

**Qurain Petrochemical Industries Company
K.S.C. and Subsidiaries**

**Interim condensed consolidated financial
information (Unaudited) and report on review for
the three month period ended 30 June 2013**



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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Qurain Petrochemical Industries Company K.S.C. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 30 June 2013, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors 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 IAS 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 account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended, or of the Articles of Association and Memorandum of Incorporation, of the Parent Company, as amended, during the three months period ended 30 June 2013 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
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EY
AL-AIBAN, AL-OSAIMI & PARTNERS

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LICENCE NO. 175 A
PRICEWATERHOUSECOOPERS
(AL-SHATTI AND CO.)


24 July 2013
Kuwait

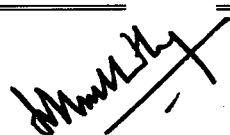
Qurain Petrochemical Industries Company K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2013

	Notes	30 June 2013 KD	(Audited) 31 March 2013 (Restated)* KD	30 June 2012 (Restated)* KD
ASSETS				
Current assets				
Cash and cash equivalents		4,510,859	3,357,837	9,964,597
Time deposits with banks		35,640,000	40,950,000	25,650,000
Accrued income and other receivables		1,610,962	1,444,117	1,436,769
Inventories		536,310	486,211	516,493
Total current assets		42,298,131	46,238,165	37,567,859
Non-current assets				
Due from related parties		804,680	804,680	804,680
Financial assets available for sale	4	203,704,056	201,736,726	169,212,786
Investment in associates	5	53,478,432	49,322,602	44,754,369
Furniture and equipment		917,640	927,245	964,353
Goodwill		-	-	1,009,907
Total non-current assets		258,904,808	252,791,253	216,746,095
Total assets		301,202,939	299,029,418	254,313,954
LIABILITIES AND EQUITY				
Current liabilities				
Accounts and other payables	6	17,022,164	7,074,044	10,811,649
Non-current liabilities				
Employees' end of service benefits		427,782	374,827	287,598
Total liabilities		17,449,946	7,448,871	11,099,247
Equity				
Share capital	7	110,000,000	110,000,000	110,000,000
Statutory reserve		10,295,012	10,295,012	7,996,376
Voluntary reserve		10,173,310	10,173,310	7,874,674
Treasury shares	8	(6,989,653)	(4,553,258)	(1,582,292)
Retained earnings		36,937,355	43,431,972	25,989,112
Foreign currency translation reserve		819,048	251,959	977,759
Cumulative changes in fair value		114,294,622	114,061,781	84,831,561
Equity attributable to shareholders of the Parent Company		275,529,694	283,660,776	236,087,190
Non-controlling interest		8,223,299	7,919,771	7,127,517
Total equity		283,752,993	291,580,547	243,214,707
Total liabilities and equity		301,202,939	299,029,418	254,313,954


Sadoun A. Ali
Vice Chairman & CEO


Tanweer Ahmed Khalfay
Chief Financial Officer

* Certain amounts shown here do not correspond to the consolidated financial statements as at 31 March 2013 and interim condensed consolidated financial information as at 30 June 2012 and reflect adjustments made as detailed in Note 3.

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Qurain Petrochemical Industries Company K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 June 2013

	Note	Three months ended 30 June	
		2013 KD	(Restated)* 2012 KD
Sales		925,346	689,543
Cost of sales		(844,396)	(624,473)
GROSS PROFIT		80,950	65,070
Dividend income		572,269	184,101
Interest and other income		716,608	263,402
Realised gain (loss) on sale of financial assets available for sale		78,851	(160,241)
Share of results of associates		3,588,063	207,739
General and administrative expenses		(496,189)	(360,469)
Foreign exchange gain (loss)		3,963	(684)
Profit before Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Board of Directors' Remuneration		4,544,515	198,918
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		(6,067)	(1,223)
National Labour Support Tax ("NLST")		(99,246)	(2,463)
Zakat		(6,362)	(452)
Board of Directors' remuneration		(25,000)	-
Profit for the period		4,407,840	194,780
Attributable to:			
Shareholders of the Parent Company		4,151,465	124,843
Non-controlling interest		256,375	69,937
		4,407,840	194,780
Basic and diluted earnings per share attributable to shareholders of the Parent Company	9	3.89 Fils	0.11 Fils

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 June 2012 and reflect adjustments made as detailed in Note 3.

