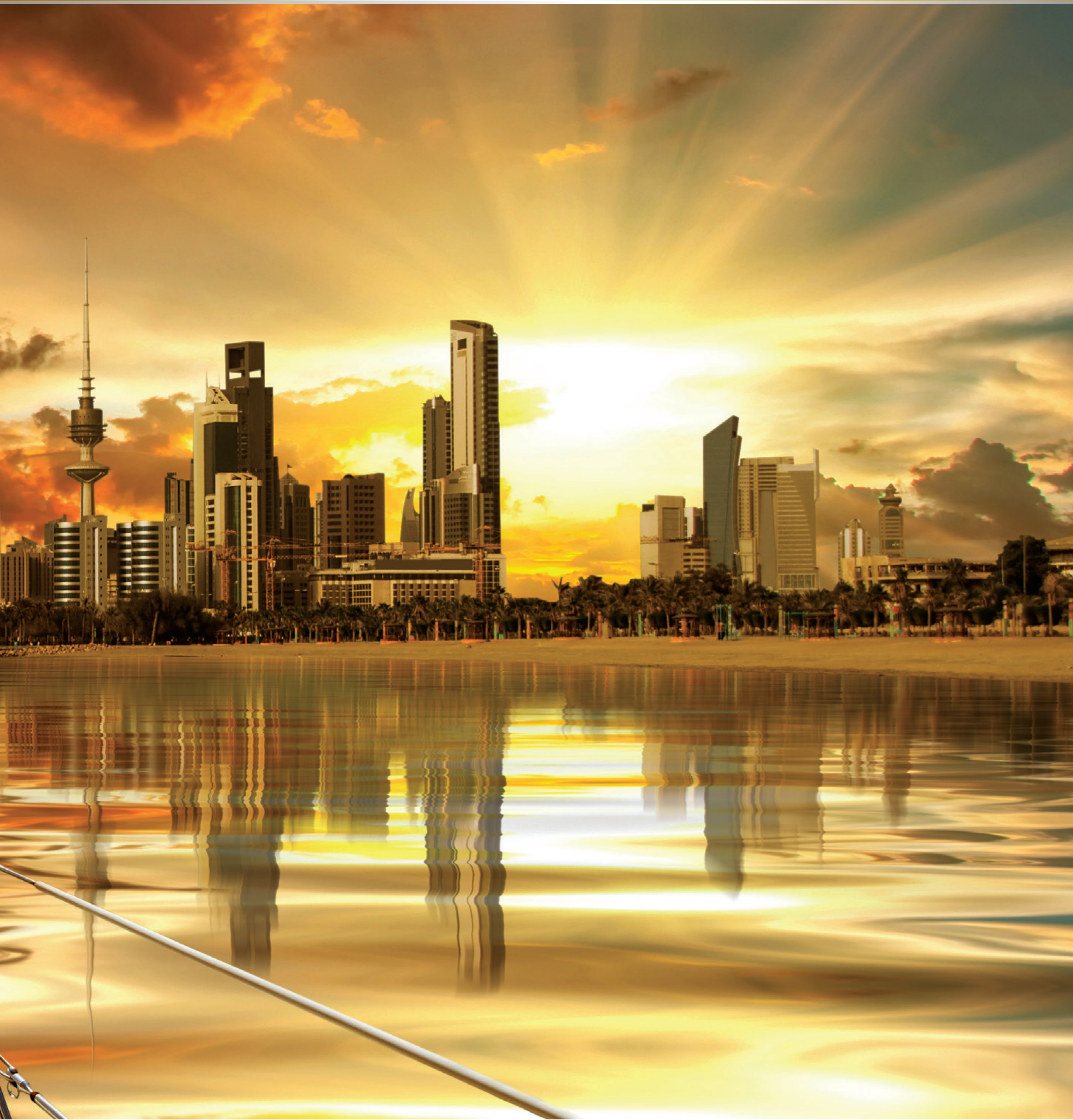
ANNUAL REPORT 2016

FOR THE YEAR ENDED 30TH APRIL

BOUBYAN PETROCHEMICAL Co. (K.S.C.P)



H.H. / Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah

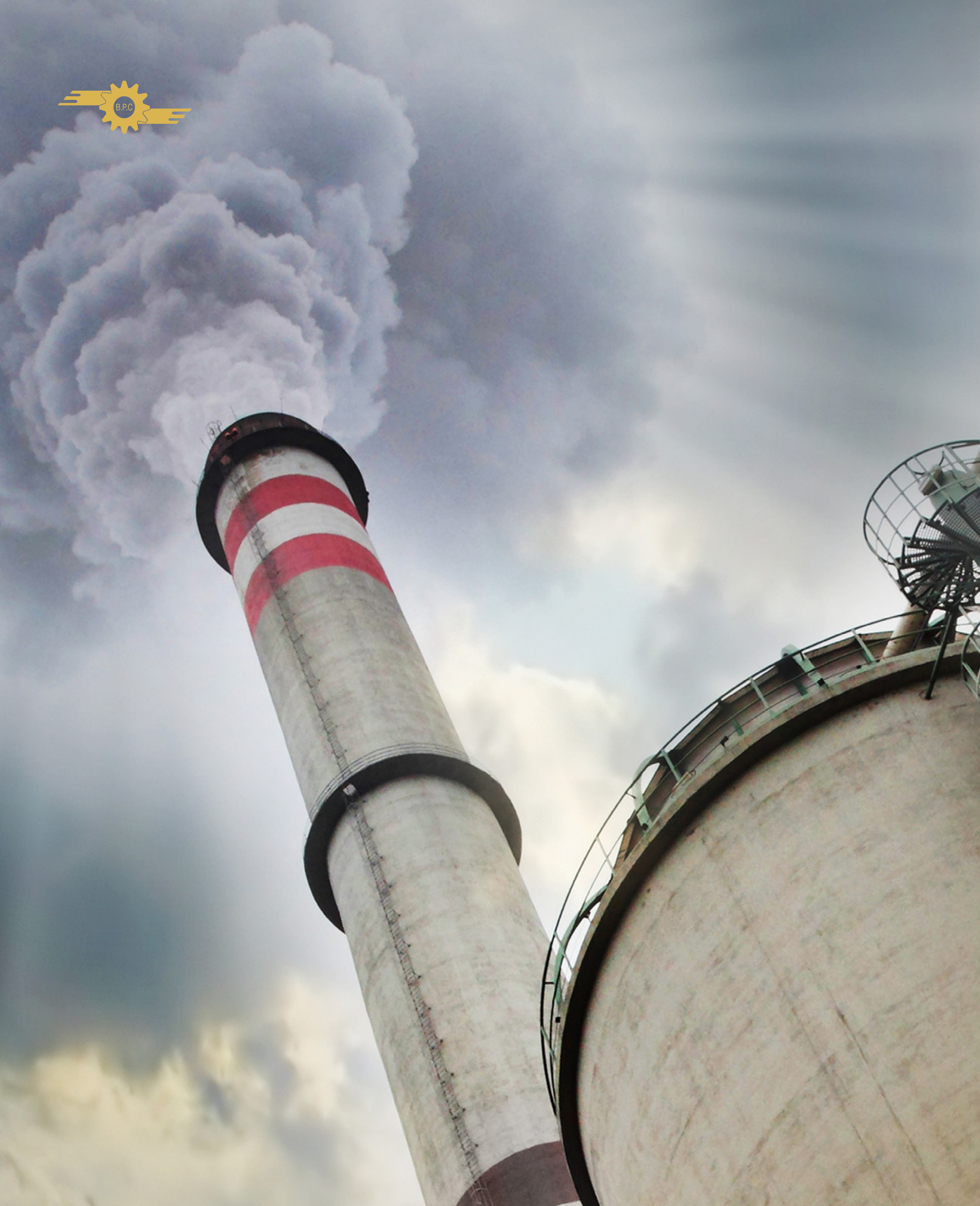
The Amir of The State of Kuwait

H.H. / Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah

The Prime Minister of The State of Kuwait

H.H. / Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah

The Crown Prince of The State of Kuwait


B.P.C

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BOARD OF DIRECTORS

Dabbous Mubarak AL-Dabbous
Chairman

Khalid Ali AL-Gahanim
Deputy Chairman

Saoud Abdulaziz AL-Babtain
Board Member

Khalid Abdullaziz AL-Muraikhi
Board Member

Khalid Mohamed AL-Ameer
Board Member

MESSAGE TO THE SHAREHOLDERS

On behalf of my colleagues, Directors of the Board, and staff members of Boubyan Petrochemical group of companies, it gives me great pleasure to welcome you to the 20th annual general meeting to review the company's performance and results for the financial year ended 30/4/2016, where the company has managed to maintain a relatively good performance despite the unstable global economic condition during the past year, due to the continued steep decline in crude prices which started in June 2014.

