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

H.H. Sheikh Nawwaf Al-Ahmad Al-Jaber Al-Sabah
The Crown Prince Of The State Of Kuwait

H.H. Sheikh Nasser Al-Muhamed Al-Ahmad Al-Sabah
The Prime Minister Of The State Of Kuwait

TABLE OF CONTENTS

BOARD OF DIRECTORS

Marzouq Ali Alghanim
Chairman

Dabbous Mubarak Al-Dabbous
Deputy Chairman

Saoud Abdulaziz Al-Babtain
Board Member

Khalid Abdulaziz Al-Muraikhi
Board Member

Hilal Fajhan Al-Mutairi
Board Member

MESSAGE TO THE SHAREHOLDERS

Firstly, on behalf of the Board Directors, the Executive management and members of the Boubyan Petrochemical Group of companies I would like to remember and recite the good deeds of the late Mr. Hilal Fajhan Al-Mutairi, our Board member, who passed away last May 2010. His high manners and invaluable contributions were a great support to his fellow board members in developing and directing the management of BPC ever since he joined the Board of Directors in 1999. We pray to the Almighty to have mercy on his soul and to condole his loved ones in this very difficult time.

On the other hand, the world has experienced an extended period of economic downturn and uncertainty in terms of the economic indicators resulting from the financial crisis that started in the second half of 2008 and resulted in low demand, high unemployment, and high finance costs.

Nonetheless, during the first four months of the year 2010, the world economy started improving on a relatively faster pace. This has led to better demand for products and raw materials in general and therefore was reflected on petrochemical products prices in particular.

During this tough period, Boubyan Petrochemical Company (BPC) was able to hold its ground and register profits in each of its quarterly results todate. Moreover BPC benefited from the crisis, as it has strengthened its belief that operational industrial investments being the main sector that stood firm during the crisis. Therefore, the Board of Directors reinforced its new strategy of investment in existing industrial opportunities, particularly in downstream chemical and petrochemical sectors. This was manifested in the acquisition of a 24% equity stake in Al-Kout Industrial Projects Company and the acquisition of the 20% minority stake in Muna Noor Manufacturing and Trading Company (MNMT) which became a wholly owned subsidiary.

The results of BPC for the financial year ended 30/4/2010 show a net profit of KD 21.4 million (44.2 fils/share) before reserves and proposed distributions. The shareholders equity reached KD 244.9 million and as such the return on shareholders' equity becomes 8.7% and on total assets 4.9%. As a result of this solid performance and available liquidity, the Board of Directors recommends to distribute 30% cash dividends.

The aforementioned results, in light of the current difficult financial environment, confirm the strength and diversification of BPC's asset base especially the direct industrial assets, with Muna Noor in Oman being the best example. MNMT has doubled it performance this year once again, as its net profit exceeded the original amount that was invested four years ago.

As to BPC's other strategic investments, The Kuwait Olefins Company (TKOC) is now fully operational and utilized which led to reversing all pre-operational losses and managed to comfortably distribute dividends to shareholders for the year ended 31 December 2009.

Finally, the Board of Directors and the Executive Management will keep investigating potential industrial investments in general and those in the Oil and Gas sector in particular. The emphasis will be on solid operational companies exhibiting long-term growth and also on creating alliances with investors that share with us the same strategic vision in terms of industrial investments.

As has been our practice, we attach for your review an update of developments of our most important direct investments.

The Board of Directors

EQUATE Petrochemicals Company (EQUATE) - KSCC:

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

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

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

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

Full Commercial production of Ethylene and Ethylene Glycol has commenced during the year 2009. The year ended 31/12/2009 was the first fully operational year that led to writing of pre-operational losses and resulted in dividend distribution of KD 3 million (being BPC's share).

Boubyan Plastic Industries Company (BPIC) – KSCC :

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

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

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

National Waste Management Company (NWMC) – LLC :

NWMC is a wholly owned subsidiary of BPC. Sufficient studies were carried out which indicated the feasibility of proceeding with rehabilitation and reconstruction of the company's plant at Amghara area, using an innovative technology that converts the solid household waste to high quality organic fertilizers, We must note that during the year 2007, NWMC received a letter from Kuwait Municipality indicating that they declined our request for a tipping fee, a standard request worldwide for such projects. This will obviously lead to delays in project implementation since we must start a fresh the search for less advanced/costly technologies that will maintain feasibility of the project. On the other hand, three years go BPC divested 50% of the equity of NWMC to a strategic investor, which is expected to enhance the chances of implementing the project in a feasible fashion.

Boubyan International Industries Holding Company (BIIHC) - KSCC :

BIIHC was incorporated about 6 years ago (1/8/2004) with a KD 30 million paid up capital. BPC has a 20% equity stake in the newly established company (associate Co.). This makes us the largest single shareholder. The main investments for this Company has been in operating companies and certain industrial equity holdings in the GCC and internationally. Company management has successfully entered into strategic alliances to set up various projects in the infrastructure and real estate sectors throughout the

GCC. On the other hand, BIIHC plans to be listed on the Kuwait Stock Exchange in the near future after having fully complied with the Kuwait Stock Exchange regulations and listing requirements.

Olayan Arabian Packaging Company (OAPC), Saudi Arabia:

BPC acquired 60% of the total equity of OAPC, which was originally a subsidiary of Olayan Finance Company. OAPC's main activity is the production and marketing of stretch/shrink wrap and cling film and plastic packaging material in general, which compliments the BPIC product range. The main market for its products is Saudi Arabia and the region at large. BPC's management is striving to enhance the position and market shares of BPIC and OAPC in the region through an exchange of technical and marketing expertise. In this regard, OAPC has signed a financing agreement with a Saudi bank to partially finance OAPC's expansion plan. This plan, which is expected to be completed within one year.

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

At the end of 2005, BPC acquired MNMT of Muscat, Oman, which in turn owns a PVC and PE pipes manufacturing facility. The pipes are multipurpose (i.e. electric conduits, sanitary and for irrigation use). MNMT also has a number of international trading agencies for products that compliment those being produced by its plant in Oman. During the year, BPC acquired the remaining 20% minority stake and as a result, MNMT is now a wholly owned subsidiary. The company has recently completed setting up and started commercial production in a new factory in Rusayl Industrial Area in Muscat, which lead to doubling the PE pipes production capacity. That also meant separation of the PE production lines to be in a different facility from the PVC pipes. Production lines MNMT is examining the viability of adding new complementary products to the existing ones in order to that should serve the Omani and the regional markets in a better way. It is worth noting that the company's financial performance has improved significantly, inspite of the current economic down-turn. In fact the net project of MNMT for the year ended march 2010 exceeded the original invested amount by BPC.

BOUBYAN PETROCHEMICAL COMPANY K.S.C.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
30 APRIL 2010

ERNST & YOUNG
Quality In Everything We Do

Al Aiban, Al Osaimi & Partners
P.O. Box: 74 Safat
13001 Safat, Kuwait
Baitak Tower, 18-21st Floor
Safat Square
Ahmad Al Jaber Street

Phone: 2452880/2955000
Fax: 2456419
kuwait@kw.ey.com
www.ey.com/me

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

Tel.: 22408568/22408569 - Fax: 22408571
P.O.Box 20870 Safat - 13069 Kuwait

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

We have audited the accompanying consolidated financial statements of Boubyan Petrochemical Company (the "Parent Company") and its Subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 30 April 2010 and the related consolidated statements of comprehensive income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 30 April 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, as amended, and by the Parent Company's articles of association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, nor of the Parent Company's articles of association have occurred during the year ended 30 April 2010 that might have had a material effect on the business of the Parent Company or on its financial position.