Qurain Petrochemical Industries Company K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2013

	<i>Three months ended</i>	
	<i>30 June</i>	
	<i>2013</i>	<i>(Restated)*</i>
	<i>KD</i>	<i>2012</i>
		<i>KD</i>
Profit for the period	<u>4,407,840</u>	<u>194,780</u>
Other comprehensive income:		
<i>Other comprehensive income to be reclassified to consolidated statement of income in subsequent periods</i>		
Financial assets available for sale:		
- Net changes in fair value of financial assets available for sale	396,724	(491,371)
- Net (gain) loss on sale of financial assets available for sale transferred to interim condensed consolidated statement of income	(78,851)	160,241
- Share of changes in fair value of financial assets available for sale of an associate	<u>12,221</u>	<u>(257,967)</u>
	330,094	(589,097)
Foreign currency translation adjustments relating to associates	<u>567,089</u>	<u>55,400</u>
Other comprehensive income (loss) to be reclassified to consolidated statement of income in subsequent periods	<u>897,183</u>	<u>(533,697)</u>
Total comprehensive income (loss) for the period	<u><u>5,305,023</u></u>	<u><u>(338,917)</u></u>
Attributable to:		
Shareholders of the Parent Company	4,951,395	(407,434)
Non-controlling interest	<u>353,628</u>	<u>68,517</u>
	<u><u>5,305,023</u></u>	<u><u>(338,917)</u></u>

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 June 2012 and reflect adjustments made as detailed in Note 3.

Qurain Petrochemical Industries Company K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2013

	Equity attributable to shareholders of the Parent Company									
	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Retained earnings KD	Foreign currency translation reserve KD	Cumulative changes in fair value KD	Sub-total KD	Non-controlling interest KD	Total equity KD
As at 1 April 2013 (as previously reported)	110,000,000	10,295,012	10,173,310	(4,539,730)	43,875,107	251,959	114,064,586	284,120,244	83,584	284,203,828
Adjustments for consolidation of United Oil Projects Company K.S.C. (Closed) (note 3)	-	-	-	(13,528)	-	-	(2,805)	(16,333)	7,836,187	7,819,854
Other restatements (note 2)	-	-	-	-	(443,135)	-	-	(443,135)	-	(443,135)
As at 1 April 2013 (restated) *	110,000,000	10,295,012	10,173,310	(4,553,258)	43,431,972	251,959	114,061,781	283,660,776	7,919,771	291,580,547
Profit for the period	-	-	-	-	4,151,465	-	-	4,151,465	256,375	4,407,840
Other comprehensive income	-	-	-	-	-	567,089	232,841	799,930	97,253	897,183
Total comprehensive income for the period	-	-	-	-	4,151,465	567,089	232,841	4,951,395	353,628	5,305,023
Purchase of treasury shares	-	-	-	(2,436,395)	-	-	-	(2,436,395)	-	(2,436,395)
Dividends (Note 12)	-	-	-	-	(10,646,082)	-	-	(10,646,082)	-	(10,646,082)
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	(50,100)	(50,100)
As at 30 June 2013	110,000,000	10,295,012	10,173,310	(6,989,653)	36,937,355	819,048	114,294,622	275,529,694	8,223,299	283,752,993
As at 1 April 2012 (as previously reported)	110,000,000	7,996,376	7,874,674	(1,470,324)	42,240,185	922,359	85,205,233	252,768,503	39,202	252,807,705
Adjustments for consolidation of United Oil Projects Company K.S.C. (Closed) (note 3)	-	-	-	(13,528)	-	-	214,005	200,477	7,019,798	7,220,275
As at 1 April 2012 (restated)*	110,000,000	7,996,376	7,874,674	(1,483,852)	42,240,185	922,359	85,419,238	252,968,980	7,059,000	260,027,980
Profit for the period	-	-	-	-	124,843	-	-	124,843	69,937	194,780
Other comprehensive income (loss)	-	-	-	-	-	55,400	(587,677)	(532,277)	(1,420)	(533,697)
Total comprehensive income (loss) for the period (restated)*	-	-	-	-	124,843	55,400	(587,677)	(407,434)	68,517	(338,917)
Purchase of treasury shares	-	-	-	(98,440)	-	-	-	(98,440)	-	(98,440)
Dividends (Note 12)	-	-	-	-	(16,375,916)	-	-	(16,375,916)	-	(16,375,916)
As at 30 June 2012 (restated)*	110,000,000	7,996,376	7,874,674	(1,582,292)	25,989,112	977,759	84,831,561	236,087,190	7,127,517	243,214,707