The continuous decline in oil prices during 2015 and until now has no doubt resulted in the steady decline in petrochemical prices. As such, the performance of (EQUATE) Petrochemical Company and TKOC was impacted, where our share of cash dividends from EQUATE Group was KD 19.38 million for the financial year ended 31/12/2015 compared to a total of KD 28.05 million for the previous year.

As for our most important subsidiaries and associates, the Muna Noor group of companies in Oman is obviously the most important one which has performed exceptionally well, where it made KD 1.6 million in net profit compared to KD 915,000 the previous year. On the associate front, AWAZEL stood out in performance as our share of profits reached KD 1.5 million compared to KD 1.1 million for the previous year.

On the other hand, and in line with our general strategy, the Company as disclosed earlier, continues to seek acquiring significant stakes in operating companies as well as strategic alliances. The Company would even consider establishing new JV's in the various sectors and geographies. Efforts are focused on continuously seeking to enhance the overall performance through improving returns of our subsidiaries via products portfolio, and capacity increases.

On the financial front for the year ended 30/4/2016, the Company managed to achieve net profit of KD 22.8 million, equivalent to 43.8 Fils per share before reserves and dividends, despite the harsh economic conditions mentioned above. Total Shareholder's Equity reached KD 299.8 million, yielding a return on equity of 7.6% and return on assets of 5.5%.

Given the continued stable performance and the comfortable liquidity, the Board recommends maintaining the cash dividends distribution of KD 20.6 million at the a rate of 40% (i.e. 40 fils per share) for the financial year ended 30/4/2016. It is worth noting that this represents the 20th year of continued profitability and the 15th year of continuous cash dividends distribution. If the proposed distributions are approved, then total accumulated cash dividends paid since Boubyan's inception would reach 548 Fils (i.e. almost KD 250 million).

The Board has also recommend to the AGM a remuneration distribution to its members amounting to a total of KD 75,000 for the year ended 30/4/2016.

On another note and regarding Corporate Governance, the Board has approved a number of resolutions aiming at the implementation of the corporate governance in accordance with the regulatory authorities, and primarily CMA. It is worth noting that following the company previous EGM's and upcoming EGM's, the Articles of the Company were amended to comply with the new companies Law no 1/2016 and any amendment thereafter.

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

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

Warm regards,

Dabbous Mubarak Al-Dabbous
Chairman

SUMMARY OF MAJOR DIRECT INVESTMENTS

EQUATE Petrochemicals Company (EQUATE) – KSCC

EQUATE was established in 1995 as a joint venture between Petrochemical Industries Co (45% of equity) and Union Carbide (now Dow Chemicals) which also had 45% equity stake. The balance (which is 10%) belongs to Boubyan Petrochemical Company (BPC). EQUATE is one of 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 essentially an extension to EQUATE, whose existing facilities were expanded resulting in an increase in the production capacities of the current line of products. Therefore, allowing for optimization of capacity with minimal capital investment.

Muna Noor Group of Companies, Oman

Muna Noor Manufacturing & Trading Company – MNMT, Muscat
Muna Noor Plastic Industries Company – MNPI, Sohar
Muna Noor LLC, Salalah

Muna Noor was established 42 years ago to seize the opportunity in the modernization of the region's piping systems. As part of the brand's progressive character, capacities and product ranges are continuously expanded to meet the needs and ambitions of the region. To date, Muna Noor's divisions deliver: large-scale and bespoke HDPE, UPVC, DWC and Multi-layer HDPE pipes, fittings, plastic fabrication, lining for steel pipe, traditional and electro fusion welding solutions, complete irrigation systems, SCADA control systems and a multiplicity of valves and controls for water. The company continues to develop state-of-the-art solutions with the aim to exceed client expectations and to collaborate on new and exciting projects.

Muna Noor offers unique pipe solutions for modern, unconventional and economic pipe laying applications in dredging, desalination, water and sewage, irrigation, oil and gas, telecoms, industrial, mining, construction and infrastructure sectors. As an ISO 9001:2008 certified company, the primary commitment is to deliver quality products and services to clients.

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

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

Boubyan Petrochemical Company acquired a 24% equity stake in Al-Kout Industrial Projects Company in May of 2010, through an auction on the Kuwait Stock Exchange; such a stake has increased to 24.75% since the initial purchase of the stake. Al-Kout is the exclusive producer of chlorine, caustic soda, and hydrochloric acid in Kuwait. It sells its products to the Kuwait Ministry of Electricity & Water for utilization in water desalination plants, to the Public Authority of Industry in Kuwait for sea water cooling stations, in addition to companies working within the Oil and Gas sector in Kuwait. The company also sells its products in other regional customers.

Al-Kout is listed on Kuwait Stock Exchange and declared net profits amounting to KD 5.29 million (i.e. 56.61 fils/share) for the year ended in December 31st 2015 in comparison to KD 4.95 million (56.08 fils/share) the previous year. Al-Kout declared a cash dividend of 40 fils/share (similar cash dividend to that of the previous year) and a stock dividend of 4 shares for every 100 shares for the period ended December 31st 2015.

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

Boubyan Petrochemical Company acquired 12.5% equity stake in BANAGAS for $30 million (approx. KD 8.3 million) during November of 2011, through a bidding process. The Government of Bahrain is the largest single shareholder with a 75% stake, while Chevron-Bahrain owns the balance 12.5% stake. BPC is represented on the Board of BANAGAS.
BANAGAS operates liquefied petroleum gas plant facilities to recover propane, butane, and naphtha from associated gas recovered from oil wells and refinery gas. BANAGAS produces approximately 3000 bbls of propane per day, 3200 bbls of butane per day, and 4500 bbls of naphtha per day. In 2013 another compressor station was commissioned alongside a central control room in the central gas plant. At present BANGAS employs over 500 people, of which 92% are Bahrainis.

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

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

Jubail Integrated Packaging Company (JIPC) LLC, Saudi Arabia

In 2014, BPC acquired the remaining 40% stake of Olayan Arabian Packaging Company LLC (OPAC), set up in 1994 and located in Jubail Industrial City, from Olayan Financing Company. Subsequently, the Company was renamed Jubail Integrated Packaging Co. (JIPC). JIPC manufactures and markets various types of stretch, shrink-wrap and cling-films and has an installed capacity to produce 19,200 tons per year. JIPS caters primarily to the Saudi Market with periodic exports to Europe. The products of JIPC complement the products of Boubyan Plastic Industries Co., Kuwait (BPIC), which is a wholly owned subsidiary and together they meet the significant demand from the MENA region.

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

BIIHC was incorporated more than 10 years ago (1/8/2004) with a KD 30 million paid up capital. BPC has 20% equity stake in BIIHC (Associate Co.). This makes BPC its largest single shareholder. BIIHC main activity has been investing in operating companies and in certain industrial equity holdings in the GCC and internationally. Company management has entered into strategic alliance to set up various projects in the infrastructure and real estate sectors throughout the GCC. BIIHC has been listed on the Kuwait Stock Exchange since December of 2010.

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

In October of 2012, BPC acquired a further 10% equity stake in Awazel, bringing its total equity ownership to around 20.78%. Awazel was established in 1981 in Saudi Arabia through an oxidation plant and a membrane production line that has since grown to become one of the largest and most comprehensive manufacturer of bitumen (asphalt) based waterproofing material in the Middle East. It is worth noting that Awazel started diversifying its risk through acquisition of stakes in companies that have products that complement its own; i.e. mainly in the construction and building materials sector.

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

In December 2012, BPC acquired 20% equity stake in Al Borg Medical Laboratories Company for approximately KD 5.7 million. Al Borg Medical Labs is a Saudi-based company that specializes in managing and operating medical laboratories that provide a wide range of clinical diagnostic tests through a large number of branches across in the GCC region as well as in some other Arab countries. Al Borg Labs was established in 2002 as a Limited Liability Company with its headquarters in Jeddah, Saudi Arabia. The management of the company has been continuously seeking to expand both on the local and regional level as well as through strategic acquisitions of shares in companies with similar activities.

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

CONSOLIDATED FINANCIAL STATEMENTS

30 April 2016

Independent Auditor's Report To The Sharholders

EY
Building a better working world

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Boubyan Petrochemical Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 30 April 2016, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 April 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, the executive regulation of Law No. 25 of 2012, and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and the executive regulation of Law No. 25 of 2012, or of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 30 April 2016 that might have had a material effect on the business of the Parent Company or on its financial position.

