

**BOUBYAN PETROCHEMICAL COMPANY K.S.C.
AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

31 JULY 2012

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION TO THE BOARD OF DIRECTORS OF BOUBYAN PETROCHEMICAL
COMPANY K.S.C.**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Boubyan Petrochemical Company K.S.C (the "parent company") and its Subsidiaries (the "group") as at 31 July 2012 and the related interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated cash flow statement for the three month period then ended. The management of the parent company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

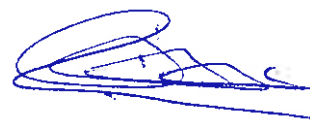
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, nor of the articles of association of the parent company have occurred during the three month period ended 31 July 2012 that might have had a material effect on the business of the parent company or on its financial position.



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LICENCE NO. 28 A
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Boubyan Petrochemical Company K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 July 2012 (Unaudited)

	Notes	3 months ended 31 July	
		2012 KD	2011 KD
Sales		6,053,327	5,827,375
Cost of sales		(4,908,591)	(4,756,803)
GROSS PROFIT		1,144,736	1,070,572
Dividend income		281,220	120,143
Investment income		848,789	679,310
Share of results of associates		305,373	2,308,360
Other income		176,309	10,670
General and administrative expenses		(572,238)	(676,087)
Finance cost		(1,771,507)	(1,657,060)
Foreign exchange gain (loss)		189,035	(117,710)
Profit before impairment of investments available for sale		601,717	1,738,198
Impairment of investments available for sale (others)	4	(478,071)	(870,430)
PROFIT BEFORE CONTRIBUTION TO NATIONAL LABOUR SUPPORT TAX "NLST")		123,646	867,768
Contribution to NLST		-	(911)
PROFIT FOR THE PERIOD		123,646	866,857
<i>Other comprehensive (loss) income:</i>			
Realised gain on sale of investments available for sale (others)		(848,789)	(382,323)
Unrealised loss on investments available for sale (others)		(940,413)	(7,771,034)
Transfer to profit for the period on impairment of investments available for sale (others)		478,071	870,430
Change in other comprehensive income (loss) of associates		-	(407,133)
Revaluation of property, plant and equipment		47,734	(56,554)
Others		-	(30,085)
OTHER COMPREHENSIVE LOSS		(1,263,397)	(7,776,699)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,139,751)	(6,909,842)
Profit attributable to:			
Equity holders of the parent company		101,000	850,473
Non-controlling interests		22,646	16,384
		123,646	866,857
Total comprehensive (loss) income attributable to:			
Equity holders of the parent company		(1,162,397)	(6,896,141)
Non-controlling interests		22,646	(13,701)
		(1,139,751)	(6,909,842)
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	0.21 fils	1.76 fils

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

Boubyan Petrochemical Company K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2012 (Unaudited)

	Notes	31 July 2012 KD	(Audited) 30 April 2012 KD	31 July 2011 KD
ASSETS				
Bank balances and short term deposits		23,683,815	35,469,950	3,289,302
Accounts receivable and prepayments		7,878,454	8,218,169	9,235,019
Inventories		4,839,359	4,341,284	3,643,284
Investments carried at fair value through income statement		100,998,029	100,998,029	71,821,282
Investments available for sale (Equate)		138,301,724	138,301,724	134,000,000
Investments available for sale (others)	4	87,334,089	92,547,114	150,817,075
Investment in associates		18,380,524	18,075,152	22,096,638
Exchange of deposits		4,854,208	4,059,955	2,629,797
Property, plant and equipment		20,312,732	20,350,466	15,230,240
Goodwill		6,002,464	6,002,464	6,002,464
TOTAL ASSETS		412,585,398	428,364,307	418,765,101
LIABILITIES AND EQUITY				
LIABILITIES				
Term loans		60,673,950	60,016,694	94,327,878
Islamic financing payables		72,397,335	73,058,925	58,000,000
Accounts payable and accruals		12,769,934	12,520,574	11,006,117
Dividend payable		9,557,869	2,948,207	19,409,518
Total liabilities		155,399,088	148,544,400	182,743,513
EQUITY				
Share capital		48,510,000	48,510,000	48,510,000
Share premium		2,400,000	2,400,000	2,400,000
Treasury shares	6	(3,262,241)	(949,972)	(949,972)
Treasury shares reserve		993,574	993,574	993,574
Statutory reserve		24,255,000	24,255,000	24,255,000
Voluntary reserve		24,255,000	24,255,000	24,255,000
Other reserves		(181,744)	(181,744)	(181,744)
Revaluation reserve		5,854,518	5,806,784	5,756,809
Cumulative changes in fair value		114,689,871	116,001,002	96,110,475
Retained earnings		38,278,911	57,359,488	33,500,217
Equity attributable to equity holders of the parent company		255,792,889	278,449,132	234,649,359
Non-controlling interests		1,393,421	1,370,775	1,372,229
Total equity		257,186,310	279,819,907	236,021,588
TOTAL LIABILITIES AND EQUITY		412,585,398	428,364,307	418,765,101