Transfer to statutory and voluntary reserves is made at the end of each financial year.

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 June 2012 and reflect adjustments made as detailed in Note 3.

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Qurain Petrochemical Industries Company K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 June 2013

	<i>Three months ended</i>	
	<i>30 June</i>	
	<i>2013</i>	<i>(Restated)*</i>
	<i>KD</i>	<i>2012</i>
		<i>KD</i>
OPERATING ACTIVITIES		
Profit before taxation and Board of Directors' remuneration	4,407,840	194,780
<i>Adjustments for:</i>		
Depreciation	28,106	26,113
Provision for employees' end of service benefits	52,955	25,677
Realised gain on sale of financial assets available for sale	(78,851)	160,241
Share of results of associates	(3,588,063)	(207,739)
	<u>821,987</u>	<u>199,072</u>
<i>Working capital adjustments:</i>		
Accrued income and other receivables	(166,845)	(139,715)
Inventories	(50,099)	(74,521)
Accounts and other payables	276,126	(502,154)
	<u>881,169</u>	<u>(517,318)</u>
INVESTING ACTIVITIES		
Net movement of financial assets available for sale	(1,695,738)	2,265
Purchase of furniture and equipment	(18,501)	(3,906)
Movement in time deposits with banks	5,310,000	16,164,000
	<u>3,595,761</u>	<u>16,162,359</u>
<i>Net cash from (used in) investing activities</i>		
	<u>3,595,761</u>	<u>16,162,359</u>
FINANCING ACTIVITIES		
Dividends paid	(837,413)	(8,567,945)
Purchase of treasury shares	(2,436,395)	(98,440)
Movement in non-controlling interest	(50,100)	-
	<u>(3,323,908)</u>	<u>(8,666,385)</u>
<i>Net cash used in financing activities</i>		
	<u>(3,323,908)</u>	<u>(8,666,385)</u>
Net increase in cash and cash equivalents	1,153,022	6,978,656
Cash and cash equivalents at beginning of the period	3,357,837	2,985,941
	<u>4,510,859</u>	<u>9,964,597</u>
Cash and cash equivalents at end of the period	<u>4,510,859</u>	<u>9,964,597</u>

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 June 2012 and reflect adjustments made as detailed in Note 3.

Qurain Petrochemical Industries Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2013

1 GENERAL INFORMATION

Qurain Petrochemical Industries Company K.S.C. ("the Parent Company") is a Kuwaiti shareholding company, established by Amiri Decree No 432/2004 on 10 November 2004. The Parent Company's shares were issued for public subscription by the Ministerial Decree No. 34/2004 on 28 November 2004. The Parent Company's shares are listed on the Kuwait Stock Exchange.