Waleed A. Al-Osaimi
Licence No. 68 A Ey
AL AIBAN, AL OSAIMI & P ARTNERS

Ali Khaled Al-Faraj
Licence No. 28 A
OF AL-FARAJ AUDITING OFFICE

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

CONSOLIDATED STATEMENT OF INCOME

For the year ended 30 April 2016

	Notes	2016 KD	2015 KD
Sales		**30,561,908**	26,840,770
Cost of sales		**(25,475,667)**	(23,419,410)
GROSS PROFIT		**5,086,241**	3,421,360
Dividend income	3	**20,141,953**	28,199,990
(Loss) gain on financial assets at fair value through profit or loss	10	**(120,000)**	24,286,604
Net gain on financial assets available for sale (Others)		**4,141,727**	324,865
Share of results of associates	13	**3,730,898**	2,669,303
Impairment of associate	13	**(918,108)**	(2,384,298)
General and administrative expenses	5	**(4,608,523)**	(3,724,688)
Finance costs		**(2,475,611)**	(2,490,176)
Other income		**989,366**	208,425
Foreign exchange loss		**(78,703)**	(223,737)
Gain on sale of associate assets	13	**685,637**	-
Profit before impairment of financial assets available for sale		**26,574,877**	50,287,648
Impairment of financial asset available for sale (Others)	12	**(2,602,002)**	(21,669,621)
PROFIT BEFORE TAXATION AND DIRECTORS' FEE		**23,972,875**	28,618,027
Taxation	7	**(1,058,266)**	(956,600)
Directors' fees		**(75,000)**	(75,000)
PROFIT FOR THE YEAR		**22,839,609**	27,586,427
Profit attributable to:			
Equity holders of the Parent Company		**22,839,609**	27,537,843
Non-controlling interests		**-**	48,584
PROFIT FOR THE YEAR		**22,839,609**	27,586,427
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	8	**43.83 fils**	52.39 fils

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

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

CONSOLIDATED STATEMENT OF INCOME

For the year ended 30 April 2016

	Notes	2016 KD	2015 KD
PROFIT FOR THE YEAR		**22,839,609**	27,586,427
Other comprehensive (loss) income			
Items that are or may be reclassified subsequently to consolidated statement of income:			
Unrealised loss on financial assets available for sale (Others)		**(2,683,610)**	(20,344,962)
Exchange differences on translation of foreign operations		**(88,390)**	2,268,462
Unrealised (loss) gain on financial assets available for sale (Equate)	11	**(5,500,000)**	10,535,255
Realised gain on sale of financial assets available for sale (Others)		**(115,325)**	(324,865)
Transfer to consolidated statement of income for the year on impairment of financial assets available for sale (Others)	12	**2,602,002**	21,669,621
Share of other comprehensive income of associates	13	**145,129**	608,122
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		**(5,640,194)**	14,411,633
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**17,199,415**	41,998,060
Attributable to:			
Equity holders of the Parent Company		**17,199,415**	41,949,476
Non-controlling interests		**-**	48,584
		17,199,415	41,998,060

The attached notes 1 to 28 form part these consolidated financial statements

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

CONSOLIDATED STATEMENT OF FINANCIAL POSTION

As at 30 April 2016

	Notes	2016 KD	2015 KD
ASSETS			
Cash and cash equivalents	4	**19,893,819**	20,733,605
Accounts receivable and prepayments	6	**14,210,111**	10,880,421
Inventories	9	**7,342,548**	6,784,606
Financial assets at fair value through profit or loss	10	**125,164,633**	125,284,633
Financial assets available for sale (Equate)	11	**148,258,892**	153,763,255
Financial assets available for sale (Others)	12	**40,033,641**	34,476,331
Investment in associates	13	**31,385,625**	32,469,703
Property, plant and equipment	14	**21,601,594**	22,142,273
Goodwill		**6,002,464**	6,002,464
TOTAL ASSETS		**413,893,327**	412,537,291
LIABILITIES AND EQUITY			
Liabilities			
Term loans	15	**64,348,060**	68,506,447
Islamic financing payables	16	**33,469,564**	23,261,267
Accounts payable and accruals	17	**12,654,049**	11,186,892
Dividend payable		**3,605,529**	3,429,648
Total liabilities		**114,077,202**	106,384,254
Equity			
Share capital	18	**53,482,275**	50,935,500
Share premium		**2,400,000**	2,400,000
Treasury shares	19	**(9,741,292)**	(6,142,427)
Treasury shares reserve		**998,971**	998,971
Statutory reserve	20	**26,741,138**	25,467,750
Voluntary reserve	20	**25,467,750**	25,467,750
Other reserves		**50,516**	50,516
Revaluation reserve		**5,106,784**	5,106,784
Cumulative changes in fair value		**124,803,976**	130,444,170
Retained earnings		**70,506,007**	71,424,023
Total equity		**299,816,125**	306,153,037
TOTAL LIABILITIES AND EQUITY		**413,893,327**	412,537,291

Dabbous M. Al-Dabbous
(Chairman)

Khaled A. Al-Ghanim
(Deputy Chairman)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2016

	Attributable to shareholders of the Parent Company										
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Voluntary reserve KD	Other reserves KD	Revaluation reserve KD	Cumulative changes in fair value KD	Retained earnings KD	Total equity KD
Balance as at 1 May 2015	50,935,500	2,400,000	(6,142,427)	998,971	25,467,750	25,467,750	50,516	5,106,784	130,444,170	71,424,023	306,153,037
Profit for the year	-	-	-	-	-	-	-	-	-	22,839,609	22,839,609
Other comprehensive loss	-	-	-	-	-	-	-	-	(5,640,194)	-	(5,640,194)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	-	-	(5,640,194)	22,839,609	17,199,415
Transfer to reserves (note 20)	-	-	-	-	1,273,388	-	-	-	-	(1,273,388)	-
Issue of bonus shares (note 18)	2,546,775	-	-	-	-	-	-	-	-	(2,546,775)	-
Dividends (note 18)	-	-	-	-	-	-	-	-	-	(19,937,462)	(19,937,462)
Purchase of treasury shares (note 19)	-	-	(3,598,865)	-	-	-	-	-	-	-	(3,598,865)
Balance as at 30 April 2016	**53,482,275**	**2,400,000**	**(9,741,292)**	**998,971**	**26,741,138**	**25,467,750**	**50,516**	**5,106,784**	**124,803,976**	**70,506,007**	**299,816,125**

The attached notes 1 to 28 form part these consolidated financial statements

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 30 April 2016

	Attributable to shareholders of the Parent Company												
	Share capital KD	Share premium KD	Treasury shares KD	shares reserve KD	Statutory reserve KD	Voluntary reserve KD	Other reserves KD	Revaluation reserve KD	Cumulative changes in fair value KD	Retained earnings KD	Sub total KD	Non-controlling interests KD	Total equity KD
Balance as at 1 May 2014	48,510,000	2,400,000	(4,676,586)	998,971	24,255,000	24,255,000	(181,744)	5,106,784	116,032,537	70,203,584	286,903,546	1,432,260	288,335,806
Profit for the year	-	-	-	-	-	-	-	-	-	27,537,843	27,537,843	48,584	27,586,427
Other comprehensive income	-	-	-	-	-	-	-	-	14,411,633	-	14,411,633	-	14,411,633
Total comprehensive income for the year	-	-	-	-	-	-	-	-	14,411,633	27,537,843	41,949,476	48,584	41,998,060
Transfer to reserves (note 20)	-	-	-	-	1,212,750	1,212,750	-	-	-	(2,425,500)	-	-	-
Issue of bonus shares (note 18)	2,425,500	-	-	-	-	-	-	-	-	(2,425,500)	-	-	-
Purchase of treasury shares (note 19)	-	-	(1,465,841)	-	-	-	-	-	-	-	(1,465,841)	-	(1,465,841)
Dividends	-	-	-	-	-	-	-	-	-	(21,466,404)	(21,466,404)	-	(21,466,404)
Acquisition of non-controlling interest (note 21)	-	-	-	-	-	-	232,260	-	-	-	232,260	(1,480,844)	(1,248,584)
Balance as at 30 April 2015	50,935,500	2,400,000	(6,142,427)	998,971	25,467,750	25,467,750	50,516	5,106,784	130,444,170	71,424,023	306,153,037	-	306,153,037

Cumulative changes in fair value consist of the following:

	2016 KD	2015 KD
a) Unrealised gain relating to investments available for sale (Equate)	**121,900,361**	127,400,361
b) Unrealised gain relating to investments available for sale (others)	**1,015,792**	1,212,725
c) Foreign currency translation reserve	**1,756,032**	1,844,422
d) Share of cumulative changes in fair values in the equity of associates	**131,791**	(13,338)
	124,803,976	130,444,170

During the year, the unrealised loss on financial assets available for sale (Others and Equate) includes an amount of KD 13,569 (2015: KD 2,311,535) in respect of foreign currency movements.

