financial assets available for sale		**62,241**	4,900,907
Net cash flows (used in) from investing activities		**(6,728,854)**	236,827
FINANCING ACTIVITIES			
Dividend paid		**(20,594,057)**	(19,761,581
Net movement in term loans		**11,231,391**	(3,010,457)
Net movement in islamic financing payables		**(2,212,554)**	9,210,297
Finance cost paid		**(3,005,694)**	(2,540,056)
Purchase of treasury shares		**(64,859)**	(3,598,865)
Net cash flows used in financing activities		**(14,645,773)**	(19,700,662)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(3,269,301)**	(839,786)
Cash and cash equivalents as at 1 May		**19,893,819**	20,733,605
CASH AND CASH EQUIVALENTS AS AT 30 APRIL	4	**16,624,518**	19,893,819

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 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 15 May 2017 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 activities of the Group are explained in note 22.

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 new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016 cancelled the Companies Law No 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 of November 2012, the new Executive Regulations of Law No. 1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016 which cancelled the Executive Regulations of Law No. 25 of 2012.

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

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

	2017	2016
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 under the historical cost convention modified to include the measurement at fair value of land and buildings, financial assets at fair value through profit or loss and financial assets available for sale. 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 which is also the Parent Company's functional currency.

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 previous year, except for the adoption of the following new and amended IFRS recently issued by the IASB effective for annual periods beginning on or after 1 January 2016:

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

IFRS 7 Financial Instruments: Disclosures Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the consolidated statements of income and comprehensive income and the consolidated statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to consolidated financial statements;
- That the share of other comprehensive income of associates accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to consolidated statement of income.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the consolidated statement of financial position and the consolidated statements of income and comprehensive income. These amendments do not have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception. The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate to its interests in subsidiaries.

These amendments are applied retrospectively and do not have any impact on the Group as the Group does not apply the consolidation exception.

2.3 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

The following new and amended IASB Standards that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are discussed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 - Financial Instruments

The IASB issued IFRS 9 - Financial Instruments in its final form in July 2014 and is effective for annual periods beginning on or after 1 January 2018 with a permission to early adopt. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial assets.

IFRS 9 - Financial Instruments (continued)

This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. The adoption of this standard will have an effect on the classification and measurement of Group's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The Group plans to adopt the new standard on the required effective date.

IFRS 15 Revenue from contracts with customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1

January 2018 with early adoption permitted. The Group plans to adopt the new standard on the required effective date.

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.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group.

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 will recognise 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 will be 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 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The Group does not anticipate early adoption of IFRS 16.

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

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 2017.

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 loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Name of the subsidiaries	Principal activity	Country of incorporation	Group's legal ownership at 30 April	
			2017	2016
***Boubyan Plastic Industries Company K.S.C. (Closed) ["BPIC"]	Manufacturing and trading of packaging material	Kuwait	99%	99%
*Muna Noor Manufacturing and Trading Co. L.L.C. ("MNMT")	Manufacturing and trading of plastic pipes	Sultanate of Oman	100%	100%
**Jubail Integrated Packaging Co. L.L.C (JIPC)	Manufacturing and trading of packaging material	Kingdom of Saudi Arabia	100%	100%
*Muna Noor Plastic Industries L.L.C. ("MNPI")	Manufacturing and trading of plastic pipes	Sultanate of Oman	100%	100%
*Muna Noor L.L.C. (Salalah) ("MN- S")	Manufacturing and trading of plastic pipes	Sultanate of Oman	100%	100%

*20% is held through BPIC.

**40% is held through BPIC.

***1% held by Board of Directors Signatories.

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. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods

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

Interest income

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

Dividend income

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

Taxation

Zakat

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

Kuwait Foundation for the Advancement of Sciences (KFAS)

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

National Labour Support Tax (NLST)

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

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 instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets 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.

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.

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 at fair value through profit or loss 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 investments. 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets available for sale (continued)

When the Group is unable to trade these investments due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these investments in rare circumstances.

Reclassification to loans and receivables is permitted when the investments meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

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

Accounts 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)

Financial instruments (continued)

Financial assets (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, Islamic financing payables, accounts payable and accruals and dividend payable.