Waleed A. Al-Osaimi
LICENCE NO. 68 A
OF ERNST & YOUNG

Ali Khaled Al-Faraj
LICENCE NO. 28 A
OF AL-FARAJ AUDITING OFFICE

28 June 2010 Kuwait

Boubyan Petrochemical Company K.S.C. and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2010

	Notes	2010 KD	2009 KD
Sales		**23,078,561**	25,189,028
Cost of sales		**(16,453,823)**	(19,206,307)
Gross profit		**6,624,738**	5,982,721
Dividend income	3	**14,552,399**	19,101,257
Investment income	4	**30,702,008**	57,439,824
Share of results of associates	12	**229,678**	2,784,246
Other income		**1,491,383**	1,101,515
General and administrative expenses	23	**(1,293,959)**	(4,617,706)
Finance cost		**(7,816,949)**	(7,300,754)
Gain (loss) on foreign exchange		**942,902**	(502,878)
Profit before impairment of investments available for sale		**45,432,200**	73,988,225
Impairment of investments available for sale (others)	11	**(21,965,281)**	(52,104,700)
Profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Directors' fees		**23,466,919**	21,883,525
Contribution to KFAS		**(199,553)**	(163,600)
Contribution to NLST		**(562,760)**	(507,056)
Zakat		**(205,784)**	(190,237)
Directors' fees		**(75,000)**	(75,000)
PROFIT FOR THE YEAR		**22,423,822**	20,947,632
Other comprehensive income:			
Realised gain on sale of investments available for sale (others)	4	**(6,163,770)**	(36,023,864)
Unrealised gain on investment available for sale (Equate)	10	**10,692,461**	(13,702,111)
Unrealised loss on investments available for sale (others)		**(16,354,664)**	(44,772,882)
Transfer to profit for the year on impairment of investments available for sale (others)	11	**21,965,281**	52,104,700
Change in other comprehensive income of an associate	12	**(1,310,130)**	546,450
Revaluation gain on property plant and equipment	14	**4,277,632**	-
Change in fair value of cash flow hedges	25	**(989,467)**	-
Others		**(493,331)**	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**11,624,012**	(41,847,707)
TOTAL COMPREHENSIVE INCOME		**34,047,834**	(20,900,075)
: Profit for the year attributable to			
Equity holders of the Parent Company		**21,407,327**	20,335,484
Non-controlling interests		**1,016,495**	612,148
		22,423,822	20,947,632
Total comprehensive income attributable to:			
Equity holders of the Parent Company		**33,031,339**	(21,512,223)
Non-controlling interests		**1,016,495**	612,148
		34,047,834	(20,900,075)
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	5	**44.17 fils**	42.12 fils

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2010

	Notes	2010 KD	2009 KD
ASSETS			
Bank balances and short term deposits	6	**10,005,688**	7,590,220
Accounts receivable and prepayments	7	**9,335,498**	8,756,130
Inventories	8	**3,774,625**	2,619,574
Investments carried at fair value through income statement	9	**56,712,030**	35,507,942
Investment available for sale (Equate)	10	**130,500,000**	120,000,000
Investments available for sale (others)	11	**182,762,160**	189,458,927
Investment in associates	12	**13,593,997**	14,674,449
Exchange of deposits	13	**6,629,577**	7,250,048
Property, plant and equipment	4	**14,778,488**	10,079,998
Goodwill	24	**6,002,464**	2,574,517
Total ASSETS		**434,094,527**	398,511,805
LIABILITIES AND EQUITY			
LIABILITIES			
Bank overdraft	6	**267,586**	-
Term loans	15	**129,333,989**	160,330,166
Islamic financing payables	16	**45,000,000**	-
Accounts payable and accruals	17	**10,874,982**	11,270,878
Dividend payable		**2,662,651**	2,333,563
Total liabilities		**188,139,208**	173,934,607
EQUITY			
Share capital	18	**48,510,000**	48,510,000
Share premium		**2,400,000**	2,400,000
Treasury shares	19	**(461,841)**	(1,129,912)
Treasury shares reserve		**950,920**	659,255
Statutory reserve	20	**22,189,125**	19,944,083
Voluntary reserve	20	**22,189,125**	19,944,083
Revaluation reserve		**5,147,180**	1,362,879
Cumulative changes in fair values		**98,635,745**	90,796,034
Retained earnings		**45,366,701**	40,556,392
Equity attributable to equity holders of the Parent Company		**244,926,955**	223,042,814
Non-controlling interests		**1,028,364**	1,534,384
Total equity		**245,955,319**	224,577,198
TOTAL LIABILITIES AND EQUITY		**434,094,527**	398,511,805

Marzouq A. Alghanim
(Chairman)

Dabbous M. Al-Dabbous
(Deputy Chairman)

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

Boubyan Petrochemical Company K.S.C. and Subsidiaries

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April 2010

	Notes	**2010 KD**	2009 KD
OPERATING ACTIVITIES			
Profit for the year before KFAS, NLST, Zakat and Directors' fees		**23,466,919**	21,883,525
Adjustments for:			
Finance cost		**7,816,949**	7,300,754
Depreciation	14	**793,520**	675,333
Employees' end of service benefits		**96,702**	44,905
Realised gain on sale of investments available for sale (others)	4	**(6,163,770)**	(36,023,864)
Impairment of investment available for sale (others)	11	**21,965,281**	52,104,700
Other income		**(1,491,383)**	(1,101,515)
Share of result of associates	12	**(229,678)**	(2,784,246)
Realised (gain) loss on investments carried at fair value through income statement	4	**(6,640)**	5,018,007
(Gain) loss on foreign exchange		**(942,902)**	502,878
Unrealised gain on investments carried at fair value through income statement	4	**(21,427,628)**	(21,705,652)
		23,877,370	25,914,825
Operating assets and liabilities:			
Accounts receivable and prepayments		**(514,472)**	(2,288,804)
Inventories		**(1,155,051)**	(94,579)
Accounts payable and accruals		**(101,272)**	(238,796)
Investments carried at fair value through income statement		**-**	(10,714,553)
Net cash from operating activities		**22,106,575**	12,578,093
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	14	**(1,266,269)**	(1,184,498)
Proceeds from sale of property, plant and equipment		**5,505**	1,437,051
Additions to investments available for sale (others)		**(31,743,433)**	(94,449,782)
Dividend received from an associate	12	**-**	1,200,000
Reduction of share capital by an associate	12	**-**	1,000,000
Proceeds from sale of investments available for sale (others)		**22,805,530**	72,520,499
Acquisition of additional interest in a subsidiary		**(4,507,672)**	-
Net cash used in investing activities		**(14,706,339)**	(19,476,730)
FINANCING ACTIVITIES			
Dividends paid		**(11,786,783)**	(31,538,619)
Net movement in term loans		**(2,056,061)**	36,428,717
Net movement in islamic financing payables		**17,000,000**	-
Finance cost paid		**(7,846,731)**	(7,300,755)
Purchase of treasury shares		**(2,631,184)**	(5,915,065)
Proceed from sale of treasury shares		**3,590,920**	5,901,510
Net movement in exchange of deposits		**-**	(473,337)
Acquisition of non-controlling interests		**(1,079,725)**	-
Other movement in non-controlling interests controlling interests		**(442,790)**	(410,824)
Net cash used in financing activities		**(5,252,354)**	(3,308,373)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,147,882**	(10,207,010)
Cash and cash equivalents at the beginning of the year		**7,590,220**	17,797,230
CASH AND CASH EQUIVALENTS AT 30 APRIL	*6*	**9,738,102**	7,590,220

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

Boubyan Petrochemical Company K.S.C. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 30 April 2010