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

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 April 2016

	Notes	2016 KD	2015 KD
OPERATING ACTIVITIES			
Profit for the year before Tax and Directors' fees		**23,972,875**	28,618,027
Adjustments for:			
Finance cost		**2,475,611**	2,490,176
Depreciation	14	**1,281,736**	1,069,956
Employees' end of service benefits		**88,566**	43,404
Gain from financial assets at fair value through profit or loss	10	**120,000**	(24,286,604)
Realised loss on sale of financial assets available for sale (Others)		**(4,141,727)**	(324,865)
Realised gain on sale on associate	13	**(685,637)**	-
Impairment of financial assets available for sale (Others)	12	**2,602,002**	21,669,621
Share of results of associates	13	**(3,730,898)**	(2,669,303)
Impairment on associates	13	**918,108**	2,384,298
		22,900,636	28,994,710
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		**(3,329,690)**	(541,305)
Inventories		**(557,942)**	(1,143,875)
Accounts payable and accruals		**1,548,426**	(409,545)
Tax paid		**(1,256,221)**	(257,198)
Net cash flows from operating activities		**19,305,209**	26,642,787
INVESTING ACTIVITIES			
Additions to property, plant and equipment	14	**(632,902)**	(2,544,605)
Proceeds from sale of property, plant and equipment	14	**81,545**	19,892
Additions to financial assets available for sale (Others)		**(9,289,205)**	(275,740)
Dividends received from associates		**1,799,524**	2,192,364
Proceeds from disposal of associate assets	13	**2,617,095**	-
Proceeds from disposal of financial assets available for sale (Others)		**4,900,907**	1,549,750
Net cash flows (used in) from investing activities		**(523,036)**	941,661
FINANCING ACTIVITIES			
Dividend paid		**(19,761,581)**	(21,198,370)
Acquisition of non-controlling interest	21	**-**	(1,200,000)
Net movement in term loans		**(3,010,457)**	12,666,251
Net movement in islamic financing payables		**9,210,297**	(14,398,641)
Finance cost paid		**(2,540,056)**	(2,553,353)
Purchase of treasury shares		**(3,598,865)**	(1,465,841)
Net cash flows used in financing activities		**(19,700,662)**	(28,149,954)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(918,489)**	(565,506)
Cash and cash equivalents as at 1 May		**20,733,605**	21,075,374
Foreign exchange loss		**78,703**	223,737
CASH AND CASH EQUIVALENTS AS AT 30 APRIL	4	**19,893,819**	20,733,605

The attached notes 1 to 28 form part these consolidated financial statements

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 30 April 2016

1 CORPORATE INFORMATION

The consolidated financial statements of Boubyan Petrochemical Company K.S.C.P. (the “Parent Company”) and its subsidiaries (the “Group”) for the year ended 30 April 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 11 May 2016 and are subject to the approval of the Annual General Assembly of the shareholders of the Parent Company. The Annual General Assembly of the shareholders has the power to amend the consolidated financial statements after issuance.

The Parent Company is a Kuwaiti Public Shareholding Company incorporated in the State of Kuwait on 12 February 1995. The Parent Company is listed on the Kuwait Stock Exchange. The Parent Company’s registered office is at KIPCO Tower Floor 35, Khalid bin Al Waleed St, P.O. Box 2383, 13024 Safat, Kuwait. The principal activities of the Group are explained in note 23.

- The principal objectives of the Parent Company include the following:
- To manufacture all kinds of petrochemical material and their derivatives.
- To sell, purchase, supply, distribute, export and store such materials and to participate in related activities including establishing and leasing the required services inside or outside Kuwait either as a principal or as an agent.
- Acquiring and developing industrial projects, Industries estates, services and support industries. Provision of industries & financial support to projects under development.
- Participating in, acquiring or taking over companies of similar activities or those that would facilitate in achieving the Parent Company’s objectives inside or outside Kuwait.
- Investing the surplus funds in investment portfolios.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016 cancelled the Companies Law No 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 of November 2012, the executive regulation of Law No. 25 of 2012 will continue until a new set of executive regulation is issued.

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

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

	2016	2015
Petrochemical Industries Company K.S.C.	**42.5%**	42.5%
Dow Chemical Company	**42.5%**	42.5%
Boubyan Petrochemical Company K.S.C.P.	**9%**	9%
Qurain Petrochemical Company K.S.C.P.	**6%**	6%

2 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 land and buildings, financial assets at fair value through profit or loss and financial assets available for sale. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Statement of compliance

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

Changes In Accounting Policies And Disclosures

New and amended standards and interpretations

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in previous year, except for the adoption of the following new standards / amendments to IFRS effective as of 1 January 2015:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group’s current accounting policy and thus, this amendment did not impact the Group’s accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2015 and clarify that:

An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’.

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The Group has not applied the aggregation criteria in IFRS 8.12 and, thus, this amendment did not impact the Group’s accounting policy.

The Group has presented the reconciliation of segment assets to total assets in previous years and continues to disclose the same in Note 26 in this year’s consolidated financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of its decision making.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively for annual periods beginning on or after 1 January 2015 and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2015 did not have any material impact on the accounting policies, financial position or performance of the Group.

Standards and interpretations issued but not effective

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and interpretations issued but not effective (continued)

IFRS 9 - Financial Instruments

The IASB issued IFRS 9 - Financial Instruments in its final form in July 2014 and is effective for annual periods beginning on or after 1 January 2018 with a permission to early adopt. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non- financial assets. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The adoption of this standard will have an effect on the classification and measurement of Group's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The Group is in the process of quantifying the impact of this Standard on the Group's consolidated financial statements, when adopted.

IFRS 15 Revenue from contracts with customers

IFRS 15 was issued by IASB on 28 May 2014 and is effective for annual periods beginning on or after 1 January 2017. IFRS 15 supersedes IAS 11 – Construction Contracts and IAS 18 – Revenue along with related IFRIC 13, IFRIC 18 and SIC 31 from the effective date. This new standard would remove inconsistencies and weaknesses in previous revenue recognition requirements, provide a more robust framework for addressing revenue issues and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The Group is in the process of evaluating the effect of IFRS 15 on the group and do not expect any significant impact on adoption of this standard.

Annual improvements for 2010-2012 and 2011-2013 cycle which are effective from 1 January 2016 are not expected to have a material impact on the Group.

IAS 1 Disclosure Initiative (Amendment)

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

- the materiality requirements in IAS 1
- that specific line items in the statement(s) of income statement and OCI and the statement of financial position may be disaggregated
- that entities have flexibility as to the order in which they present the notes to financial statements
- that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of income and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (collectively the "Group") as at 30 April 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

The consolidated financial statements include the following subsidiaries:

Name of the subsidiaries	Principal activity	Country of incorporation	Group's legal ownership at 30 April	
			2016	2015
***Boubyan Plastic Industries Company K.S.C. (Closed) ["BPIC"]	Manufacturing and trading of packaging material	Kuwait	**99%**	99%
*Muna Noor Manufacturing and Trading Co. L.L.C. ("MNMT")	Manufacturing and trading of plastic pipes	Sultanate of Oman	**100%**	100%
**Jubail Integrated Packaging Co. L.L.C (JIPC)	Manufacturing and trading of packaging material	Kingdom of Saudi Arabia	**100%**	100%
*Muna Noor Plastic Industries L.L.C. ("MNPI")	Manufacturing and trading of plastic pipes	Sultanate of Oman	**100%**	100%
*Muna Noor L.L.C. (Salalah) ("MN- S")	Manufacturing and trading of plastic pipes	Sultanate of Oman	**100%**	100%

*20% is held through BPIC.
**40% is held through BPIC.
***1% held by Board of Directors Signatories.

Business combinations and goodwill

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 30 April 2016

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of income.

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

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

Summary of significant accounting policies

Revenue recognition

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

Sale of goods

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

Interest income

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

Dividend income

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

Taxation

Zakat

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

Kuwait Foundation for the Advancement of Sciences (KFAS)

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary Of Significant Accounting Policies (continued)

Taxation (continued)

National Labour Support Tax (NLST)

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

Taxation on overseas subsidiaries

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

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, financial assets available for sale, receivables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs.