Subsequent measurement

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

Term loans

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

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

Islamic financing payables

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

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.

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.

Financial instruments and 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.

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.

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value (continued)

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

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

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

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

Offsetting

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

Inventories

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

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

Investment in associates

An associate is one over which the Group has significant influence. 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 minority interests 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

of reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares.

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

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

End of service benefits

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

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

End of service benefits for employees working in countries other than Kuwait are calculated based on the respective countries' labour laws.

Foreign currencies

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

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

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

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

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.

Other reserve

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

Segment information

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

Dividends on ordinary shares

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

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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 consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Judgments

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

Classification of investments

The Group decides on acquisition of investments whether they should be classified as 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.

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.

Estimation and assumptions

The key assumptions concerning the future and key sources of estimation uncertainty at the reporting date, that has a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year is discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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 goodwill

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

Useful lives of property, plant and equipment

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

Impairment of property, plant and equipment

A decline in the value of property, plant and equipment could have a significant effect on the amounts recognised in the consolidated financial statements. Management assesses the impairment of property, plant and equipment 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 investment in associates

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

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

Valuation of unquoted financial assets

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

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

3 DIVIDEND INCOME

Dividend income for the year include dividends received from Equate and TKOC amounting to KD 11,324,281 (2016: KD 10,562,033) and KD 7,217,258 (2016: KD 8,820,057), respectively.

4 CASH AND CASH EQUIVALENTS

	2017 KD	2016 KD
Cash and bank balances	**15,757,261**	19,893,819
Short term deposits	**867,257**	-
Cash and cash equivalents	**16,624,518**	19,893,819

Short term deposits carry profits at commercial rates and mature within three months from the deposit date.

Included in cash and cash equivalents are balances denominated in foreign currencies amounting to KD 1,079,550 (2016: KD 2,368,791) mainly in US Dollars, Omani Riyals and Saudi Riyals.

5 GENERAL AND ADMINISTRATIVE EXPENSES

	2017 KD	2016 KD
Staff costs	**3,476,578**	2,361,273
Depreciation (Note 13)	**219,993**	192,438
Other administrative expenses	**1,977,803**	2,054,812
	5,674,374	4,608,523

6 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2017 KD	2016 KD
Trade receivables, gross	**9,279,914**	11,864,110
Less: allowance	**(422,439)**	(430,889)
Trade receivables, net	**8,857,475**	11,433,221
Accrued income	**818,403**	1,148,210
Other receivables	**1,404,953**	1,628,680
	11,080,831	14,210,111

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
2017	**406,839**	**344,632**	**189,154**	**108,250**	**7,808,600**	**8,857,475**
2016	3,079,192	379,383	1,830,191	2,697,353	3,447,102	11,433,221

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.

7 TAXATION

	2017 KD	2016 KD
Contribution to NLST	**216,480**	613,862
Contribution to KFAS	**90,957**	200,311
Contribution to Zakat	**-**	43,903
Taxation arising from overseas subsidiary	**9,771**	200,190
	317,208	1,058,266

8 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:

	2017 KD	2016 KD
Profit for the year	**10,401,815**	22,839,609
	Shares	Shares
Weighted average number of shares outstanding	**534,822,750**	534,822,750
Weighted average number of treasury shares	**(19,299,024)**	(13,745,831)
Weighted average number of outstanding shares	**515,523,726**	521,076,919
Basic and diluted earnings per share	**20.18 fils**	43.83 fils

9 INVENTORIES

	2017	2016
	KD	KD
Raw materials	**4,939,327**	5,336,865
Work in progress	**44,284**	111,029
Finished goods	**2,139,413**	1,614,636
Goods in transit	**370,700**	280,018
	7,493,724	7,342,548

At the reporting date, gross raw materials were KD 5,030,277 (2016: KD 5,488,775) and gross finished goods and gross work in progress were KD 2,183,697 (2016: KD 1,725,665), with provisions for old and obsolete inventories of KD 90,950 (2016: KD 151,910). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of income for the year.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	KD	KD
Financial assets designated at fair value through profit or loss		
Unquoted investments	**124,825,001**	125,164,633

Unquoted investments

Fair value of the unquoted investment has been estimated using a weighted average of mainly two valuation models: dividend discount model and free cash flow model. The valuation requires management to make certain assumptions about the models inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments. As a result of this exercise, an unrealised loss of KD 339,632 (2016: unrealised loss of KD 120,000) was recognised in the consolidated statement of income for the year.