Marzouq A. Alghanim
(Chairman)


Dabbous M. Al-Dabbous
(Deputy Chairman)

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

Boubyan Petrochemical Company K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 July 2012 (Unaudited)

	Attributable to shareholders of the parent company										Non-controlling interests		Total equity
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares 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	KD	
Balance at 1 May 2012	48,510,000	2,400,000	993,574	(949,972)	24,255,000	24,255,000	(181,744)	5,806,784	116,001,002	57,359,488	278,449,132	1,370,775	279,819,907
Profit for the period	-	-	-	-	-	-	-	-	-	101,000	101,000	22,646	123,646
Other comprehensive income (loss)	-	-	-	-	-	-	-	47,734	(1,311,131)	-	(1,263,397)	-	(1,263,397)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	47,734	(1,311,131)	101,000	(1,162,397)	22,646	(1,139,751)
Purchase of treasury shares	-	-	-	(2,312,269)	-	-	-	-	-	-	(2,312,269)	-	(2,312,269)
Dividends (note 5)	-	-	-	-	-	-	-	-	-	(19,181,577)	(19,181,577)	-	(19,181,577)
Balance at 31 July 2012	48,510,000	2,400,000	993,574	(3,262,241)	24,255,000	24,255,000	(181,744)	5,854,518	114,689,871	38,278,911	255,792,889	1,393,421	257,186,310
Balance at 1 May 2011	48,510,000	2,400,000	993,574	(949,972)	24,255,000	24,255,000	(181,744)	5,813,363	103,800,535	49,562,550	258,458,306	1,385,930	259,844,236
Profit for the period	-	-	-	-	-	-	-	-	-	850,473	850,473	16,384	866,857
Other comprehensive loss	-	-	-	-	-	-	-	(56,554)	(7,690,060)	-	(7,746,614)	(30,085)	(7,776,699)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	(56,554)	(7,690,060)	850,473	(6,896,141)	(13,701)	(6,909,842)
Dividends (note 5)	-	-	-	-	-	-	-	-	-	(16,912,806)	(16,912,806)	-	(16,912,806)
Balance at 31 July 2011	48,510,000	2,400,000	993,574	(949,972)	24,255,000	24,255,000	(181,744)	5,756,809	96,110,475	33,500,217	234,649,359	1,372,229	236,021,588

During the three months ended 31 July 2012, unrealised loss on investments available for sale (others) include an amount of KD 35,176 (three months ended 31 July 2011: Unrealised loss of KD 1,014,498) in respect of foreign currency movement.

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

Boubyan Petrochemical Company K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 July 2012 (Unaudited)

	Note	3 months ended 31 July	
		2012 KD	2011 KD
OPERATING ACTIVITIES			
Profit for the period before NLST		123,646	867,768
Adjustments for:			
Finance cost		1,771,507	1,657,060
Depreciation		216,819	240,058
Employees' end of service benefits		82,637	52,416
Realised gain on sale of investments available for sale (others)		(848,789)	(382,323)
Impairment of investment available for sale (others)	4	478,071	870,430
Other income		(176,309)	(10,670)
Share of results of associates		(305,373)	(2,308,360)
Foreign exchange (gain) loss		(189,035)	117,710
Unrealised gain on investments carried at fair value through income statement		-	64,629
		<u>1,153,174</u>	<u>1,168,718</u>
Operating assets and liabilities:			
Accounts receivable and prepayments		339,715	(482,698)
Inventories		(498,075)	250,366
Accounts payable and accruals		249,360	(1,225,410)
Taxation paid		(232,920)	(272,909)
Net cash from (used in) operating activities		<u>1,011,254</u>	<u>(561,933)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,459)	(10,161)
Additions to investments available for sale (others)		(723,125)	(638,510)
Proceeds from sale of investments available for sale (others)		4,855,514	1,547,834
Net cash from investing activities		<u>4,130,930</u>	<u>899,163</u>
FINANCING ACTIVITIES			
Dividends paid		(12,571,915)	(212,174)
Net movement in term loans		380,864	383,946
Net movement in murabaha payables		(1,000,000)	(2,500,000)
Finance cost paid		(1,424,999)	(1,306,536)
Purchase of treasury shares		(2,312,269)	-
Net cash used in financing activities		<u>(16,928,319)</u>	<u>(3,634,764)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(11,786,135)	(3,297,534)
Cash and cash equivalents at the beginning of the period		<u>35,469,950</u>	<u>6,586,836</u>
CASH AND CASH EQUIVALENTS AT 31 JULY		<u>23,683,815</u>	<u>3,289,302</u>