The Parent Company's objectives are as follows:

- To manufacture all types of chemical and petrochemical materials and any other derivatives.
- To sell, purchase, supply, distribute, export and store these materials and participate in all the activities relating to the same including the establishment and lease of the necessary services.
- To participate in Equate Petrochemical Company (K.S.C.) Closed, Kuwait Aromatics Company (K.S.C.) Closed, Kuwait Styrene Company (K.S.C.) Closed and Kuwait Olefins Company (K.S.C.) Closed.

The Parent Company may pursue the above mentioned activities in the State of Kuwait and abroad, originally or by proxy. It may have an interest in or participate in any manner with entities that carry on business activities similar to its own or which may assist the Parent Company in realising its objects in Kuwait or abroad, and it may buy or otherwise acquire such companies.

The address of the Parent Company's registered office and principal place of business is: 26th Floor, KIPCO Tower, Khalid Bin Al Waleed Street, Sharq, P.O. Box No 29299, Safat 13153, State of Kuwait.

The interim condensed consolidated financial information of the Parent Company and its subsidiaries (collectively the "Group") for the three month period ended 30 June 2013 were authorised for issue in accordance with a resolution of the Board of Directors' on 24 July 2013.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the guidelines issued by the Kuwait Stock Exchange.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 March 2013. In the opinion of Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the three month period ended 30 June 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 March 2014. The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD).

The comparative consolidated statement of financial position as at 31 March 2013 have been restated in accordance with IAS 8: Accounting policies, changes in accounting estimates and errors to rectify the understatement of National Labour Support Tax ("NLST") as at 31 March 2013. The restatement resulted in increase in 'accounts and other payables' and decrease in 'retained earnings' by KD 443,135.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of annual consolidated financial statements ended 31 March 2013 except for the adoption of the following new and amended IFRS during the period and the policies on 'inventories' and 'sales of goods' during the period. The adoption of new IFRS also resulted in amendments to policies on 'basis of consolidation' during the period.

Qurain Petrochemical Industries Company K.S.C. and Subsidiaries
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2013.

2 BASIS OF PREPARATION (continued)

IFRS 7: Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendment) (effective for annual periods beginning on or after 1 January 2013)

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The adoption of this standard does not have any material impact on the interim condensed consolidated financial information of the Group and the relevant disclosures will be made in the annual consolidated financial statements of the Group.

IFRS 10: Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)

IFRS 10 replaces the consolidation guidance in IAS 27 *Consolidated and Separate Financial Statements*. It also addresses the issues raised in SIC-12 *Consolidation - Special Purpose Entities*.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 require management to exercise significant judgement to determine which entities are controlled and therefore, are required to be consolidated by the Group, compared with the requirements that were in IAS 27. The Group, regardless of the nature of its involvement with an entity, shall determine whether it is a parent by assessing whether it controls the entity. The Group controls an investee when it 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. Once control is established, the standard requires the Group to start consolidating the investee from the date the investor obtains control of the investee and cease consolidation when the investor loses control of the investee. This resulted in change in accounting policy for "basis for consolidation" as described in below.

The adoption of IFRS 10 resulted in the establishment of 'de facto' control over the Group's investment in, United Oil Projects Company K.S.C. (Closed) ("UOP") (previously accounted for as investment in associates) since the Group is exposed, or has rights to variable returns from its involvement with UOP and has the ability to affect those returns through its power over UOP. UOP has been consolidated in the Group's consolidated financial statements retrospectively from the date on which the Group obtained control. The effect of IFRS 10 is described in more detail in note 3, which includes quantification of the effect on the interim condensed consolidated financial information.

IFRS 11: Joint Arrangements (effective for annual periods beginning on or after 1 January 2013)

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 12: Disclosure of Involvement with Other Entities (effective for annual periods beginning on or after 1 January 2013)

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial information, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

IFRS 13: Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)

IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by IFRS. There are also additional disclosure requirements. The adoption of this standard has no material impact on the financial position, performance and disclosures of the Group.