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

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied.

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 30 April 2016

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary Of Significant Accounting Policies (continued)

Subsequent measurement (continued)

Financial assets available for sale

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

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

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

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

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.

Derecognition of financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary Of Significant Accounting Policies (continued)

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial assets available for sale

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

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

Impairment losses on equity investments are not reversed through the consolidated statement of income; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as investments carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of income for the year.

Financial assets at amortised cost

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

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

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded in the consolidated statement of income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other income in consolidated statement of income.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary Of Significant Accounting Policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

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

Term loans

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

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

Islamic financing payables

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

Derecognition of financial liabilities

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

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

Fair value

The Group measures financial instruments, such as, financial assets available for sale, at fair value at each balance sheet date.

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary Of Significant Accounting Policies (continued)

Fair value (continued)

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

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

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

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

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

Offsetting

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

Inventories

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

Raw materials: purchase cost on a weighted average basis.
Work in progress and finished goods: cost of direct materials and 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. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies, generally accompanying directly or indirectly, a shareholding of between 20% and 50% of the equity share capital and are accounted for by the equity method.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

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

The financial statements of the associate are prepared not more than three months gap from the reporting period of the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary Of Significant Accounting Policies (continued)

Investment in associates (continued)

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

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

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

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary Of Significant Accounting Policies (continued)

Impairment of non-financial assets

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

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

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

Financial instruments and hedge accounting

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

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

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. A formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. Hedges are formally assessed each quarter. A hedge is regarded as highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80% to 125%.

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

Fair value hedges

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

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

Cash and cash equivalents

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary Of Significant Accounting Policies (continued)

Treasury shares

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

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

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

End of service indemnity

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

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

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

Foreign currencies

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

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

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

Provisions

General

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary Of Significant Accounting Policies (continued)

Provisions (continued)

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of; the amount that would be recognised in accordance with the general guidance for provisions above in accordance with 'IAS 37: Provisions, Contingent Liabilities and Contingent Assets', or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition in accordance with 'IAS 18: Revenue'.

Other reserve

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

Segment information

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

Dividends on ordinary shares

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

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

Contingencies

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

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

Significant judgements, estimates and assumptions

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

Judgments

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

Classification of financial assets

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

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

Classification of investments carried at fair value through profit or loss depends on how management monitor the performance of these financial assets 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 statement of income in the management accounts, they are classified at fair value through statement of income.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary Of Significant Accounting Policies (continued)

Significant judgements, estimates and assumptions (continued)

Impairment of Financial assets

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

Estimation uncertainty and assumptions

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

Impairment of accounts receivable

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

Impairment of goodwill

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

Useful lives of property, plant and equipment

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

Impairment of investment in associates

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

Valuation of unquoted financial assets

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

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

3 DIVIDEND INCOME

Dividend income for the year include dividends received from Equate and TKOC amounting to KD 10,562,033 (2015: KD 15,329,864) and KD 8,820,057 (2015: KD 12,796,235), respectively.

4 CASH AND CASH EQUIVALENTS

	2016 KD	2015 KD
Cash and bank balances	**19,893,819**	2,357,761
Deposits	**-**	18,482,600
Bank overdraft	**-**	(106,756)
Cash and cash equivalents	**19,893,819**	20,733,605

Deposits carried profits at commercial rates and matured within three months from the deposit date in prior year.
Included in cash and cash equivalents are balances denominated in foreign currencies amounting to KD 2,368,791 (2015: KD 1,267,490) mainly in US Dollars, Omani Riyals and Saudi Riyals.

5 GENERAL AND ADMINISTRATIVE EXPENSES

	2016 KD	2015 KD
Staff cost	**2,361,273**	1,959,421
Depreciation (Note 14)	**192,438**	104,653
Other administrative expenses	**2,054,812**	1,660,614
	4,608,523	3,724,688

6 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2016 KD	2015 KD
Trade receivables (Gross)	**11,864,110**	8,921,211
Less: allowance	**(430,889)**	(341,293)
	11,433,221	8,579,918
Accrued income	**1,148,210**	580,245
Other receivables	**1,628,680**	1,720,258
	14,210,111	10,880,421

Trade receivables are non-interest bearing and are generally 0 to 60 days terms.

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

	Neither past due nor impaired	Past due but not impaired				Total
	KD	< 30 days KD	30 to 60 days KD	60 to 90 days KD	> 90 days KD	KD
2016	**3,079,192**	**379,383**	**1,830,191**	**2,697,353**	**3,447,102**	**11,433,221**
2015	2,626,769	376,289	1,465,572	2,741,477	1,369,811	8,579,918

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

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

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7 TAXATION

	2016 KD	2015 KD
Contribution to NLST	**613,862**	680,951
Contribution to KFAS	**200,311**	248,692
Contribution to Zakat	**43,903**	-
Taxation arising from overseas subsidiary	**200,190**	26,957
	1,058,266	956,600

8 BASIC AND DILUTED EARNINGS PER SHARE

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

	2016 KD	2015 KD
Profit for the year attributable to equity holders of the Parent Company	**22,839,609**	27,537,843
	Shares	*Shares*
Weighted average number of shares outstanding	**534,822,750**	534,822,750
Weighted average number of treasury shares	**(13,745,831)**	(9,172,104)
Weighted average number of outstanding shares	**521,076,919**	525,650,646
Basic and diluted earnings per share attributable to equity holders of the Parent Company	**43.83 fils**	52.39 fils

In accordance with International Accounting Standard 33 “Earnings per share”, number of shares for the year ended 30 April 2015 has been restated for the issue of bonus shares (Note 18).

9 INVENTORIES

	2016 KD	2015 KD
Raw materials	**5,336,865**	5,042,922
Work in progress	**111,029**	50,793
Finished goods	**1,614,636**	1,427,729
Goods in transit	**280,018**	263,162
	7,342,548	6,784,606

At the reporting date, gross raw materials were KD 5,488,775 (2015: KD 5,168,152) and gross finished goods and gross work in progress were KD 1,725,665 (2015: KD 1,478,522), with provisions for old and obsolete inventories of KD 151,910 (2015: KD 125,230). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of income for the year.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 KD	2015 KD
Financial assets designated at fair value through profit or loss		
Unquoted investments (TKOC)	**125,164,633**	125,284,633

Unquoted investments

Fair value of the unquoted investment has been estimated using a weighted average of mainly two valuation models: dividend discount model and free cash flow model. The valuation requires management to make certain assumptions about the models inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments. As a result of this exercise, an unrealised loss of KD 120,000 (2015: unrealised gain of KD 24,286,604) was recognised in the consolidated statement of income for the year.

11 FINANCIAL ASSETS AVAILABLE FOR SALE (EQUATE)

The fair value of the 9% equity interest in Equate Petrochemicals Company K.S.C. (Closed) ("Equate") of KD 148,258,892 (2015: KD 153,763,255) has been estimated using a weighted average of mainly two valuation models: dividend discount model and free cash flow model. The valuation requires management to make certain assumptions about the models inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

As a result of this exercise, an unrealised loss of KD 5,500,000 (2015: unrealised gain of KD 10,535,255) was recognised in the other comprehensive income.

The cost portion of the investment in Equate is designated as a hedged item in fair value relationship with amounts borrowed from banks as term loans (Note 15). As a result of the fair value hedge Equate value has been decreased by KD 4,363 (Note 26) which is recognized in income statement and offset with similar increase on the designated term loans.

12 FINANCIAL ASSETS AVAILABLE FOR SALE (OTHERS)

	2016 KD	2015 KD
Quoted equity investments	**11,459,911**	1,351,857
Unquoted equity investments	**28,573,730**	33,124,474
	40,033,641	34,476,331

Management has performed a review of investments to assess whether impairment has occurred in the value of these investments. Based on specific information, management has recorded an impairment loss of KD 2,602,002 (2015: KD 21,669,621) in the consolidated statement of income for the year in respect of financial assets available for sale (Others). Based on the latest available financial information, management is of the view that no further impairment is required as at 30 April 2016, in respect of these investments.

At 30 April 2016, certain unquoted financial assets available for sale amounting to KD 16,394,985 (2015: KD 17,342,636) are carried at cost due to lack of reliable measures of their fair values.