11 FINANCIAL ASSETS AVAILABLE FOR SALE

A) EQUATE

The fair value of the 9% equity interest in Equate Petrochemicals Company K.S.C. (Closed) ("Equate") of KD 153,296,000 (2016: KD 148,258,892) has been estimated using a weighted average of mainly two valuation models: dividend discount model and free cash flow model. The valuation requires management to make certain assumptions about the models inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

As a result of this exercise, an unrealised gain of KD 4,832,046 (2016: unrealised loss of KD 5,500,000) was recognised in the other comprehensive income.

The cost portion of the 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 14 and 15). As a result of the fair value hedge, Equate value has been increased by KD 205,062 (Note 25) which is recognized in consolidated statement of income and offset with similar increase on the designated term loans.

B) OTHERS

	2017 KD	2016 KD
Quoted equity investments	**1,736,024**	11,459,911
Unquoted equity investments	**21,073,015**	28,573,730
	22,809,039	40,033,641

Management has performed a review of investments to assess whether impairment has occurred in the value of these investments. Based on specific information, management has recorded an impairment loss of KD 8,761,195 (2016: KD 2,602,002) 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 2017, in respect of these investments.

At 30 April 2017, certain unquoted financial assets available for sale amounting to KD 16,394,985 (2016: 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 3,151,349 (2016: KD 7,614,301) are designated as hedged items in fair value hedging relationships with amounts borrowed from banks as term loans and islamic financing (Note 14 and 15).

12 INVESTMENT IN ASSOCIATES

The Parent Company has the following investment in associates:

	Country of incorporation	Ownership		Principal activity
		2017	2016	
Al-Kout Industrial Projects Company K.S.C P. ("Al-Kout")	Kuwait	**24.76%**	24.76%	Involved in manufacturing activities
Boubyan International Industries Holding Company K.S.C.P. ("BIIHC")	Kuwait	**20%**	20%	To undertake industrial investments
Arabian Waterproofing Industries Company ("Awazel")	Saudi Arabia	**21%**	21%	Engaged in manufacture of waterproofing products and heat insulation materials
Al Borg Medical Laboratories ("Al-Borg")*	Saudi Arabia	**24%**	20%	Engaged in Medical laboratories and environmental and scientific tests
Nafais Holding Company K.S.C.P ("Nafais")**	Kuwait	**21.12%**	-	To invest in stakes mainly in educational and medical companies

* During the year, the Parent Company acquired an additional 4% interest in Al Borg Medical Laboratories Company ltd. (limited liability Company) ("Al Borg") located in Kingdom of Saudi Arabia for a total cash consideration of KD 4,960,520, increasing the Group's ownership from 20% to 24%.

12 INVESTMENT IN ASSOCIATES (continued)

**During the 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.

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

	2017	2016
	KD	KD
As at 1 May	**31,385,625**	32,469,703
Additions	**23,649,610**	-
Share of results	**4,278,966**	3,730,898
Impairment loss	**(1,398,675)**	(918,108)
Disposal of associate's assets	**-**	(2,617,095)
Realised gain on sale of associate assets	**-**	685,637
Dividends received	**(1,657,205)**	(2,037,504)
Foreign currency translation	**148,848**	(73,035)
Share of other comprehensive income	**95,675**	145,129
As at 30 April	**56,502,844**	31,385,625

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.