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

Boubyan Petrochemical Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION At 31 July 2012 (Unaudited)

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Boubyan Petrochemical Company K.S.C. (the "parent company") and its subsidiaries (the "group") for the period ended 31 July 2012 were authorised for issue in accordance with a resolution of the directors 13 September 2012.

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

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

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

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

2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the group has been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting".

The interim condensed consolidated financial information does not contain all information and disclosures required for complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the period ended 31 July 2012 are not necessarily indicative of the results that may be expected for the financial year ending 30 April 2013. For more details, please refer to the audited consolidated financial statements for the year ended 30 April 2012.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD").

Changes in accounting policy and disclosures

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 30 April 2012, except for the adoption of the following new and amended International Accounting Standards Board ("IASB") standards during the period:

IFRS 3: Business Combinations (Amendment) (effective 1 July 2011)

The measurement options available for non controlling interest have been amended. Only components of non controlling interest that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value. The amendment has no effect on the interim condensed consolidated financial information of the group.

IFRS 7: Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements (Amendment) (effective 1 July 2011)

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment affects disclosure only and has no impact on the group's financial position or performance.

The adoption of the above mentioned amendments did not have any impact on the financial position or performance of the group. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Boubyan Petrochemical Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

At 31 July 2012 (Unaudited)

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing profit for the period attributable to the shareholders of the parent company by the weighted average number of shares outstanding after adjusting for treasury shares as follows:

	<i>3 months ended 31 July</i>	
	<i>2012</i>	<i>2011</i>
	<i>KD</i>	<i>KD</i>
Earnings:		
Profit attributable to equity holders of the parent company	101,000	850,473
	485,100,000	485,100,000
Weighted average number of shares outstanding	(3,458,548)	(1,876,793)
Weighted average number of treasury shares	481,641,452	483,223,207
Weighted average number of shares for basic and diluted earnings per share	0.21 fils	1.76 fils
Basic and diluted earnings per share		

4 INVESTMENTS AVAILABLE FOR SALE (OTHERS)

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 impairment loss of KD 478,071 (three months ended 31 July 2011: KD 870,430) in the profit for the period in respect of investments available for sale (others).

At 31 July 2012, certain unquoted investments available for sale amounting to KD 5,603,912 (30 April 2012: KD 5,603,912 and 31 July 2011: KD 5,451,601) are carried at cost due to the non availability of reliable measures of their fair values. The management is not aware of any circumstances that would indicate impairment in the value of these investments as at 31 July 2012.

5 DIVIDENDS

On 23 July 2012, the shareholders at the annual general assembly of the parent company approved the consolidated financial statements for the year ended 30 April 2012 and approved a cash dividend of 40 fils per share amounting to KD 19,181,577 (cash dividend of 35 fils per share amounting to KD 16,912,806 in respect of the year ended 30 April 2011) in respect of the year ended 30 April 2012.

6 TREASURY SHARES

	<i>(Audited)</i>		
	<i>31 July</i>	<i>30 April</i>	<i>31 July</i>
	<i>2012</i>	<i>2012</i>	<i>2011</i>
Number of treasury shares	5,696,959	1,876,973	1,876,973
Percentage of issued shares	1.17%	0.39%	0.38%
Market value (KD)	3,133,327	1,144,953	1,069,874

Boubyan Petrochemical Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

At 31 July 2012 (Unaudited)

7 SEGMENTAL INFORMATION

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

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

Investments : Investing of Group funds in Petrochemical (Equate and TKOC), Industrial, Utilities, Services and other related sectors in addition to managing the group's liquidity requirements.