Attributable to shareholders of the Parent Company

	Share capital KD	*Share premium KD*	*Treasury shares KD*	*Treasury shares reserve KD*	*Statutory reserve KD*	*Voluntary reserve KD*	*Revaluation reserve KD*	*Cumulative changes in fair value KD*	*Retained earnings KD*	*Sub total KD*	*Non-controlling interests KD*	*Total equity KD*
Balance at 1 May 2009	48,510,000	2,400,000	(1,129,912)	659,255	19,944,083	19,944,083	1,362,879	90,796,034	40,556,392	223,042,814	1,534,384	224,577,198
Profit for the year	-	-	-	-	-	-	-	-	21,407,327	21,407,327	1,016,495	22,423,822
Other comprehensive income	-	-	-	-	-	-	3,784,301	7,839,711	-	11,624,012	-	11,624,012
Total comprehensive income for the year	-	-	-	-	-	-	3,784,301	7,839,711	21,407,327	33,031,339	1,016,495	34,047,834
Purchase of treasury shares	-		(2,631,184)		-	-	-	-	-	(2,631,184)	-	(2,631,184)
Sale of treasury shares	-	-	3,299,255	291,665	-	-	-	-	-	3,590,920	-	3,590,920
Dividends (note 18)	-	-	-	-	-	-	-	-	(12,106,934)	(12,106,934)	-	(12,106,934)
Transfer to reserves	-	-	-	-	2,245,042	2,245,042	-	-	(4,490,084)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,079,725)	(1,079,725)
Other movement in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(442,790)	(442,790)
Balance at 30 April 2010	**48,510,000**	**2,400,000**	**(461,841)**	**950,920**	**22,189,125**	**22,189,125**	**5,147,180**	**98,635,745**	**45,366,701**	**244,926,955**	**1,028,364**	**245,955,319**

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 30 April 2010

Attributable to shareholders of the Parent Company

	Share capital KD	*Share premium KD*	*Treasury shares KD*	*Treasury shares reserve KD*	*Statutory reserve KD*	*Voluntary reserve KD*	*Revaluation reserve KD*	*Cumulative changes in fair value KD*	*Retained earnings KD*	*Sub total KD*	*Non-controlling interests KD*	*Total equity KD*
Balance at 1 May 2008	46,200,000	2,400,000	(457,100)	-	17,816,945	17,816,945	1,362,879	132,643,741	59,017,052	276,800,462	1,333,060	278,133,522
Profit for the year	-	-	-	-	-	-	-	-	20,335,484	20,335,484	612,148	20,947,632
Other comprehensive income	-	-	-	-	-	-	-	(41,847,707)	-	(41,847,707)	-	(41,847,707)
Total comprehensive income for the year	-	-	-	-	-	-	-	(41,847,707)	20,335,484	(21,512,223)	612,148	(20,900,075)
Issue of bonus shares	2,310,000	-	-	-	-	-	-		(2,310,000)	-	-	-
Dividends	-	-	-	-	-	-	-	-	(32,231,868)	(32,231,868)	-	(32,231,868)
Purchase of treasury shares	-	-	(5,915,065)	-	-	-	-	-	-	(5,915,065)	-	(5,915,065)
Sale of treasury shares	-	-	5,242,253	659,255	-	-	-	-	-	5,901,508	-	5,901,508
Transfer to reserves	-	-	-	-	2,127,138	2,127,138	-	-	(4,254,276)	-	-	-
Net movement in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(410,824)	(410,824)
Balance at 30 April 2009	48,510,000	2,400,000	(1,129,912)	659,255	19,944,083	19,944,083	1,362,879	90,796,034	40,556,392	223,042,814	1,534,384	224,577,198

Cumulative changes in fair value consists of the following:

	2010 KD	2009 KD
a) Unrealised gain relating to investments available for sale (Equate)	**104,598,338**	93,905,877
b) Unrealised loss relating to investments available for sale (others)	**(5,525,882)**	(4,972,729)
c) Share of cumulative changes in fair values in the equity of an associate	**552,756**	1,862,886
d) Change in fair value of cash flow hedges	**(989,467)**	-
	98,635,745	90,796,034

During the year, the unrealised loss on investments available for sale (others and Equate) includes an amount of KD 1,525,493 (2009: unrealised gain of KD 11,619,749) in respect of foreign currency movements.

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

1. CORPORATE INFORMATION

The consolidated financial statements of Boubyan Petrochemical Company K.S.C. (the "Parent Company") and Subsidiaries (the "Group") for the year ended 30 April 2010 were authorised for issue in accordance with a resolution of the Board of Directors on 28 June 2010 and are issued subject to the approval of the Annual General Assembly of the shareholders of the Parent Company.

The Parent Company is a Kuwaiti Public Shareholding Company incorporated in the State of Kuwait on 12 February 1995 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The Parent Company is listed on the Kuwait Stock Exchange.

The Parent Company's main activity since inception has been direct investment in industrial projects in general and in chemical and petrochemical projects in particular.

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

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

	2010	2009
Petrochemical Industries Company K.S.C	**42.5%**	42.5%
Dow Chemical Company	**42.5%**	42.5%
Boubyan Petrochemical Company K.S.C.	**9%**	9%
Qurain Petrochemical Company K.S.C.	**6%**	6%

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

Statement of compliance

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

Change 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 IASB Standards during the year:

- IFRS 7: Financial Instruments: Disclosures (Amended)
- IFRS 8: Operating Segments
- IAS 1: Presentation of Financial Statements (Revised)
- IAS 16: Property, plant and equipment (Amended)
- IAS 19: Employee benefits (Amended)
- IAS 28: Investment in associates (Amended)
- IAS 32: Financial instruments: Presentation (Amended)
- IAS 36: Impairment of assets (Amended)
- IAS 38: Intangible assets (Amended)
- IAS 39: Financial instruments: recognition and measurement (Amended)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting policies and disclosures (continued)

The major changes relating to the Group are:

IFRS 7: Financial Instruments: Disclosures (Amended)
The amended standard requires additional disclosures about fair value measurement and liquidity risk. Measurements related to items at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments. The amended standard also requires disclosing a reconciliation between the beginning and ending balance for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The fair value measurement disclosures are presented in note 27.

IFRS 8: Operating Segments
The new standard which replaced IAS 14: Segment reporting requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in the segments being reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. IFRS 8 disclosures are shown in note 22.

IAS 1: Presentation of Financial Statements (Revised)
The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income, which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has now elected to present one single statement.

During the quarter ended 31 July 2009, the Group initially elected to present two statements in the interim condensed consolidated financial information. However, as at 30 April 2010, the management has decided to change the accounting policy to present one single statement as in the opinion of the management one single statement would provide more reliable and relevant information about the Group's financial performance.

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

Standards issued but not yet effective

IFRS 3R Business Combinations (effective 1 July 2009)
IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after effective date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27R Consolidated and separate financial statements (effective 1 July 2009)
IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

IFRS 9 Financial Instruments: Classification and Measurement (effective 1 January 2013)
IFRS 9 will replace IAS 32 and IAS 39 upon its effective date. The application of IFRS 9 will result in amendments to the classification and measurement of financial assets and liabilities of the consolidated financial statements of the Group. The amendments will be made in the consolidated financial statements when the standard becomes effective.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

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

Name of company	Principal activity	Country of incorporation	Effective equity interest on	
			2010	2009
Boubyan Plastic Industries Company K.S.C. (Closed). [Formerly Boubyan Plastic Industries Company(Ayad Faisal Al Khatrash And Partner) W.L.L.]	Manufacturing and trading of packaging material	Kuwait	**100%**	100%
National Waste Management Company K.S.C. (Closed)	Recycling of household waste	Kuwait	**50%**	50%
Muna Noor Manufacturing and Trading Co. L.L.C (MNMT)	Manufacturing and trading of plastic pipes	Sultanate of Oman	**99%**	80%
Olayan Arabian Packaging Company L.L.C	Manufacturing and trading of packaging material	Kingdom of Saudi Arabia	**60%**	60%

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

On 1 May 2009, the Parent Company sold 20% of its equity interest in Muna Noor Manufacturing and Trading Co. L.L.C to Boubyan Plastic Industries Company KSC (Closed) (a subsidiary of the Parent Company) for KD 1,190,616. No goodwill nor any gain or loss arose as this transaction took place between entities under common control.