Year ended 30 April 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 2017
	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	-
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

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12 INVESTMENT IN ASSOCIATES (continued)

Year ended 30 April 2016	Al-Kout Industrial Projects Company K.S.C.P. ("Al-Kout")	Arabian Waterproofing Industries Company ("Awazel")	Al Borg Medical Laboratories ("Al-Borg")	Total 2016
	KD	KD	KD	KD
Assets	43,156,902	38,536,022	18,964,572	100,657,496
Liabilities	(4,369,785)	(5,645,347)	(6,033,717)	(16,048,849)
Net assets	38,787,117	32,890,675	12,930,855	84,608,647
	24.76%	20.78%	20%	
Group's share of net assets	9,603,690	6,834,682	2,586,171	19,024,543
Goodwill	1,599,601	3,866,691	4,262,691	9,728,983
	11,203,291	10,701,373	6,848,862	28,753,526
Fair value of the Group's quoted associates	14,652,651	-	-	-
Revenue	18,118,201	33,225,619	17,322,604	68,666,423
Profit for the year	5,107,876	7,367,811	5,300,785	17,776,471
Group's share of profit	1,264,710	1,531,031	1,060,157	3,855,898

13 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 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 book value as at 30 April 2017	**1,200,000**	**7,643,052**	**8,403,525**	**825,335**	**205,152**	**151,090**	**18,428,154**

13 PROPERTY, PLANT AND EQUIPMENT (continued)

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

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 2,726,306 (2016: KD Nil) in the consolidated statement of income for the year in respect of these assets.

	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 2015	1,200,000	9,554,808	15,450,853	1,483,586	437,893	6,018,193	34,145,333
Additions	-	729,160	1,393,399	29,532	73,318	(1,592,507)	632,902
Disposals	-	-	-	(15,342)	(66,203)	-	(81,545)
Foreign currency translation	-	34,197	64,487	7,009	2,598	26	108,317
As at 30 April 2016	**1,200,000**	**10,318,165**	**16,908,739**	**1,504,785**	**447,606**	**4,425,712**	**34,805,007**
Accumulated depreciation:							
As at 1 May 2015	-	2,924,630	8,111,984	634,756	318,022	13,668	12,003,060
Charge for the current year	-	260,259	890,861	86,983	43,633	-	1,281,736
Relating to disposals	-	-	-	(15,342)	(66,203)	-	(81,545)
Foreign currency translation	-	33	111	11	7	-	162
As at 30 April 2016	-	**3,184,922**	**9,002,956**	**706,408**	**295,459**	**13,668**	**13,203,413**
Net book value as at 30 April 2016	**1,200,000**	**7,133,243**	**7,905,783**	**798,377**	**152,147**	**4,412,044**	**21,601,594**

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

	2017 KD	2016 KD
Cost of sales	**1,201,647**	1,089,298
General and administrative expenses (Note 5)	**219,993**	192,438
	1,421,640	1,281,736

14 TERM LOANS

	2017 KD	2016 KD
The loan is unsecured and denominated in US Dollar which is repayable in 5 annual equal installments starting from 31 March 2013	-	5,139,939
The loan is unsecured and denominated in US Dollar which is repayable in May 2019	**16,127,900**	16,003,350
The loan is unsecured and denominated in KD which is repayable in May 2019.	**10,000,000**	10,000,000
The loan is unsecured and denominated in Pound Sterling which was settled during the year	-	2,360,651
The loan is unsecured and denominated in Omani Riyals which is repayable in December 2017	**3,754,569**	1,145,827
The loan is unsecured and denominated in KD which is repayable in 5 equal annual instalments starting from April 2016	**6,000,000**	8,000,000
The loan is unsecured and denominated in KD which is repayable in March 2019	**13,000,000**	11,000,000
The loan is unsecured and denominated in USD which was repayable in 5 yearly instalments starting from May 2017	**3,347,300**	-
Short term unsecured and denominated in KD, due within 1 year	**8,500,000**	-
Short term unsecured and denominated in US Dollar, due within 1 year	**7,987,875**	-
The loan is unsecured and denominated in US Dollar 60% repayable in 10 semi annual instalments starting from June 2015 and the balance on final maturity	**7,238,194**	10,698,293
	75,955,838	64,348,060

14 TERM LOANS (continued)

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

Loans denominated in foreign currencies are as follows:

	2017 KD	2016 KD
Pound Sterling	-	2,360,651
Omani Riyal	3,754,569	1,145,827
US Dollar	34,701,269	31,841,582
	38,455,838	35,348,060

15 ISLAMIC FINANCING PAYABLES

	2017 KD	2016 KD
Murabaha payables	5,173,100	3,000,000
Tawaruq payables	26,208,159	30,469,564
	31,381,259	33,469,564

Murabaha payables and Tawaruq payables represent amount payable to local banks. The average profit rate attributable to Murabaha payables and Tawaruq payables is at commercial rates.