Certain financial assets available for sale denominated in US Dollars and Pounds Sterling with a carrying value of KD 7,614,301 (2015: KD 8,675,566) are designated as hedged items in fair value hedging relationships with amounts borrowed from banks as term loans (Note 15).

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13 INVESTMENT IN ASSOCIATES

The Parent Company has the following investment in associates:

	Country of incorporation	Ownership		Principal activity
		2016	2015	
Kuwaiti Qatari International Holding Company K.S.C. ("KQIHC")	Kuwait	**50%**	50%	To invest in stakes of different Companies
Al-Kout Industrial Projects Company K.S.C P. ("Al-Kout")	Kuwait	**24.76%**	24.76%	Involved in manufacturing Activities
Boubyan International Industries Holding Company K.S.C.P. ("BIIHC")	Kuwait	**20%**	20%	To undertake industrial Investments
Arabian Waterproofing Industries Company ("Awazel")	Saudi Arabia	**21%**	21%	Engaged in manufacture of waterproofing products and heat insulation materials
Al Borg Medical Laboratories ("Al-Borg")	Saudi Arabia	**20%**	20%	Engaged in Medical laboratories and environmental and scientific tests

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

	2016 KD	2015 KD
As at 1 May	**32,469,703**	33,407,365
Share of results	**3,730,898**	2,669,303
Impairment	**(918,108)**	(2,384,298)
Disposal of associate assets	**(2,617,095)**	-
Realised gain on sale of associate assets	**685,637**	-
Dividends received	**(2,037,504)**	(3,000,115)
Foreign currency translation	**(73,035)**	1,169,326
Share of other comprehensive income	**145,129**	608,122
As at 30 April	**31,385,625**	32,469,703

13 INVESTMENT IN ASSOCIATES (continued)

The carrying value of each individual associate is as follows:

	2015 KD	2014 KD
KQIHC	-	1,931,224
Al-Kout	**11,203,291**	9,793,447
BIIHC	**2,632,105**	3,675,212
Awazel	**10,701,367**	10,460,786
Al-Borg	**6,848,862**	6,609,034
	31,385,625	32,469,703

During the period, the Group's associate, Kuwaiti Qatari International Holding Company K.S.C. ("KQIHC") completed the liquidation of the underlying assets of the Company which resulted in a gain of KD 685,637 for the Parent Company.

As at the reporting date, the management of the Parent Company has assessed the carrying value of the associates. Based on their assessment, the management believes that there is no objective evidence or circumstances that indicate any impairment in the value of the investments in associates except as disclosed below.

Summarized financial information of associates of the Group is as follows:

Year ended 30 April 2016	**Al-Kout Industrial Projects Company K.S.C.P. ("Al-Kout") KD**	**Boubyan International Industries Holding Company K.S.C.P. ("BIIHC") KD**	**Arabian Waterproofing Industries Company ("Awazel") KD**	**Al Borg Medical Laboratories ("Al-Borg") KD**	**Kuwaiti Qatari International Holding Company K.S.C.("KQI-HC") KD**	**Total 2016 KD**
Associates' statement of financial position:						
Assets	37,278,417	32,671,961	39,489,181	20,237,649	-	**129,677,208**
Goodwill	1,599,601		3,866,691	4,262,686	-	**9,728,978**
Impairment	-	(918,107)	-	-		**(918,107)**
Liabilities	(4,369,785)	(2,724,205)	(6,598,538)	(7,306,764)	-	**(20,999,292)**
Equity	34,508,233	29,029,649	36,757,334	17,193,571	-	**117,488,787**
Associates' revenue and profit:						
Revenue	18,118,201	-	33,227,685	24,065,179	-	**75,411,065**
Profit (loss)	5,109,944	(1,043,107)	7,367,805	5,300,788	-	**16,735,430**

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

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13 INVESTMENT IN ASSOCIATES (continued)

Year ended 30 April 2015	Al-Kout Industrial Projects Company K.S.C.P. ("Al-Kout") KD	Boubyan International Industries Holding Company K.S.C.P. ("BIIHC") KD	Arabian Waterproofing Industries Company ("Awazel") KD	Al Borg Medical Laboratories ("Al-Borg") KD	Kuwaiti Qatari International Holding Company K.S.C. ("KQI-HC") KD	Total 2015 KD
Associates' statement of financial position:						
Assets	29,533,821	33,162,509	36,993,478	18,319,165	5,840,462	123,849,435
Goodwill	1,599,601	-	3,866,691	4,262,686	-	9,728,978
Impairment	-	(2,384,298)	-	-	-	(2,384,298)
Liabilities	(4,234,524)	(2,864,959)	(5,291,099)	(6,587,418)	(1,978,014)	(20,956,014)
Equity	26,898,898	27,913,252	35,569,070	15,994,433	3,862,448	110,238,101
Associates' revenue and profit:						
Revenue	18,693,483	70,637	31,927,076	21,642,539	-	72,333,735
Profit (loss)	5,291,345	(3,849,413)	3,035,159	5,024,577	34,194	9,535,862

14 PROPERTY, PLANT AND EQUIPMENT

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

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

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land KD	Buildings KD	Plant and equipment KD	Furniture and office equipment KD	Motor vehicles KD	Capital work in progress KD	Total KD
Cost or valuation:							
As at 1 May 2014	1,200,000	7,887,765	13,560,806	1,053,205	363,939	6,481,714	30,547,429
Additions	-	1,460,341	1,472,195	397,540	82,164	(867,635)	2,544,605
Disposals	-	-	-	-	(19,892)	-	(19,892)
Foreign currency translation	-	206,702	417,852	32,841	11,682	404,114	1,073,191
As at 30 April 2015	1,200,000	9,554,808	15,450,853	1,483,586	437,893	6,018,193	34,145,333
Accumulated depreciation:							
As at 1 May 2014	-	2,682,373	7,338,330	585,520	295,201	13,668	10,915,092
Charge for the current year	-	234,348	746,661	47,629	41,318	-	1,069,956
Relating to disposals	-	-	-	-	(19,892)	-	(19,892)
Foreign currency translation	-	7,909	26,993	1,607	1,395	-	37,904
As at 30 April 2015	-	2,924,630	8,111,984	634,756	318,022	13,668	12,003,060
Net book value as at 30 April 2015	1,200,000	6,630,178	7,338,869	848,830	119,871	6,004,525	22,142,273

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

	2016 KD	2015 KD
Cost of sales	**1,089,298**	965,303
General and administrative expenses	**192,438**	104,653
	1,281,736	1,069,956

15 TERM LOANS

	2016 KD	2015 KD
The loan is unsecured and denominated in US Dollar which is repayable in 5 annual equal installments starting from 31 March 2013	**5,139,939**	10,281,581
The loan is unsecured and denominated in US Dollar which is repayable in July' 2017	**16,003,350**	16,006,000
The loan is unsecured and denominated in KD which is repayable in July' 2017.	**10,000,000**	10,000,000
The loan is unsecured and denominated in Pound Sterling which is repayable in April' 2017	**2,360,651**	2,502,527
The loan is unsecured and denominated in Omani Riyals which is repayable within one year	**1,145,827**	100,320
The loan is unsecured and denominated in KD which is repayable in 5 equal instalments starting from April 2016	**8,000,000**	10,000,000
The loan is unsecured and denominated in KD which is repayable in November 2017	**11,000,000**	-
The loan is unsecured and denominated in KD which was repayable in 8 equal semi - annual instalments, closed during October' 2015	**-**	1,032,500
The loan is unsecured and denominated in Saudi Riyals which is repayable fully in quarterly instalments by December 2015	**-**	401,325
The loan is unsecured and denominated in US Dollar 60% repayable in 10 semi annual instalments starting from June 2015 and the balance on final maturity	**10,698,293**	10,682,194
Other revolving loans	**-**	7,500,000
	64,348,060	68,506,447

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

Loans denominated in foreign currencies are as follows:

	2016 KD	2015 KD
Pound Sterling	**2,360,651**	2,502,527
Saudi Riyal	**-**	401,326
Omani Riyal	**1,145,827**	100,319
US Dollar	**31,841,582**	40,996,441
	35,348,060	44,000,613

All above mentioned term loans carry interest at commercial rates.

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16 ISLAMIC FINANCING PAYABLES

	2016 KD	2015 KD
Murabaha payables	**3,000,000**	4,026,667
Tawarruq payables	**30,469,564**	19,234,600
	33,469,564	23,261,267

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

Islamic financing payables denominated in foreign currencies are as follows:

	2016 KD	2015 KD
US Dollar	**-**	4,026,667

The Pound Sterling and US Dollar foreign currency borrowings (Note 15 and 16) had been designated as fair value hedging instruments to manage the exposure to fluctuations in foreign currency rates of certain financial assets available for sale (Note 11 and 12).