IAS 1: Presentation of Items of Other Comprehensive Income (Amendment)

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The adoption of this standard has no effect on the financial position or performance of the Group and only resulted in presentation changes in statement of comprehensive income.

Qurain Petrochemical Industries Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2013

2 BASIS OF PREPARATION (continued)

IAS 28: Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.

IAS 34: Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the chief operating decision maker ("CODM"). The Group did not provide this disclosure for total segment liabilities as these were not materially different from those reported in the entity's previous annual consolidated financial statements.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 April 2013 did not have any material impact on the accounting policies, financial position or performance of the Group.

Basis of consolidation

The accounting policy for basis of consolidation is consistent with that used in the preparation of the annual consolidated financial statements for the year ended 31 March 2013 except that definition of control is now amended as stated below.

Control is achieved where the Group is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition and are determined on the weighted average basis. Net realisable value is based on estimated selling price in the ordinary course of the business, less any further costs expected to be incurred on completion and disposal.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Qurain Petrochemical Industries Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2013

3 EFFECT OF ADOPTION OF IFRS 10

The adoption of IFRS 10 described in note 2 above resulted in the Group establishing de facto control over UOP (previously classified as investment in associates). Whilst the Group owns less than 50% of the voting rights of UOP, the Group determined that it has de facto control over UOP. The factors considered by the Group included the voting shares, the relative size and dispersion of holdings by other shareholders, attendance and voting patterns at previous shareholders' meetings and board meetings and the sharing of key management positions between the Group and UOP.

As a result, the following adjustments were made to the interim condensed consolidated financial information as at year ended 31 March 2013 and as at and for the three month period ended 30 June 2012:

	<i>31 March 2013 KD</i>	<i>30 June 2012 KD</i>
Impact on the consolidated statement of financial position:		
Increase (decrease) in assets:		
Cash and cash equivalents	915,717	534,459
Accrued income and other receivables	614,583	655,904
Inventories	486,211	516,493
Due from related parties	804,680	804,680
Financial assets available for sale	2,403,279	1,681,965
Investment in associates	2,217,733	1,671,696
Furniture and equipment	872,361	931,495
Goodwill	-	1,009,907
Net increase in assets	<u>8,314,564</u>	<u>7,806,599</u>
Increase (decrease) in liabilities:		
Accounts and other payables	318,971	364,629
Employees' end of service benefits	175,739	153,425
Net increase in liabilities	<u>494,710</u>	<u>518,054</u>
Increase (decrease) in equity:		
Treasury shares	(13,528)	(13,528)
Cumulative changes in fair value	(2,805)	214,005
Equity attributable to equity holders of the Parent Company	(16,333)	200,477
Non-controlling interest	7,836,187	7,088,068
Net increase in equity	<u>7,819,854</u>	<u>7,288,545</u>
Net increase in liabilities and equity	<u>8,314,564</u>	<u>7,806,599</u>

Qurain Petrochemical Industries Company K.S.C. and Subsidiaries
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2013

3 EFFECT OF ADOPTION OF IFRS 10 (continued)

	<i>Three months ended 30 June 2012 KD</i>
Impact on the interim condensed consolidated statement of income:	
Increase (decrease) in income:	
Sales	689,543
Cost of sales	(624,473)
Gross profit	<u>65,070</u>
Dividend income	91,351
Interest and other income	12,690
Share of results of associates	164,988
Net increase in income	<u>334,099</u>
Increase (decrease) in expenses:	
General and administrative expenses	(101,428)
Impairment of financial assets available for sale	(165,942)
Foreign exchange gain	1,542
Net increase in expenses	<u>(265,828)</u>
Net increase in profit for the period	<u>68,271</u>
Net increase in attributable to non controlling interest	<u>68,271</u>
	<i>Three months ended 30 June 2012 KD</i>
Impact on the interim condensed consolidated statement of cash flow:	
Net decrease in operating activities	(251,091)
Net decrease in cash and cash equivalents	<u>(251,091)</u>

Adoption of IFRS 10 has no impact on the basic and diluted earnings per share attributable to the equity holders of the Parent Company.