Islamic financing payables denominated in foreign currencies are as follows:

	2017 KD	2016 KD
US Dollar	30,506,259	-

The US Dollar foreign currency borrowing (Note 15 and 16) 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 11).

16 ACCOUNTS PAYABLE AND ACCRUALS

	2017 KD	2016 KD
Accounts payable	**4,578,179**	6,636,311
Accrued charges on credit facilities	**399,556**	536,414
Provision for KFAS	**90,932**	200,287
Provision for NLST	**288,016**	627,077
Provision for Zakat	**-**	43,903
Directors' fees	**75,000**	75,000
Other payables	**4,302,024**	4,535,057
	9,733,707	12,654,049

17 SHARE CAPITAL AND DIVIDENDS

Share capital

Authorized, issued and paid-up capital consists of 534,822,750 shares (2016: 534,822,750 shares) of 100 fils per share (2016: 100 fils per share). This is comprised of 400,000,000 shares (2016: 400,000,000 shares) which are fully paid up in cash whereas 134,822,750 shares (2016: 134,822,750 shares) were issued as bonus shares.

Dividend

The Board of Directors of the Parent Company has proposed a cash dividend of 40 fils per share (2016: 40 fils per share) on outstanding shares (excluding treasury shares) amounting to KD 20,620,949 (2016: KD 20,620,949) in respect of the year ended 30 April 2017, 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 14 June 2016, the shareholders at the Annual General Assembly of the Parent Company approved the consolidated financial statements for the year ended 30 April 2016 and approved a cash dividend of 40 fils per share (30 April 2015: 40 fils per share) on outstanding shares (excluding treasury shares) amounting to KD 20,620,949 in respect of the year ended 30 April 2016 (30 April 2015: KD 19,937,462).

18 TREASURY SHARES

	2017 KD	2016 KD
Number of treasury shares	**19,299,024**	19,171,105
Percentage of issued shares	**3.61%**	3.58%
Market value in KD	**11,000,444**	9,968,975

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

19 STATUTORY RESERVE

In accordance with the Parent Company's Articles of Association 10% of the profit for the year attributable to shareholders of the Parent Company (before contributions to KFAS and Zakat) is required to be transferred to the statutory reserve until the reserve totals 50% of the paid up share capital. For the current year no such transfer has been made as the statutory reserve has

reached 50% of the paid up capital.

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

20 VOLUNTARY RESERVE

As required by the Parent Company's Articles of Association, an amount of the profit for the year (before contribution to KFAS, and Zakat) can be transferred to the voluntary reserve. Such annual transfers can be discontinued by a resolution of shareholders of the Parent Company in the annual general assembly meeting upon recommendation by the Board of Directors. There are no restrictions on the distribution of the voluntary reserve. For the current year, no such transfer has been made upon the recommendation of the Board of Directors.

21 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturity profile of cash and cash equivalents, term loans and islamic financing payables at the year-end is based on contractual repayment arrangements. The maturity profile for the remaining assets and liabilities is determined based on the management estimate of liquidation of those financial assets. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of assets and liabilities is as follows:

30 April 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**

21 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

30 April 2017	Within 3 months	3 to 12 months	1 to 5 years	Over five years	Total
LIABILITIES	KD	KD	KD	KD	KD
Term loans	1,432,441	21,949,779	52,573,618	-	**75,955,838**
Islamic financing payables	771,638	11,811,537	18,798,084	-	**31,381,259**
Accounts payable and accruals	2,433,427	7,300,280	-	-	**9,733,707**
Dividend payable	-	3,632,421	-	-	**3,632,421**
TOTAL LIABILITIES	4,637,506	44,694,017	71,371,702	-	**120,703,225**