17 ACCOUNTS PAYABLE AND ACCRUALS

	2016 KD	2015 KD
Accounts payable	**6,636,311**	5,361,397
Accrued charges on credit facilities	**536,414**	869,790
Provision for KFAS	**200,287**	248,688
Provision for NLST	**627,077**	703,848
Provision for Zakat	**43,903**	-
Directors' fees	**75,000**	75,000
Other payables	**4,535,057**	3,928,169
	12,654,049	11,186,892

18 SHARE CAPITAL AND DIVIDENDS

Share capital

Authorized, issued and paid-up capital consists of 534,822,750 shares (2015: 509,355,000 shares) of 100 fils per share (2015: 100 fils per share). This is comprised of 400,000,000 shares (2015: 400,000,000 shares) which are fully paid up in cash whereas 134,822,750 shares (2015: 109,355,000) were issued as bonus shares.

Dividend

The Board of Directors of the Parent Company has proposed a cash dividend of 40 fils per share (2015: 40 fils per share) on outstanding shares (excluding treasury shares) amounting to KD 20,626,066 (2015: KD 19,937,462) and bonus shares at nil (2015: 5%) of paid up share capital in respect of the year ended 30 April 2016, subject to being approved by the shareholders' Annual General Assembly, the dividend shall be payable to the shareholders registered in the Parent Company's records as of the date of the shareholders' Annual General Assembly meeting.

19 TREASURY SHARES

	2016	2015
Number of treasury shares	**19,171,105**	10,851,987
Percentage of issued shares	**3.58%**	2.13%
Market value in KD	**9,968,975**	6,511,192

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

20 RESERVES

(a) Statutory reserve
In accordance with the new Companies Law No. 1 of 2016 was issued on 24 January 2016, as amended, and the Parent Company's Articles of Association 10% of the profit for the year attributable to shareholders of the Parent Company (before contributions to KFAS and Zakat) is transferred to the statutory reserve until the reserve totals 50% of the paid up share capital. During the year, the Parent Company transferred less than 10% of profit to reach 50% of the paid up share capital.

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

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

21 ACQUISITION OF NON-CONTROLLING INTERESTS

On 23 July 2014, the Group acquired an additional 40% interest in Jubail Integrated Packaging Co. L.L.C ("JIPC") for the consideration paid of SAR 16,000,000 (KD 1,200,000), increasing its ownership interest to 100%.

22 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

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22 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

The maturity profile of assets and liabilities is as follows:

30 April 2016	Within 3 months KD	3 to 12 months KD	1 to 5 years KD	Over five years KD	Total KD
ASSETS					
Cash and cash equivalents	19,893,819	-	-	-	**19,893,819**
Accounts receivable and prepayments	14,210,111	-	-	-	**14,210,111**
Inventories	7,342,548	-	-	-	**7,342,548**
Financial assets at fair value through profit or loss (designated)	-	125,164,633	-	-	**125,164,633**
Financial assets available for sale (Equate)	-	-	-	148,258,892	**148,258,892**
Financial assets available for sale (Others)	-	-	40,033,641	-	**40,033,641**
Investment in associates	-	-	-	31,385,625	**31,385,625**
Property, plant and equipment	-	-	-	21,601,594	**21,601,594**
Goodwill	-	-	-	6,002,464	**6,002,464**
TOTAL ASSETS	41,446,478	125,164,633	40,033,641	207,248,575	**413,893,327**
LIABILITIES					
Term loans	2,821,652	12,279,963	49,246,445	-	**64,348,060**
Islamic financing payables	3,125,000	2,750,000	27,594,564	-	**33,469,564**
Accounts payable and accruals	5,341,581	6,072,647	1,239,821	-	**12,654,049**
Dividend payable	-	3,605,529	-	-	**3,605,529**
TOTAL LIABILITIES	11,288,233	24,708,139	78,080,830	-	**114,077,202**

22 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

30 April 2015	Within 3 months KD	3 to 12 months KD	1 to 5 years KD	Over five years KD	Total KD
ASSETS					
Cash and cash equivalents	20,733,605	-	-	-	20,733,605
Accounts receivable and prepayments	10,880,421	-	-	-	10,880,421
Inventories	6,784,606	-	-	-	6,784,606
Financial assets at fair value through profit or loss (designated)	-	125,284,633	-	-	125,284,633
Financial assets available for sale (Equate)	-	-	-	153,763,255	153,763,255
Financial assets available for sale (Others)	-	1,351,857	33,124,474	-	34,476,331
Investment in associates	-	-	-	32,469,703	32,469,703
Property, plant and equipment	-	-	-	22,142,273	22,142,273
Goodwill	-	-	-	6,002,464	6,002,464
TOTAL ASSETS	38,398,632	126,636,490	33,124,474	214,377,695	412,537,291
LIABILITIES					
Term loans	3,802,436	14,832,125	49,871,886	-	68,506,447
Islamic financing payables	6,998,600	5,776,667	10,486,000	-	23,261,267
Accounts payable and accruals	4,303,125	4,125,722	2,758,045	-	11,186,892
Dividend payable	-	3,429,648	-	-	3,429,648
TOTAL LIABILITIES	15,104,161	28,164,162	63,115,931	-	106,384,254

23 SEGMENTAL INFORMATION

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

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

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

Others : Investing directly and through portfolios into shipping, services, funds etc.

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23 SEGMENTAL INFORMATION (continued)

Year ended 30 April 2016	Energy and Petrochemical Sector			
	Basic materials KD	Manufacturing KD	Others KD	Total KD
Revenue				
Dividend income	19,382,090	283,000	476,863	**20,141,953**
Investment (loss) income	(120,000)	-	4,141,727	**4,021,727**
Gain on sale of associate assets	-	-	685,637	**685,637**
Share of results of associates	1,264,710	1,531,031	935,157	**3,730,898**
Sales	-	30,561,908	-	**30,561,908**
Total revenue	20,526,800	32,375,939	6,239,384	**59,142,123**
Result				
Segment profit	20,526,800	6,900,272	6,239,384	**33,666,456**
Other income	-	(55,717)	1,045,083	**989,366**
General and administrative expenses	(1,344,725)	(3,263,798)	-	**(4,608,523)**
Finance costs	(2,184,144)	(291,467)	-	**(2,475,611)**
Impairment loss on associate	-	-	(918,108)	**(918,108)**
Impairment loss on financial assets available for sale (Others)	-	-	(2,602,002)	**(2,602,002)**
Foreign exchange loss	(49,756)	(28,947)	-	**(78,703)**
Profit before taxation and Directors' fee	16,948,175	3,260,343	3,764,357	**23,972,875**
Taxation	(858,076)	(200,190)	-	**(1,058,266)**
Directors' fee	(75,000)	-	-	**(75,000)**
Profit for the year	16,015,099	3,060,153	3,764,357	**22,839,609**
Total assets	310,598,490	67,803,683	35,491,154	**413,893,327**
Total assets - sector wise	**75%**	**16.4%**	**8.6%**	**100%**
Total liabilities	**(77,355,239)**	**(16,915,448)**	**(19,806,515)**	**(114,077,202)**
Total liabilities - sector wise	**67.8%**	**14.8%**	**17.4%**	**100%**

23 SEGMENTAL INFORMATION (continued)

Year ended 30 April 2015	Energy and Petrochemical Sector			Others	Total
	Basic materials KD	Manufacturing KD	Energy KD	KD	KD
Revenue					
Dividend income	28,126,099	-	-	73,891	28,199,990
Investment income	24,286,604	-	-	324,865	24,611,469
Share of results of associates	1,309,608	630,705	-	728,990	2,669,303
Sales	-	26,840,770	-	-	26,840,770
Total revenue	53,722,311	27,471,475	-	1,127,746	82,321,532
Result					
Segment profit	53,722,311	4,052,065	-	1,127,746	58,902,122
Other income	-	125,554	-	82,871	208,425
General and administrative expenses	(1,277,458)	(2,447,230)	-	-	(3,724,688)
Finance costs	(2,319,257)	(170,919)	-	-	(2,490,176)
Impairment loss on associate	-	-	-	(2,384,298)	(2,384,298)
Impairment loss on Financial assets available for sale (others)	(7,688,163)	-	(7,466,204)	(6,515,254)	(21,669,621)
Foreign exchange (loss) gain	(238,918)	15,181	-	-	(223,737)
Profit (loss) before KFAS, zakat & NLST	42,198,515	1,574,651	(7,466,204)	(7,688,935)	28,618,027
Taxation	(929,643)	(26,957)	-	-	(956,600)
Directors' fee	(75,000)	-	-	-	(75,000)
Profit (loss) for the year	41,193,872	1,547,694	(7,466,204)	(7,688,935)	27,586,427
Total assets	316,439,875	64,223,760	-	31,873,656	412,537,291
Total assets - sector wise	76.7%	15.6%	0%	7.7%	100%
Total liabilities	(75,615,294)	(15,350,742)	-	(15,418,218)	(106,384,254)
Total liabilities - sector wise	71.1%	14.4%	0%	14.5%	100%