Manufacturing and trading : Manufacturing of goods and providing services.

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

<i>Period ended 31 July 2012</i>	<i>Investments KD</i>	<i>Manufacturing and trading KD</i>	<i>Consolidated KD</i>
Total revenue	1,435,382	6,053,327	7,488,709
Segment profit	1,435,382	1,144,736	2,580,118
Other income	55,748	120,561	176,309
General and administrative expenses	(117,361)	(454,877)	(572,238)
Finance costs	(1,736,128)	(35,379)	(1,771,507)
Impairment of investments available for sale (others)	(478,071)	-	(478,071)
Foreign exchange gain (loss)	189,591	(556)	189,035
Profit before NLST			123,646
Taxation			-
Profit for the period			123,646
Total assets	374,849,115	37,736,283	412,585,398
Total liabilities	137,798,521	17,600,567	155,399,088

Boubyan Petrochemical Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION At 31 July 2012 (Unaudited)

7 SEGMENTAL INFORMATION (continued)

<i>Period ended 31 July 2011</i>	Investments KD	Manufacturing and trading KD	Consolidated KD
Total revenue	3,107,813	5,827,375	8,935,188
Segment profit	3,107,813	1,070,572	4,178,385
Other income	5,713	4,957	10,670
General and administrative expenses	(249,370)	(426,717)	(676,087)
Finance costs	(1,617,712)	(39,348)	(1,657,060)
Impairment of investments available for sale (others)	(870,430)	-	(870,430)
Foreign exchange loss	(115,546)	(2,164)	(117,710)
Profit before NLST			867,768
Taxation			(911)
Profit for the period			866,857
Total assets	389,939,140	28,825,961	418,765,101
Total liabilities	172,840,393	9,903,120	182,743,513

8 CONTINGENCIES AND CAPITAL COMMITMENTS

	<i>31 July 2012 KD</i>	<i>(Audited) 30 April 2012 KD</i>	<i>31 July 2011 KD</i>
Acquisition of investments	735,700	724,483	711,311

The parent company has given corporate guarantees amounting to KD 12,965,359 to foreign banks on behalf of its subsidiaries.

9 RELATED PARTY TRANSACTIONS

These represent transactions with related parties i.e. associated companies, major shareholders, directors and key management personnel of the parent company, 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.

Boubyan Petrochemical Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

At 31 July 2012 (Unaudited)

9 RELATED PARTY TRANSACTIONS (continued)

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

	<i>Associates</i>	<i>Other</i>	<i>Three months ended 31 July</i>	
			<i>2012</i>	<i>2011</i>
	<i>KD</i>	<i>related parties</i>	<i>KD</i>	<i>KD</i>
		<i>KD</i>		
Sales	-	240,492	240,492	312,113
Share of results	305,373	-	305,373	2,308,360
Other income	-	-	-	7,500

Compensation of key management personnel

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

	<i>Three months ended 31 July</i>	
	<i>2012</i>	<i>2011</i>
	<i>KD</i>	<i>KD</i>
Short-term benefits	40,500	45,000
Employees' end of service benefits	3,159	3,173
	<u>43,659</u>	<u>48,173</u>

10 DERIVATIVE FINANCIAL INSTRUMENTS

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

	<i>Positive fair</i>	<i>Negative fair</i>	<i>Notional</i>	<i>Notional amounts by term to maturity</i>	
				<i>value</i>	<i>value</i>
	<i>KD</i>	<i>KD</i>	<i>amount</i>	<i>year</i>	<i>KD</i>
			<i>KD</i>	<i>KD</i>	<i>KD</i>
31 July 2012					
<i>Derivatives held for trading:</i>					
Interest rate swaps	-	422,927	23,833,225	23,833,225	-
	<u>-</u>	<u>422,927</u>	<u>23,833,225</u>	<u>23,833,225</u>	<u>-</u>
30 April 2012(Audited)					
<i>Derivatives held for trading:</i>					
Interest rate swaps	5,643	520,752	26,941,750	26,941,750	-
	<u>5,643</u>	<u>520,752</u>	<u>26,941,750</u>	<u>26,941,750</u>	<u>-</u>
31 July 2011					
<i>Derivatives held for trading:</i>					
Interest rate swaps	19,798	1,178,857	57,105,600	34,062,450	23,043,150
	<u>19,798</u>	<u>1,178,857</u>	<u>57,105,600</u>	<u>34,062,450</u>	<u>23,043,150</u>