On 28 April 2010, the Parent Company acquired 19% equity interest in MNMT for a total consideration of KD 4,507,672 from Boubyan International Industries Holding Company (an associate of the Parent Company) based on a third party valuation. Following the acquisition of non controlling interest, the Group owns 99% equity interest in MNMT. Goodwill arising on the transaction amounted to KD 3,427,947.

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

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

The subsidiaries have been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company. Acquisitions of non-controlling interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill. Disposals to non controlling interest result in gains and losses for the Group that are recorded in the consolidated statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)
The financial statements used in consolidation are drawn up to different reporting dates. However, there have been no significant events or transactions between the reporting dates of the subsidiaries and 30 April 2010 (the reporting date of the Parent Company).

Revenue recognition
Sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Interest income is recognised on a time proportion basis.

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

Zakat
The Group calculates Zakat in accordance with the requirements of Law No. 46 of 2006. The Zakat charge calculated in accordance with these requirements is charged to the consolidated statement of comprehensive income.

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

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

Financial assets and liabilities
The Group classifies its financial assets as "cash and cash equivalents" , "accounts receivable and prepayments", "investments carried at fair value through income statement", "investments available for sale" and "exchange of deposits" whereas the Group's financial liabilities includes "term loans", "trade payables", "murabaha payables" and "tawarruq payables".
The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments. A regular way purchase of financial assets is recognised using the trade date accounting. Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract.

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

Financial assets

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

For the purpose of consolidated cash flow statement, cash and cash equivalent consist of bank balances and short term deposits as defined above, net of outstanding bank overdraft.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)
Financial assets (continued)

Investments carried at fair value through income statement
Investments carried at fair value through income statement include investments held for trading and investments designated upon initial recognition as at fair value through income statement.

Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on financial assets held for trading are recognised in the consolidated statement of comprehensive income. Investments may be designated at initial recognition as at fair value through income statement if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy.

Financial assets available for sale
Financial assets available for sale are those non-derivative financial assets that are designated as available for sale or are not classified as “loans and receivables”. After initial measurement, financial assets available for sale are measured at fair value with unrealised gains or losses being recognised in other comprehensive income until the investment is derecognized, at which time the cumulative gain or loss recorded in other comprehensive income is recognised in the profit for the year, or determined to be impaired, at which time the cumulative loss previously recorded in other comprehensive income is recognised in the profit for the year.

Exchange of deposits
The Parent Company enters into exchange of deposits agreements with financial institutions. These transactions are accounted as exchange of deposits and recorded in the consolidated statement of financial position and consolidated statement of comprehensive income on a net basis as a legal right to set off exists. Share of profit or loss is imputed on these amounts and amortised to the consolidated statement of comprehensive income on an effective yield basis.

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

(a) For assets carried at fair value, impairment is the difference between cost and fair value less any impairment loss previously recognised in the profit for the year;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.
(c) For assets carried at amortised cost, impairment is based on estimated cash flows discounted at the original effective interest rate.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 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 profit for the year - is removed from other comprehensive income and recognised in the profit for the year. Impairment losses on equity investments are not reversed through the profit for the year; increases in their fair value after impairment are recognised directly in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Financial liabilities

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.

Term loans
Term loans are carried on the consolidated reporting 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.

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

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

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

The fair value of financial assets and liabilities traded in recognised financial markets is their quoted market price, based on the current bid price. For all other financial assets or liabilities where there is no quoted market price, a reasonable estimate of fair value is determined by reference to the current fair value of another instrument that is substantially the same, recent arm's length market transactions or discounted cash flow analysis.
For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to an earnings multiple, or an industry specific earnings multiple or a value based on a similar publicly traded company, or is based on the expected cash flows of the investment, or the underlying net asset base of the investment. Fair value estimates take into account liquidity constraints and assessment for any impairment.

Derecognition of financial assets and liabilities

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group 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 and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets and liabilities (continued)

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

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

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

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

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

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

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

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

In respect of fair value hedges, which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument to fair value is recognized immediately in the profit for the year. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognized in the other comprehensive income.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Raw materials – purchase cost on a weighted average basis.
Work in progress and finished goods – cost of direct materials and labour plus attributable overheads based on a normal level of activity.

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

Investment in associates
An associate is one over which the Group has significant influence but not control over its operations, generally accompanying, directly or indirectly, a shareholding of between 20% and 50% of the equity share capital and are accounted for by the equity method.

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

The Group recognises in the consolidated statement of comprehensive income its share of the total recognised profit or loss of the associate from the date that influence or ownership effectively commenced until the date that it effectively ceases. Distributions received from an associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate arising from changes in the associate's other comprehensive income that have not been recognised in the associate's consolidated income statement. The Group's share of those changes is recognised directly in the other comprehensive income.

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

If an investor's share of losses of an associate equals or exceeds its "interest in the associate", the investor discontinues recognising its share of further losses. The "interest in an associate" is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate. After the investor's interest is reduced to zero, additional losses are recognised by a provision (liability) only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

When an asset is revalued, any increase in the carrying amount arising on revaluation is credited directly to other comprehensive income, except to the extent that a revaluation increase merely restores the carrying value of an asset to its original cost, whereby it is recognised as other comprehensive income. A decrease resulting from a revaluation is initially charged directly against any related revaluation surplus held in respect of that same asset, the remaining portion being charged as an expense. On disposal the related revaluation surplus is credited directly to retained earnings. As the asset is used by the company, the realised revaluation surplus is credited to retained earnings.

Business combination and Goodwill

Business combinations are accounted for using the acquisition accounting method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value at the date of acquisition.

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

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

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

Treasury shares

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

Foreign currency transactions are recorded in Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to Kuwaiti Dinars at rates of exchange prevailing on that date. Any resultant gains or losses are recognised in the profit for the year.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Kuwaiti Dinars at the foreign exchange rates ruling at the dates that the fair values were determined. In case of non-monetary assets and liabilities whose change in fair values are recognised directly in other comprehensive income, foreign exchange differences are recognised directly in other comprehensive income and for non-monetary assets and liabilities whose change in fair value are recognised in the profit for the year, foreign exchange differences are recognised in the profit for the year.

Assets including goodwill and liabilities, both monetary and non-monetary, of foreign entities are translated at the exchange rates prevailing at the reporting date. Operating results of such entities are translated at average rates of exchange for the entities period of operations. The resulting exchange differences are taken to other comprehensive income and are accumulated in a separate section of the shareholder's equity (foreign currency translation reserve) until the disposal of the respective entities.

Significant accounting judgments and estimates

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

Classification of investments

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

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

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

The management classifies investments as held to maturity if they are non-derivative financial assets which carry fixed or determinable payments and fixed maturities and which the management has the positive intention and ability to hold to maturity.

All other investments are classified as available for sale.

Impairment of investments

The Group treats available for sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment.

Impairment of accounts receivable

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates (continued)

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

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

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

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.

3. DIVIDEND INCOME

Dividend income for the year include dividends received from Equate Petrochemicals Company K.S.C. (Closed) and The Kuwait Olefins Company K.S.C (Closed) amounting to KD 7,968,492 (2009: KD 16,755,539) and KD 3,114,720 (2009: KD nil) respectively.