21 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

30 April 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	19,893,819	-	-	-	19,893,819
Accounts receivable and prepayments	14,210,111	-	-	-	14,210,111
Inventories	7,342,548	-	-	-	7,342,548
Financial assets at fair value through profit or loss (designated)	-	125,164,633	-	-	125,164,633
Financial assets available for sale	-	-	40,033,641	148,258,892	188,292,533
Investment in associates	-	-	-	31,385,625	31,385,625
Property, plant and equipment	-	-	-	21,601,594	21,601,594
Goodwill	-	-	-	6,002,464	6,002,464
TOTAL ASSETS	41,446,478	125,164,633	40,033,641	207,248,575	413,893,327

21 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

30 April 2017	Within 3 months	3 to 12 months	1 to 5 years	Over five years	Total
ASSETS	KD	KD	KD	KD	KD
Term loans		12,279,963	49,246,445	-	64,348,060
Islamic financing payables	3,125,000	2,750,000	27,594,564	-	33,469,564
Accounts payable and accruals	5,341,581	6,072,647	1,239,821	-	12,654,049
Dividend payable	-	3,605,529	-	-	3,605,529
TOTAL LIABILITIES	11,288,233	24,708,139	78,080,830	-	114,077,202

22 SEGMENTAL INFORMATION

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

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

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

22 SEGMENTAL INFORMATION (continued)

	Energy and Petrochemical Sector			
Year ended 30 April 2017	Basic materials	Manufacturing	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	1,397,081	1,258,219	1,623,666	**4,278,966**
Sales	-	25,795,507	-	**25,795,507**
Total revenue	19,598,988	27,053,726	8,377,861	**55,030,575**
Result				
Segment profit	19,598,988	5,232,147	8,377,861	**33,208,996**
Other income	-	216,129	-	**216,129**
General and administrative expenses	(1,656,815)	(4,017,559)	-	**(5,674,374)**
Finance costs	(2,659,647)	(346,047)	-	**(3,005,694)**
Impairment of goodwill	-	(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)**
Foreign exchange (loss) gain	(209,941)	2,798	-	**(207,143)**
Profit (loss) before taxation and Directors' fee	15,072,585	(2,496,553)	(1,782,009)	**10,794,023**
Taxation	(307,437)	(9,771)	-	**(317,208)**
Directors' fee	(75,000)	-	-	**(75,000)**
Profit (loss) for the year	**14,690,148**	**(2,506,325)**	**(1,782,009)**	**10,401,814**
Total assets	**314,539,482**	**59,427,505**	**42,237,872**	**416,204,859**
Total liabilities	**(88,554,051)**	**(16,730,956)**	**(15,418,218)**	**(120,703,225)**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | As at 30 April 2017

22 SEGMENTAL INFORMATION (continued)

Year ended 30 April 2016	Energy and Petrochemical Sector		Others	Total
	Basic materials	Manufacturing		
	KD	KD	KD	KD
Revenue				
Dividend income	19,382,090	283,000	476,863	20,141,953
Investment (loss) income	(120,000)	-	4,141,727	4,021,727
Gain on sale of associate's assets	-	-	685,637	685,637
Share of results of associates	1,264,710	1,531,031	935,157	3,730,898
Sales	-	30,561,908	-	30,561,908
Total revenue	20,526,800	32,375,939	6,239,384	59,142,123
Result				
Segment profit	20,526,800	6,900,272	6,239,384	33,666,456
Other (loss) income	-	(55,717)	1,045,083	989,366
General and administrative expenses	(1,344,725)	(3,263,798)	-	(4,608,523)
Finance costs	(2,184,144)	(291,467)	-	(2,475,611)
Impairment loss on associate	-	-	(918,108)	(918,108)
Impairment loss on financial assets available for sale	-	-	(2,602,002)	(2,602,002)
Foreign exchange loss	(49,756)	(28,947)	-	(78,703)
Profit before taxation and Directors' fee	16,948,175	3,260,343	3,764,357	23,972,875
Taxation	(858,076)	(200,190)	-	(1,058,266)
Directors' fee	(75,000)	-	-	(75,000)
Profit for the year	16,015,099	3,060,153	3,764,357	22,839,609
Total assets	310,598,490	67,803,683	35,491,154	413,893,327
Total liabilities	(77,355,239)	(16,915,448)	(19,806,515)	(114,077,202)