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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 consolidated financial statements are as follows:

	Entities under common control KD	**2016 KD**	2015 KD
Sales	**1,217,252**	**1,217,252**	1,190,644
Purchases	**839,025**	**839,025**	627,908
Other income	**989,366**	**989,366**	208,425

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

	2016 KD	2015 KD
Short-term benefits	**372,254**	371,400
Employees' end of service benefits	**16,594**	12,462
	388,848	383,862

Directors' fees of KD 75,000 for the year ended 30 April 2016 is subject to approval by the Annual General Meeting of the shareholders of the Parent Company. The Directors' fees of KD 75,000 for the year ended 30 April 2015 was approved by the Annual General Meeting of the shareholders held on 1 July 2015.

25 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, Islamic financing payables and accounts payables and accruals. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds financial assets available for sale and financial assets at fair value through profit or loss.

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

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

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

25 RISK MANAGEMENT (continued)

Risk mitigation
As part of its overall risk management, the Group uses or may choose to use derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, credit risks, liquidity risks and equity risks.
The main risks to which the Group's assets and liabilities are exposed and the principal methods of risk management are as follows:

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

The sensitivity of the consolidated statement of income for the year is the effect of the assumed changes in interest rates on the Group's profit before taxation and directors' fees based on floating rate financial assets and financial liabilities held at 30 April 2016 and 2015. There is no impact on equity.

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

	Increase in basis points	Effect on results for the year KD
2016		
KD	**25**	**(244,544)**
2015		
KD	25	(229,419)

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

Credit risk
Credit risk is the risk that a counter party to a financial instrument will fail to discharge its obligation and cause the Group to incur a financial loss.

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

One of the subsidiaries of the Parent Company sells its products mainly to Equate, a related party and its balances accounted for 39% of outstanding accounts receivable at 30 April 2016 (2015: 36%).

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

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25 RISK MANAGEMENT (continued)

Credit risk (continued)
Risk concentration of maximum exposure to credit risk (continued)

	Kuwait KD	GCC and the rest of the Middle East KD	Total KD
As at 30 April 2015			
Cash and cash equivalents	19,680,658	1,052,947	20,733,605
Accounts receivable and prepayments	1,556,055	9,324,366	10,880,421
Maximum exposure to credit risk assets	21,236,713	10,377,313	31,614,026

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

	2016 KD	2015 KD
Manufacturing	**14,210,111**	10,880,421
Banks	**19,893,819**	20,733,605
	34,103,930	31,614,026

Liquidity risk

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

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

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

25 RISK MANAGEMENT (continued)

Liquidity risk (continued)

30 April 2015	Within 3 months KD	3 to 12 months KD	1 to 5 years KD	Total KD
Accounts payable and accruals	4,303,125	4,125,722	2,758,045	11,186,892
Dividend payable	-	3,429,648	-	3,429,648
Term loans	4,220,795	16,087,200	51,760,027	72,068,022
Islamic financing payables	7,163,275	6,270,690	11,276,267	24,710,232
Total liabilities	15,687,195	29,913,260	65,794,339	111,394,794

Foreign currency risk

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

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

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

	Change in currency rates by 5%			
	Effect on consolidated statement of income before taxation and directors' fees		Effect on other comprehensive income	
	2016 KD	2015 KD	**2016 KD**	2015 KD
USD	**-**	-	**584,462**	**584,462**
GBP	**(61,031)**	**(303)**	**-**	-

Equity price risk

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

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

	Change in equity price	Effect on other comprehensive income	
	%	**2016 KD**	2015 KD
Investments available for sale (others)	**+20**	**2,291,982**	264,861

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

26 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 12) are not materially different from their carrying values.

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

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

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

2016	**Level: 1 KD**	**Level: 3 KD**	**Total fair value KD**
Financial assets			
Financial assets available for sale (Others)			
Quoted investments	11,459,911	-	**11,459,911**
Unquoted investments	-	12,178,745	**12,178,745**
	11,459,911	12,178,745	**23,638,656**
Financial assets available for sale (Equate)			
Unquoted investments	-	148,258,892	**148,258,892**
Financial assets at fair value through profit or loss			
Unquoted investments	-	125,164,633	**125,164,633**

2015	Level: 1 KD	Level: 3 KD	Total fair value KD
Financial assets			
Financial assets available for sale (others)			
Quoted investments	1,351,858	-	1,351,858
Unquoted investments	-	15,781,837	15,781,837
	1,351,858	15,781,837	17,133,695
Financial assets available for sale (Equate)			
Unquoted investments	-	153,763,255	153,763,255
Financial assets at fair value through profit or loss			
Unquoted investments	-	125,284,633	125,284,633

During the year, there have been no transfers between the hierarchies.
Financial instruments consist of financial assets and financial liabilities.
Financial assets consist of bank balances and cash, deposits with banks, receivables and investments. Financial liabilities consist of term loans, islamic financing payables, accounts payables and accruals.
The fair values of financial instruments, with the exception of certain financial assets available for sale (Others) carried at cost (Note 12), are not materially different from their carrying values.

26 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

Year ended 30 April 2016	**At 1 May 2015 KD**	**(Loss) gain recorded in consolidated statement of income for the year KD**	**(Loss) gain recorded in other comprehensive income KD**	**Net purchases, sales and settlements KD**	**Impairment recorded during the year KD**	**At 30 April 2016 KD**
Unquoted financial assets available for sale (Others)	15,781,837	(209,978)	(209,978)	(3,431)	(2,224,109)	**12,178,745**
Unquoted financial assets available for sale (Equate)	153,763,255	(4,363)	(4,363)	-	-	**148,258,892**
Unquoted financial assets at fair value through profit or loss (designated)	125,284,633	(120,000)	(120,000)	-	-	**125,164,633**

Year ended 30 April 2015	At 1 May 2014 KD	(Loss) gain recorded in consolidated statement of income for the year KD	(Loss) gain recorded in other comprehensive income KD	Net purchases, sales and settlements KD	Impairment recorded during the year KD	At 30 April 2015 KD
Unquoted financial assets available for sale (Others)	27,788,189	120,996	1,159,474	(1,177,274)	(12,109,548)	15,781,837
Unquoted financial assets available for sale (Equate)	141,456,608	1,771,392	10,535,255	-	-	153,763,255
Unquoted financial assets at fair value through profit or loss (designated)	100,998,029	24,286,604	-	-	-	125,284,633

Valuation of unquoted equity instruments

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation (Note 10 and 11). There are certain financial assets available for sale where fair values cannot be reliably determined, and as a result, investments with a carrying amount of KD 16,394,985 (2015: KD 17,342,636) are carried at cost (Note 12).

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

	Increase of 50 basis points Effect on statement of income		Increase of 50 basis points Effect on other comprehensive income	
	2016 KD	2015 KD	**2016 KD**	2015 KD
Weighted average cost of capital	**(1,867,633)**	(2,329,833)	**(6,071,892)**	(4,171,140)
Cost of equity	**(1,103,633)**	(4,270,476)	**(200,892)**	(4,804,922)
Terminal growth rate	**3,343,367**	2,699,966	**7,222,108**	5,578,869

27 CONTINGENCIES AND CAPITAL COMMITMENTS

	2016 KD	2015 KD
Acquisition of investments	**787,606**	787,737

During the year the Parent Company has given corporate guarantees amounting to KD 17,850,160 (2015: KD 12,713,326) to Banks on behalf of its subsidiaries.

28 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 2016 and 30 April 2015.

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

	2016 KD	2015 KD
Term loans	**64,348,060**	68,506,447
Islamic financing payables	**33,469,564**	23,261,267
Less: cash and cash equivalents	**(19,893,819)**	(20,733,605)
Net debt	**77,923,805**	71,034,109
Equity attributable to equity holders of the Parent Company	**299,816,125**	306,153,037
Gearing (debt to equity) ratio	**26%**	23%