4. INVESTMENT INCOME

	2010	2009
	KD	KD
Investments carried at fair value through income statement		
Investments held for trading		
Realised gain (loss)	**6,640**	(5,018,007)
Investments designated at fair value through income statement		
Unrealised gain	**21,427,628**	21,705,652
Others		
Realised gain on sale of investments available for sale (others)	**6,163,770**	36,023,864
Other investments related income	**3,103,970**	4,728,315
	9,267,740	40,752,179
	30,702,008	57,439,824

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

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

	2010 KD	2009 KD
Profit for the year attributable to equity holders of the Parent Company	**21,407,327**	20,335,484
Weighted average number of paid up shares outstanding	**485,100,000**	485,100,000
Weighted average number of treasury shares	**(394,761)**	(2,322,099)
Weighted average number of outstanding shares for basic and diluted EPS	**484,705,239**	482,777,901
Basic and diluted earnings per share	**44.17 fils**	42.12 fils

6. CASH AND CASH EQUIVALENTS

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

	2010 KD	2009 KD
Cash at banks and on hand	**4,494,138**	5,710,905
Murabaha deals and deposits	**5,511,550**	1,879,315
Bank balances and short term deposits	**10,005,688**	7,590,220
Bank overdraft	**(267,586)**	-
	9,738,102	7,590,220

Murabaha deals and deposits carry interest at commercial rates.

Included in cash and cash equivalents are balances denominated in foreign currencies amounting to KD 3,860,211 (2009: KD 1,079,315) mainly in US Dollars.

7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2010 KD	2009 KD
Trade receivables	**7,020,962**	6,791,786
Accrued income	**1,884,168**	1,244,120
Other receivables	**430,368**	720,224
	9,335,498	8,756,130

Trade receivables are non-interest bearing and are generally 0 to 60 days terms. At 30 April 2010, trade receivable at nominal value of KD Nil (2009: KD 1,390,802) were impaired and fully provided for.

7. ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

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

		Past due but not impaired				
	Neither past due nor impaired	*< 30 days*	*30 to 60 days*	*60 to 90 days*	*> 90 days*	*Total*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*
2010	**4,630,152**	**987,572**	**601,711**	**401,753**	**399,774**	**7,020,962**
2009	5,127,958	872,250	785,407	2,094	4,077	6,791,786

Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the balance is, therefore, unsecured.

8. INVENTORIES

	2010 KD	2009 KD
Goods in transit	**382,350**	278,864
Raw materials	**2,292,988**	1,235,352
Work in progress	**24,510**	41,716
Finished goods	**1,074,777**	1,063,642
	3,774,625	2,619,574

9 . INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	2010 KD	2009 KD
Investments held for trading		
Quoted investments	**698,595**	693,756
Unquoted investments	**2,350,390**	2,575,111
	3,048,985	3,268,867
Investments carried at fair value through income statement-designated		
Unquoted investments	**53,663,045**	32,239,075
	56,712,030	35,507,942

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

Unquoted investments
Fair value of unquoted investments have been determined by the directors of the Parent Company using an appropriate valuation method based on the latest information available of the results and future projections. As a result of this exercise, unrealised gain of KD 21,592,333 (2009: KD 22,500,000) was recognised in the profit for the year.

During the year ended 30 April 2009, the Group adopted amendments to IAS 39: Financial instruments: recognition and measurement issued by the IASB on 13 October 2008 and reclassified certain trading investments with a carrying value of KD 42,122,809 from the 'held for trading category' to the 'available for sale category' out of which an amount of KD 17,222,339 was transferred with effect from 1 August 2008 and the balance during the period as decided by the management based on the dates when the management ceased trading in these investments.

The Group has recorded unrealised losses of KD Nil (2009: KD 1,728,417) in respect of the reclassified investments in other comprehensive income. Had the Group not adopted the amendments to IAS 39, the unrealised loss would have been recorded in the profit for the year. The Group has recorded impairment loss of KD 7,179,172 (2009: KD 18,669,456) in the profit for the year in respect of these reclassified investments.

10. INVESTMENT AVAILABLE FOR SALE (EQUATE)

The fair value of the 9% equity interest in Equate Petrochemicals Company K.S.C. (Closed) ("Equate") of KD 130,500,000 (2009: KD 120,000,000) has been determined by the directors of the Parent Company using an appropriate valuation method based on the latest information available of the results and future projections of Equate.

As a result of this exercise, unrealised gain of KD 10,692,461 (2009: unrealised loss of KD 13,702,111), after taking into account of the foreign currency fluctuations, was recognized in the other comprehensive income. Certain portion of this investment (to the extent of it's original cost) is designated as hedged item in fair value hedging relationship with amounts borrowed from banks as term loans and under exchange of deposits arrangements (See notes 13 and 15). Fair value changes relating to foreign currency fluctuations amounting to KD 192,461 (2009 KD 2,202,111) in respect of this investment have been accounted for in the profit for the year.

11. INVESTMENTS AVAILABLE FOR SALE (OTHERS)

	2010	2009
	KD	KD
Quoted investments	**61,684,076**	53,973,385
Unquoted investments	**121,078,084**	135,485,542
	182,762,160	189,458,927

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

Unquoted investments
Management has performed a review of unquoted investments to assess whether impairment has occurred in the value of these investments due to the impact of the global financial crisis and current exceptional market circumstances. Based on specific information and in light of the unprecedented, unusual and current market conditions/valuations, management has recorded impairment loss of KD 21,965,281 (2009: KD 52,104,700) in the profit for the year in respect of investments available for sale (others).

At 30 April 2010, certain unquoted investments available for sale amounting to KD 13,109,228 (2009: KD 20,298,440) are carried at cost due to the non availability of reliable measures of their fair values. The management is not aware of any circumstances that would indicate impairment in the value of these investments as at 30 April 2010.

Certain investments available for sale denominated in US Dollars, Pounds Sterling, Euros and Japanese Yen with a carrying value of KD 94,931,551 (2009: KD 97,649,151) are designated as hedged items in fair value hedging relationship with amounts borrowed from banks as term loans and under exchange of deposits arrangements (See note 13 and 15). Fair value changes of KD 725,882 relating to foreign currency fluctuations in respect of these investments have been accounted for in the profit for the year.

12. INVESTMENT IN ASSOCIATES

The Parent Company has the following investment in associates:

	Country of incorporation	Ownership	
		2010	2009
Boubyan International Industries Holding Company K.S.C. ("BIIHC")	Kuwait	**20%**	20%
Kuwaiti Qatari International Holding Company K.S.C. ("KQIHC")	Kuwait	**50%**	50%

BIIHC is involved in various types of industrial investments. KQIHC invests in stakes of different companies.

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

	2010 KD	2009 KD
At the beginning of the year	**14,674,449**	13,543,753
Share of results	**229,678**	2,784,246
Reduction of share capital by an associate	**-**	(1,000,000)
Dividends received	**-**	(1,200,000)
Share of cumulative changes in fair value reserve	**(1,310,130)**	546,450
At 30 April	**13,593,997**	14,674,449

The share of results of the associates is based on the management accounts of these companies as at 31 March 2010 and 30 April 2010 for Kuwait Qatar International Holding Company K.S.C. (Closed) and Boubyan International Industries Holding Company K.S.C. (Closed) respectively. In the opinion of the directors of the Parent Company, the profit reported in the management accounts will not be materially different if these management accounts had been audited by the auditors of these companies.

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

The carrying value of each individual associate is as follows:

	2010 KD	2009 KD
Boubyan International Industries Holding Company K.S.C.	**10,723,571**	11,783,590
Kuwaiti Qatari International Holding Company K.S.C.	**2,870,426**	2,890,859
	13,593,997	14,674,449

The management of the Parent Company has assessed the carrying value of the associates. As at 30 April 2010, there are no indications that the carrying value of these associates is impaired. Therefore, no impairment is required to be recognized in respect of these associates in the profit for the year.