Qurain Petrochemical Industries Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2013

4 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>30 June 2013 KD</i>	<i>(Audited) 31 March 2013 (Restated) KD</i>	<i>30 June 2012 (Restated) KD</i>
Quoted equity securities	9,092,454	9,125,124	6,995,789
Debt instruments	5,900,000	3,900,000	-
Unquoted funds	-	-	26,819
Unquoted equity securities	188,711,602	188,711,602	162,190,178
	<u>203,704,056</u>	<u>201,736,726</u>	<u>169,212,786</u>

The fair value of investment in unquoted equity securities amounting to KD 188,711,602 (31 March 2013: KD 188,711,602 and 30 June 2012: KD 162,190,178) was determined by management using an appropriate valuation method based on the latest available information of the results and future projections and an unrealised gain amounting to KD Nil (31 March 2013: KD 28,769,290 and 30 June 2012: KD Nil) was recognised in other comprehensive income. As at 30 June 2013, cumulative total unrealised gain recognised in cumulative changes in fair value relating to unquoted equity securities amounted to KD 112,575,638 (31 March 2013: KD 112,575,638 and 30 June 2012: KD 84,427,535).

5 INVESTMENT IN ASSOCIATES

<i>Name of associates</i>	<i>Country of incorporation</i>	<i>Ownership interest (%)</i>		
		<i>30 June 2013</i>	<i>(Audited) 31 March 2013 (Restated)</i>	<i>30 June 2012 (Restated)</i>
Kuwait Aromatics Company K.S.C.C. ("KARO")	Kuwait	20.00	20.00	20.00
Algerian Methanol S.P.A. ("Almet")	Algeria	42.50	42.50	42.50
United Precision Drilling Company W.L.L. ("UPDC")	Kuwait	47.50	47.50	47.50
Al-Khorayef United Holding Company K.S.C. (Closed) ("Al-Khorayef")	Kuwait	25.00	25.00	25.00
United Carbon Projects Company K.S.C. (Closed) ("UCP")	Kuwait	36.00	36.00	36.00

The carrying value of each individual associate is as follows:

	<i>30 June 2013 KD</i>	<i>(Audited) 31 March 2013 (Restated) KD</i>	<i>30 June 2012 (Restated) KD</i>
KARO	45,384,838	41,551,800	37,268,000
Almet	3,217	3,217	3,217
UPDC	2,512,747	2,340,100	2,234,456
Al-Khorayef	5,577,630	5,427,485	5,248,696
	<u>53,478,432</u>	<u>49,322,602</u>	<u>44,754,369</u>

Qurain Petrochemical Industries Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2013

6 ACCOUNTS PAYABLE AND OTHERS

	30 June 2013 KD	<i>(Audited)</i> 31 March 2013 (Restated) KD	30 June 2012 (Restated) KD
Sundry creditors	910,012	484,640	468,554
Dividend payable	14,896,674	5,091,917	9,132,912
Taxation payable	812,090	722,705	870,181
Board of Directors' remuneration payable	25,000	100,000	-
Staff payables	226,699	280,460	167,338
Other payables	151,689	394,322	172,664
	<u>17,022,164</u>	<u>7,074,044</u>	<u>10,811,649</u>

7 SHARE CAPITAL

The authorised, issued and paid up share capital of the Parent Company comprises 1,100 million shares (31 March 2013: 1,100 million shares and 30 June 2012: 1,100 million shares) of 100 fils each.

As at 30 June 2013, 807,424 shares (31 March 2013: 807,424 shares and 30 June 2012: 807,424) of 100 fils each were pending for allotment on account of certain formalities not being completed. The Annual General Assembly and Extraordinary General meetings of shareholders held on 3 April 2011 approved to decrease the Parent Company's share capital by 807,424 shares of 100 fils each. However, as at 30 June 2013, the decrease in the Parent Company's share capital is not finalised as the Parent Company is waiting for the completion of certain legal formalities.