23 RELATED PARTY TRANSACTIONS

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

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

	Entities under common control	2017	2016
		KD	KD
Sales	859,940	859,940	1,217,252
Purchases	681,041	681,041	839,025
Other income	216,129	216,129	989,366

Compensation of key management personnel

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

	2017	2016
	KD	KD
Short-term benefits	394,116	372,254
Employees' end of service benefits	16,460	16,594
	410,576	388,848

Directors' fees of KD 75,000 for the year ended 30 April 2017 is subject to approval by the Annual General Meeting of the shareholders of the Parent Company. The Directors' fees of KD 75,000 for the year ended 30 April 2016 was approved by the Annual General Meeting of the shareholders held on 14 June 2016.

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The Group's principal financial liabilities comprise term loans, Islamic financing payables and accounts payables and accruals. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group also holds financial assets available for sale and financial assets at fair value through profit or loss.

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

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

Risk management structure

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

Risk mitigation

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

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

Interest rate risk

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

The sensitivity of the Group's consolidated statement of income for the year is the effect of the assumed changes in interest rates on the Group's profit before taxation and directors' fees based on floating rate financial assets and financial liabilities held at 30 April 2017 and 2016. There is no impact on equity.

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

	Increase in basis points	Effect on results for the year KD
2017		
KD	**25**	**(268,343)**
2016		
KD	25	(244,544)

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

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument leading to financial loss.

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

One of the subsidiaries of the Parent Company sells its products mainly to Equate, a related party and its balances accounted for 6% of outstanding accounts receivable at 30 April 2017 (2016: 39%).

Risk concentration of maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

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

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Risk concentration of maximum exposure to credit risk (continued)

	Kuwait	**GCC and the rest of the Middle East**	**Total**
	KD	**KD**	**KD**
As at 30 April 2017			
Cash and cash equivalents	15,553,779	1,070,739	**16,624,518**
Accounts receivable	2,013,893	9,066,938	**11,080,831**
Maximum exposure to credit risk assets	**17,567,672**	**10,137,677**	**27,705,349**

	Kuwait	GCC and the rest of the Middle East	Total
	KD	KD	KD
As at 30 April 2016			
Cash and cash equivalents	17,989,041	1,904,778	19,893,819
Accounts receivable and prepayments	2,213,834	11,996,277	14,210,111
Maximum exposure to credit risk assets	20,202,875	13,901,055	34,103,930

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

	2017	2016
	KD	KD
Manufacturing	**11,080,831**	14,210,111
Banks	**16,624,518**	19,893,819
	27,705,349	34,103,930

Liquidity risk

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

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

30 April 2017	**Within 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
	KD	**KD**	**KD**	**KD**
Accounts payable and accruals	2,433,427	7,300,280	-	**9,733,707**
Dividend payable	-	3,632,421	-	**3,632,421**
Term loans	2,215,895	24,300,142	55,437,769	**81,953,806**
Islamic financing payables	858,128	12,052,380	19,247,371	**32,157,879**
Total liabilities	5,507,450	47,285,223	74,685,140	**127,477,813**

30 April 2016	Within 3 months	3 to 12 months	1 to 5 years	Total
	KD	KD	KD	KD
Accounts payable and accruals	5,341,581	6,072,647	1,239,821	12,654,049
Dividend payable	-	3,605,529	-	3,605,529
Term loans	3,392,142	12,595,609	51,953,122	67,940,873
Islamic financing payables	3,156,193	3,093,579	28,207,858	34,457,630
Total liabilities	11,889,916	25,367,364	81,400,801	118,658,081

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

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

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

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

	Change in currency rates by 5%			
	Effect on consolidated statement of income before taxation and directors' fees		Effect on other comprehensive income	
	2017	2016	**2017**	2016
	KD	KD	**KD**	KD
USD	**(1,401,642)**	-	**-**	584,462
GBP	**-**	(61,031)	**51,099**	-

Equity price risk

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

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

	Change in equity price	Effect on consolidated statement of comprehensive income	
	%	**2017**	2016
		KD	KD
Financial assets available for sale	**+20**	**347,205**	2,291,982

The decrease in equity price percentage will have the opposite effect on other comprehensive income and consolidated statement of income for the year.