12. INVESTMENT IN ASSOCIATES (continued)

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

	2010	2009
	KD	KD
Share of the associates' assets and liabilities:		
Current assets	**4,133,593**	3,488,026
Non-current assets	**14,190,128**	16,635,075
Current liabilities	**(340,497)**	(283,942)
Non-current liabilities	**(4,389,227)**	(5,164,710)
Net assets	**13,593,997**	14,674,449
Share of the associates' revenue and results:		
Revenue	**3,806,370**	8,668,834
Results	**229,678**	2,784,246

13. EXCHANGE OF DEPOSITS

As at 30 April 2010, the Parent Company had the following exchange of deposit agreements with a foreign bank:

- Deposits of US dollar equivalent to KD 22,569,300 (2009: KD 22,737,000) and borrowings of Pounds sterling, Euro and Japanese Yen equivalent to KD 20,580,599 (2009: KD 20,446,767) with an agreement to reverse these amounts on 28 March 2012.
- Deposits of US dollar equivalent to KD 15,914,250 (2009: KD 16,032,500) and borrowings of Pounds sterling, Euro and Japanese Yen equivalent to KD 11,639,908 (2009: KD 11,596,243) with an agreement to reverse these amounts on 9 January 2013.
- Deposits of UAE dirhams equivalent to KD 8,671,007 (2009: KD 8,735,486) and borrowed US dollar and Singapore dollar equivalent to KD 8,304,473 (2009: KD 8,211,928) with an agreement to reverse these amounts on 4 August 2011.

These transactions are presented as follows:

	2010	2009
	KD	KD
Deposits with banks	**47,154,557**	47,504,986
Due to banks	**(40,524,980)**	(40,254,938)
Shown on the consolidated statement of financial position	**6,629,577**	7,250,048

The Pounds Sterling, US Dollar, Japanese Yen and Euro foreign currency borrowings have been designated as fair value hedging instruments to manage the exposure to fluctuations in foreign currency rates of certain investments available for sale (others) (See notes 10 and 11).

14. PROPERTY, PLANT AND EQUIPMENT

	Land	*Buildings*	*Plant And equipment*	*Furniture and office equipment*	*Motor vehicles*	*Capital work in progress*	*Total*
	KD	KD	KD	KD	KD	KD	KD
Balance at 1 May 2009, net of accumulated depreciation	2,000,000	2,621,022	3,764,800	102,985	33,662	1,557,529	10,079,998
Transferred from capital work in progress	-	662,853	883,925	10,751	-	(1,557,529)	-
Revaluation surplus	-	2,304,557	1,840,577	132,519	-	-	4,277,653
Additions	-	383	71,300	172,885	29,935	991,766	1,266,269
Disposals	-	-	(38,489)	(345)	(13,078)	-	(51,912)
Depreciation	-	(171,991)	(537,915)	(43,647)	(39,967)	-	(793,520)
Balance at 30 April 2010	**2,000,000**	**5,416,824**	**5,984,198**	**375,148**	**10,552**	**991,766**	**14,778,488**
Property, plant and equipment at cost	2,000,000	5,077,967	9,598,652	641,944	192,271	991,766	18,502,600
Revaluation surplus	-	2,304,557	1,840,577	132,519	-	-	4,277,653
Disposals	-	-	(38,489)	(345)	(13,078)	-	(51,912)
Accumulated depreciation	-	(1,965,700)	(5,416,542)	(398,970)	(168,641)	-	(7,949,853)
Net carrying amount at 30 April 2010	**2,000,000**	**5,416,824**	**5,984,198**	**375,148**	**10,552**	**991,766**	**14,778,488**
Balance at 1 May 2008, net of accumulated depreciation	2,000,000	3,891,971	2,926,603	114,089	35,275	1,557,529	10,525,467
Additions	-	-	1,172,138	12,360	-	-	1,184,498
Disposals	-	(945,920)	(6,137)	(2,577)	-	-	(954,634)
Depreciation	-	(325,029)	(327,804)	(20,887)	(1,613)	-	(675,333)
Balance at 30 April 2009	2,000,000	2,621,022	3,764,800	102,985	33,662	1,557,529	10,079,998
Property, plant and equipment							
At cost	2,000,000	4,414,731	8,643,426	458,308	162,336	1,557,529	17,236,330
Accumulated depreciation	-	(1,793,709)	(4,878,626)	(355,323)	(128,674)	-	(7,156,332)
Net carrying amount at 30 April 2009	2,000,000	2,621,022	3,764,800	102,985	33,662	1,557,529	10,079,998

15. TERM LOANS

	2010 KD	2009 KD
The loan is unsecured and denominated in US dollar which is repayable in 5 equal annual instalments with effect from 27 December 2006.	**1,099,530**	2,215,400
The loan is unsecured and denominated in US dollar which is repayable in 10 semi annual instalments with effect from 21 March 2008.	**5,425,313**	9,109,375
The loan is unsecured and denominated in US dollar which is repayable in 5 annual instalments with effect from 26 March 2008.	**3,472,200**	5,247,000
The loan is unsecured and denominated in US dollar which is repayable in 9 equal semi annual instalments with effect from 15 September 2008.	**4,018,750**	5,668,056
The loan is unsecured and denominated in US dollar which is repayable in 8 equal semi annual instalments with effect from 15 November 2008.	**18,084,375**	25,506,250
The loan is unsecured and denominated in US dollar which is repayable on 15 September 2010.	**10,705,950**	10,785,500
The loan is unsecured and denominated in US dollar which is repayable on 4 August 2011.	**20,254,500**	20,405,000
The loan is unsecured and denominated in UAE dirhams which is repayable on 4 August 2011.	**8,671,007**	8,735,486
The loan is unsecured and borrowed by one of the subsidiaries and is denominated in Omani riyals repayable in 10 semi annual installments starting from April 2009.	**2,426,195**	3,058,642
The loan is unsecured and denominated in US dollar which is repayable on 15 November 2013.	**10,127,250**	10,202,500
The loan is unsecured and denominated in KD which is repayable on 30 September 2011. During the year the local bank converted into an Islamic bank and accordingly the amount has been reclassified as Islamic financing payable (note 16).	**-**	28,000,000
The loan is unsecured and denominated in KD which is repayable on 30 September 2011	**10,000,000**	-
The loan is unsecured and denominated in KD repayment starting from 31 January 2010.	**5,000,000**	-
The loan is unsecured and denominated in US dollar which is repayable on 15 September 2011. This loan was reclassified from revolving loan during the year.	**23,148,000**	-
Other term loans	**2,190,931**	3,535,489
Other revolving loans	**4,709,988**	27,861,468
	129,333,989	160,330,166

Other revolving loans are unsecured and are repayable within one year.
Loans denominated in foreign currencies are as follows:

	2010 KD	2009 KD
Euro	**382,630**	774,730
Omani riyal	**3,993,922**	3,916,400
US dollar	**100,839,633**	118,142,270
UAE Dirhams	**8,671,007**	8,735,486
	113,887,192	131,568,886

All above mentioned term loans carry interest at commercial rates.

16. ISLAMIC FINANCING PAYABLES

	2010 KD	2009 KD
Murabaha payables	17,000,000	-
Tawarruq payables	28,000,000	-
	45,000,000	-

During the year, the Parent Company has obtained murabaha facilities amounting to KD 17,000,000 from two local banks. Tawarruq payable represents amount payable to a local bank which was converted to an Islamic bank with effect from 1 April 2010 (note 15). The average cost rate attributable to murabaha payables and tawarruq payable is at commercial rate.

17. ACCOUNTS PAYABLE AND ACCRUALS

	2010 KD	2009 KD
Accounts payable	5,774,913	4,698,633
Accrued charges on credit facilities	861,395	890,838
Provision for Kuwait Foundation for the Advancement of Sciences	199,553	163,600
Provision for National Labour Support tax	562,760	507,056
Zakat	205,784	190,237
Directors' fees	75,000	75,000
Other payables	3,195,577	4,745,514
	10,874,982	11,270,878

18. SHARE CAPITAL AND DIVIDENDS

Authorised, issued and paid-up capital consists of 485,100,000 shares (2009: 485,100,000 shares) of 100 fils per share (2009: 100 fils per share).

The Board of Directors of the Parent Company has proposed a cash dividend of 30 fils per share (excluding treasury shares) amounting to KD 14,525,041 which is subject to the approval of the shareholders at the Annual General Meeting.