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost (see note 11) are not materially different from their carrying values.

Fair value hierarchy

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

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

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

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

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

	Level: 1	Level: 3	Total fair value
2017	KD	KD	KD
Financial assets			
Financial assets available for sale			
Quoted investments	1,736,024	-	**1,736,024**
Unquoted investments	-	157,974,030	**157,974,030**
	1,736,024	157,974,030	**159,710,054**
Financial assets at fair value through profit or loss			
Unquoted investments	-	124,825,001	**124,825,001**

25 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Level: 1	Level: 3	Total fair value
2016	KD	KD	KD
Financial assets			
Financial assets available for sale			
Quoted investments	11,459,911	-	11,459,911
Unquoted investments	-	160,437,637	160,437,637
	11,459,911	160,437,637	171,897,548
Financial assets at fair value through profit or loss			
Unquoted investments	-	125,164,633	125,164,633

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

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of bank balances and cash, deposits with banks, receivables and investments. Financial liabilities consist of term loans, islamic financing payables, accounts payables and accruals.

The fair values of financial instruments, with the exception of certain financial assets available for sale (Others) carried at cost (Note 11), are not materially different from their carrying values.

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

Year ended 30 April 2017	**At 1 May 2016**	**Gain (loss) recorded in consolidated statement of income for the year**	**Gain recorded in other comprehensive income**	**Net purchases, sales and settlements**	**Impairment recorded during the year**	**At 30 April 2017**
	KD	**KD**	**KD**	**KD**	**KD**	**KD**
Unquoted financial assets available for sale	160,437,637	205,062	6,093,984	(6,665)	(8,755,988)	**157,974,030**
Unquoted financial assets at fair value through profit or loss (designated)	125,164,633	(339,632)	-	-	-	**124,825,001**

Year ended 30 April 2016	At 1 May 2015	Loss recorded in consolidated statement of income for the year	Loss recorded in other comprehensive income	Net purchases, sales and settlements	Impairment recorded during the year	At 30 April 2016
	KD	KD	KD	KD	KD	KD
Unquoted financial assets available for sale	169,545,092	(214,341)	(6,665,574)	(3,431)	(2,224,109)	160,437,637
Unquoted financial assets at fair value through profit or loss (designated)	125,284,633	(120,000)	-	-	-	125,164,633

25 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Valuation of unquoted equity instruments

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation (Note 10 and 11). There are certain financial assets available for sale where fair values cannot be reliably determined, and as a result, investments with a carrying amount of KD 16,394,985 (2016: KD 16,394,985) are carried at cost (Note 11).

The table below illustrates the effect on statement of income and other comprehensive income due to a reasonable change of each significant input, separately, with all other variables held constant.

	Increase of 50 basis points		Increase of 50 basis points	
	Effect on statement of income		Effect on other comprehensive income	
	2017	2016	**2017**	2016
	KD	KD	**KD**	KD
Weighted average cost of capital	**(3,296,248)**	(1,867,633)	**(4,751,153)**	(6,071,892)
Cost of equity	**(1,264,101)**	(1,103,633)	**(171,304)**	(200,892)
Terminal growth rate	**4,946,276**	3,343,367	**6,635,119**	7,222,108

26 CONTINGENCIES AND CAPITAL COMMITMENTS

	2017	2016
	KD	KD
Acquisition of investments	**793,736**	787,606

During the year, the Parent Company has given corporate guarantees amounting to KD 37,254,036 (2016: KD 17,850,160) to Banks on behalf of its subsidiaries.

27 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 30 April 2017 and 30 April 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, term loans and islamic finance payables less cash and cash equivalents. Total capital represents total equity as presented in the consolidated statement of financial position.

	2017	2016
	KD	KD
Term loans	**75,955,838**	64,348,060
Islamic financing payables	**31,381,259**	33,469,564
Less: cash and cash equivalents	**(16,624,518)**	(19,893,819)
Net debt	**90,712,579**	77,923,805
Total capital	**295,501,634**	299,816,125
Gearing (debt to equity) ratio	**31%**	26%

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