On 7 July 2009, the shareholders at the annual general assembly of the Parent Company approved cash dividend of 25 fils per share amounting to KD 12,106,934 in respect of the year ended 30 April 2009.

19. TREASURY SHARES

	2010	2009
Number of treasury shares	931,973	2,461,973
Percentage of issued shares	0.19%	0.51%
Market value in KD	493,946	1,218,677
Cost in KD	461,841	1,129,912

20. RESERVES

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

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

(b) Voluntary reserve
In accordance with the Parent Company's articles of association, 10% of the profit for the year before contribution to Zakat, Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax and directors' fees has been transferred to the voluntary reserve. There are no restrictions on the distribution of the voluntary reserve.

21. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturity profile of bank balances and short term deposits, exchange of deposits and term loans at the year end is based on contractual repayment arrangements. The maturity profile for the remaining assets and liabilities is determined based on the management estimate of liquidation of those financial assets. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of assets and liabilities is as follows:

30 April 2010	*Within 3 months*	*3 to 12 months*	*1 to 5 years*	*Over five years*	*Total*
Assets	*KD*	*KD*	*KD*	*KD*	*KD*
Bank balances and short term deposits	10,005,688	-	-	-	10,005,688
Accounts receivable and prepayments	6,621,188	2,714,310	-	-	9,335,498
Inventories	1,258,209	2,516,416	-	-	3,774,625
Investments carried at fair value through income statement	-	56,712,030	-	-	56,712,030
Investments available for sale (Equate)	-	-	-	130,500,000	130,500,000
Investments available for sale (others)	-	-	182,762,160	-	182,762,160
Investment in associates	-	-	-	13,593,997	13,593,997
Exchange of deposits	-	-	6,629,577	-	6,629,577
Property, plant and equipment	-	-	-	14,778,488	14,778,488
Goodwill	-	-	-	6,002,464	6,002,464
Total Assets	17,885,085	61,942,756	189,391,737	164,874,949	434,094,527

21. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

30 April 2010	*Within 3 months KD*	*3 to 12 months KD*	*1 to 5 years KD*	*Over five years KD*	*Total KD*
LIABILITIES					
Bank overdraft	**267,586**	**-**	**-**	**-**	**267,586**
Term loans	**4,234,371**	**23,300,503**	**101,799,115**	**-**	**129,333,989**
Islamic financing payables	**-**	**-**	**45,000,000**	**-**	**45,000,000**
Accounts payable and accruals	**2,746,793**	**5,592,944**	**2,535,245**	**-**	**10,874,982**
Dividend payable	**-**	**2,662,651**	**-**	**-**	**2,662,651**
TOTAL LIABILITIES	**7,248,750**	**31,556,098**	**149,334,360**	**-**	**188,139,208**

30 April 2009 Assets	*Within 3 months KD*	*3 to 12 Months KD*	*1 to 5 years KD*	*Over five years KD*	*Total KD*
Bank balances and short term deposits	7,590,220	-	-	-	7,590,220
Accounts receivable and prepayments	7,380,709	1,375,421	-	-	8,756,130
Inventories	873,192	1,746,382	-	-	2,619,574
Investments carried at fair value through income statement	-	35,507,942	-	-	35,507,942
Investments available for sale (Equate)	-	-	-	120,000,000	120,000,000
Investments available for sale (others)	-	-	189,458,927	-	189,458,927
Investment in associates	-	-	-	14,674,449	14,674,449
Exchange of deposits	-	-	7,250,048	-	7,250,048
Property plant and equipment	-	-	-	10,079,998	10,079,998
Goodwill	-	-	-	2,574,517	2,574,517
Total ASSETS	15,844,121	38,629,745	196,708,975	147,328,964	398,511,805

30 April 2009	*Within 3 months KD*	*3 to 12 Months KD*	*1 to 5 years KD*	*Over five years KD*	*Total KD*
Liabilities					
Term loans	3,643,750	41,163,774	115,522,642	-	160,330,166
Accounts payable and accruals	-	6,169,502	5,101,376	-	11,270,878
Dividend payable	-	2,333,563	-	-	2,333,563
TOTAL LIABILITIES	3,643,750	49,666,839	120,624,018	-	173,934,607

22. SEGMENTAL INFORMATION

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

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

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

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

	Investments		*Manufacturing and Trading*		*Total*	
	2010 KD	*2009 KD*	***2010 KD***	*2009 KD*	***2010 KD***	*2009 KD*
Segment revenues	**45,484,085**	79,325,327	**23,078,561**	25,189,028	**68,562,646**	104,514,355
Segment profit	**16,438,973**	18,212,471	**4,968,354**	2,123,013	**21,407,327**	20,335,484
Assets	**403,250,900**	377,733,229	**30,843,627**	20,778,576	**434,094,527**	398,511,805
Liabilities	**177,129,990**	164,235,789	**11,009,218**	9,698,818	**188,139,208**	173,934,607
Capital Expenditure	**31,743,433**	98,065,215	**1,266,269**	1,178,506	**33,009,702**	99,243,721
Depreciation	**2,846**	21,052	**790,674**	654,281	**793,520**	675,333

Geographic information

	2010			2009		
	Kuwait	**GCC and the rest of the Middle East**	**Total**	Kuwait	GCC and the rest of the Middle East	Total
	KD	**KD**	**KD**	KD	KD	KD
Segment revenues	**41,539,101**	**27,023,545**	**68,562,646**	52,868,879	51,645,476	104,514,355
Non current assets	**4,907,295**	**15,873,656**	**20,780,951**	5,125,971	7,528,545	12,654,516

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

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

23. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include staff cost of KD 1,282,477 (2009: KD 1,437,543), provision for guarantee of KD Nil (2009: KD 800,000), depreciation of KD 95,309 (2009: KD 89,189), impairment of trade receivables of KD Nil (2009: KD 1,390,802), fair value loss on interest rate swaps of KD 912,670 (2009: Nil), other administrative expenses of KD 2,133,306 (2009: KD 900,172), reversal of bonus provision no longer required of KD 1,529,803 (2009: KD Nil) and reversal of provision for guarantee no longer required of KD 1,600,000 (2009: KD Nil).

24. RELATED PARTY TRANSACTIONS

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

Transactions with related parties included in the profit for the year are as follows:

	Associates KD	*Major shareholders KD*	*Other related parties KD*	**2010 KD**	*2009 KD*
Sales	**-**	**1,500,443**	-	**1,500,443**	905,472
Share of results	**229,678**	**-**	-	**229,678**	2,784,246
Other income	**30,000**	**-**	-	**30,000**	30,000

Balances with related parties included in the consolidated statement of financial position are as follows:

	Associates KD	*Major shareholders KD*	*Other related parties KD*	**2010 KD**	*2009 KD*
Accounts receivable and Prepayments	-	-	-	-	17,756

On 28 April 2010, the parent company acquired 19% equity interest in MNMT for a total consideration of KD 4,507,672from Boubyan International Industries Holding Company (an associate of the Parent Company) based on a third party valuation. Goodwill arising on the transaction amounted to KD 3,427,947.

Compensation of key management personnel

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

	2010 KD	2009 KD
Short-term benefits	**180,000**	124,000
Employees' end of service benefits	**12,693**	9,899
	192,693	133,899

25. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

25. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

				Notional amounts by term to maturity	
2010	*Positive fair value* ***KD***	*Negative fair value* ***KD***	*Notional amount* ***KD***	*Within one year* ***KD***	*1 - 5 years* ***KD***
Derivatives held for trading:					
Interest rate swaps	103,564	1,016,234	42,534,450	7,233,750	35,300,700

				Notional amounts by term to maturity	
2010	*Positive fair value* ***KD***	*Negative fair value* ***KD***	*Notional amount* ***KD***	*Within one year* ***KD***	*1 - 5 years* ***KD***
Derivatives held for hedging:					
Interest rate swaps	-	989,467	30,821,350	1,913,150	28,908,200

26. RISK MANAGEMENT

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

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

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

Risk management structure

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

Risk mitigation

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

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

Interest rate risk

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

26. RISK MANAGEMENT (continued)

Interest rate risk (continued)

The sensitivity of the profit for the year is the effect of the assumed changes in interest rates on the Group's profit before Zakat, KFAS, directors' fees and NLST based on floating rate financial assets and financial liabilities held at 30 April 2010 and 2009. There is no impact on equity.

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

	Increase in basis points	*Effect on profit before directors' fees, Zakat, KFAS and NLST for the year KD*
2010 KD	+25	**435,080**
2009 KD	+25	400,131

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

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

One of the subsidiaries of the Parent Company sells its products mainly to Equate, a related party and its balances accounted for 31% of outstanding accounts receivable at 30 April 2010 (2009: 32%).

Risk concentration of maximum exposure to credit risk

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

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

	Kuwait KD	***GCC and the rest of the Middle East KD***	***International KD***	***Total KD***
As at 30 April 2010				
Bank balances and short term deposits	**7,891,105**	**2,114,583**	**-**	**10,005,688**
Accounts receivable and prepayments	**2,926,738**	**6,408,760**	**-**	**9,335,498**
Exchange of deposits	**-**	**-**	**6,629,577**	**6,629,577**
Maximum exposure to credit risk assets	**10,817,843**	**8,523,343**	**6,629,577**	**25,970,763**

	Kuwait KD	*GCC and the rest of the Middle East KD*	*International KD*	*Total KD*
As at 30 April 2009				
Bank balances and short term deposits	6,727,680	862,540	-	7,590,220
Accounts receivable and prepayments	2,459,246	6,296,884	-	8,756,130
Exchange of deposits	-	-	7,250,048	7,250,048
Maximum exposure to credit risk assets	9,186,926	7,159,424	7,250,048	23,596,398

26. RISK MANAGEMENT (continued)

Risk concentration of maximum exposure to credit risk (continued)

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

	2010 KD	2009 KD
Trading and manufacturing	**9,335,498**	8,756,130
Banks and financial institutions	**16,635,265**	14,840,268
	25,970,763	23,596,398

Liquidity risk

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

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

30 April 2010	***Within 3 months KD***	***3 to 12 months KD***	***1 to 5 years KD***	***Total KD***
Accounts payable and accruals	**3,967,535**	**5,592,944**	**633,108**	**10,193,587**
Dividend payable	**-**	**2,662,651**	**-**	**2,662,651**
Term loans	**5,476,304**	**26,870,208**	**105,804,756**	**138,151,268**
Islamic financing payable	**652,500**	**1,957,500**	**47,910,000**	**50,520,000**
Total liabilities	**10,096,339**	**37,083,303**	**154,347,864**	**201,527,506**

30 April 2009	*Within 3 months KD*	*3 to 12 Months KD*	*1 to 5 years KD*	*Total KD*
Accounts payable and accruals	-	5,278,664	5,101,376	10,380,040
Dividend payable	-	2,333,563	-	2,333,563
Term loans	5,220,489	17,844,798	149,872,458	172,937,745
Total liabilities	5,220,489	25,457,025	154,973,834	185,651,348

Currency risk

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

The Group's investments are mainly denominated in US dollars, EURO, Japanese Yen and Pound Sterling. These investments are financed by borrowings in foreign currencies; consequently management believes that there is no significant risk due to fluctuations in currency rates. The management also manages these rates by entering into hedging transactions (Notes 11 and 13).

The effect on profit before Zakat, KFAS, directors' fees and NLST (due to change in the fair value of monetary assets and liabilities) other comprehensive income, 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 other comprehensive income		*Effect on profit before KFAS, NLST, Zakat and directors' fees*	
	2010 KD	2009 KD	**2010 KD**	2009 KD
USD	**5,030,625**	4,535,006	**4,292,171**	4,449,677
Euro	**-**	-	**727,100**	1,092,764
GBP	**-**	-	**824,260**	820,038

26. RISK MANAGEMENT (continued)

Equity price risk

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

The effect on profit and other comprehensive income (as a result of a change in the fair value of investment carried at fair value through income statement and available for sale investments at 30 April 2010) due to a reasonably possible change in market indices, with all other variables held constant is as follows:

	Change in equity price	*Effect on profit for the year before KFAS, NLST, Zakat and directors' fees*		*Effect on other comprehensive income*	
	%	**2010 KD**	2009 KD	**2010 KD**	2009 KD
Investments carried at fair value through statement of income	**+20**	**609,797**	693,588	**-**	-
Investments available for sale (others)	**+20**	**-**	-	**12,336,816**	6,588,098
Investments available for sale (others)	**-20**	**(3,858,873)**	(5,207,917)	**(8,477,943)**	-
Total		**(3,249,076)**	(4,514,329)	**3,858,873**	6,588,098

The decrease in equity price percentage will have the opposite effect on other comprehensive income and profit for the year. If there is subsequent decline in the fair value of the investments available for sale (others), the decline in fair value will be taken to the profit for the year.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 30 April 2010 and 30 April 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, term loans, dividend payables and account payables and accruals less cash and cash equivalents and exchange of deposits. Total capital represents equity attributable to the equity holders of the Parent Company.

26. RISK MANAGEMENT (continued)

Capital management (continued)

	2010 KD	2009 KD
Term loans	**129,333,989**	160,330,166
Islamic financing payables	**45,000,000**	-
Dividend payables	**2,662,651**	2,333,563
Accounts payable and accruals	**10,874,982**	11,270,878
Less: exchange of deposits	**(6,629,577)**	(7,250,048)
Less: cash and cash equivalents	**(9,738,102)**	(7,590,220)
Net debt	**171,503,943**	159,094,339
Total capital	**244,926,955**	223,042,814
Gearing (debt to equity) ratio	**70%**	71.3%

27. 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

As at 30 April 2010, the Group held the following financial instruments measured at fair value:

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

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities:
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

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

	Level: 1 KD	*Level: 2 KD*	*Level: 3 KD*	*Total fair value KD*
2010				
Financial assets				
Investments available for sale (others)				
Quoted investments	61,684,076	-	-	61,684,076
Unquoted investments	-	-	107,968,856	107,968,856
	61,684,076	-	107,968,856	169,652,932
Investments available for sale (Equate)				
Unquoted investments	-	-	130,500,000	130,500,000
Investments carried at fair value through income statement				
Quoted investments	698,595	-	-	698,595
Unquoted investments	-	-	56,013,435	56,013,435
Derivative financial instruments				
Interest rate swaps	-	103,564	-	103,564
	698,595	103,564	56,013,435	56,815,594
Financial liabilities				
Derivative financial instruments				
Interest rate swaps	-	(2,005,701)	-	(2,005,701)

27. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Following the amendments to IFRS 7, the Group is exempted from disclosing comparative information.

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

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of bank balances and cash, murabaha deals, deposits with banks, exchange of deposits, receivables and investments. Financial liabilities consist of term loans, payables and accrued expenses.

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

28. CONTINGENCIES AND CAPITAL COMMITMENTS

	2010 **KD**	2009 KD
Acquisition of investments	**1,700,944**	1,474,407

29. KEY SOURCES OF ESTIMATION UNCERTAINTY

Valuation of unquoted equity instruments

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation (Notes 9 and 10). There are a number of investments available for sale where fair values cannot be reliably determined, and as a result, investments with a carrying amount of KD 13,109,228 (2009: KD 20,298,440) are carried at cost (Note 11).

Impairment of inventories

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

At the reporting date, gross raw materials were KD 2,676,338 (2009: KD 1,272,232) and gross finished goods and goods for re-sale were KD 1,074,778 (2009: KD 1,063,642), with provisions for old and obsolete inventories of KD 85,548 (2009: KD 36,880). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the profit for the year.