8 TREASURY SHARES

	30 June 2013	<i>(Audited)</i> 31 March 2013 (Restated)	30 June 2012 (Restated)
Number of treasury shares	34,795,519	23,011,046	7,547,297
Percentage of issued shares	3.16%	2.09%	0.69%
Market value (KD)	6,819,922	4,556,187	1,449,081

Reserves equivalent to the cost of the treasury shares have been ear-marked as non-distributable.

Qurain Petrochemical Industries Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2013

9 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing the profit for the period attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding for the period as follows:

	<i>Three months ended</i>	
	<i>30 June</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Profit for the period attributable to the shareholders of the Parent Company	4,151,465	124,843
	<u>Shares</u>	<u>Shares</u>
Weighted average number of shares outstanding	1,099,192,576	1,099,192,576
Weighted average number of treasury shares	(31,669,917)	(7,547,297)
Weighted average number of shares for basic and diluted earnings per share	<u>1,067,522,659</u>	<u>1,091,645,279</u>
Basic and diluted earnings per share attributable to the shareholders of the Parent Company	<u>3.89 Fils</u>	<u>0.11 Fils</u>

10 RELATED PARTY TRANSACTIONS

Related parties primarily comprise associates, significant shareholders, directors, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

	<i>Associates</i>	<i>Others</i>	<i>Three months ended</i>	
			<i>30 June</i>	
	<i>KD</i>	<i>KD</i>	<i>2013</i>	<i>2012</i>
			<i>KD</i>	<i>KD</i>
Interest and other income	-	11,838	<u>11,838</u>	-
General and administrative expenses	-	-	<u>-</u>	<u>5,000</u>

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

	<i>Associates</i>	<i>Others</i>	<i>30 June</i>	<i>(Audited)</i>	
				<i>31 March</i>	<i>30 June</i>
	<i>KD</i>	<i>KD</i>	<i>2013</i>	<i>2013</i>	<i>2012</i>
			<i>KD</i>	<i>(Restated)</i>	<i>(Restated)</i>
				<i>KD</i>	<i>KD</i>
Accrued income and others	292,699	-	<u>292,699</u>	335,132	292,699
Due from related parties	-	804,680	<u>804,680</u>	804,680	804,680

As at 30 June 2013, the Group has contingent liabilities in relation to a guarantee given to a local bank in connection with credit facilities availed by a related party of an associate (Note 11).

Qurain Petrochemical Industries Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2013

10 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	<i>Three months ended 30 June</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Salaries and other short term benefits	189,392	92,401
Employees' end of service benefits	26,440	12,259
	<u>215,832</u>	<u>104,660</u>

11 INVESTMENT COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2013, the Group have a guarantee amounting to KD 11,920,275 (31 March 2013: KD 11,920,275 and 30 June 2012: KD 11,920,275) towards a local bank in connection with certain credit facilities availed.

12 ANNUAL GENERAL ASSEMBLY MEETING

The Annual General Assembly of shareholders held on 27 June 2013 approved the consolidated financial statements of the Group for the year ended 31 March 2013 and approved a cash dividend of 10 fils per share (31 March 2012: 15 fils per share).

13 SEGMENT REPORTING

For management reporting purposes, the Group is organised into two major operating segments based on internal reporting provided to the chief operating decision maker. The Group does not have material inter-segment transactions. The principal activities and services under these segments are as follows:

Investments	: Investments are mainly for the long term and are in the Petrochemical sector.
Manufacturing	: Mainly manufacture and supply chemicals for fiberglass, paint and petrochemical industries and general use.

Management monitors operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segmental return on investments.

Qurain Petrochemical Industries Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2013

13 SEGMENT REPORTING (continued)

The following table presents information regarding the Group's operating segments.

	<i>Three months ended 30 June 2013</i>		
	<i>Investments KD</i>	<i>Manufacturing KD</i>	<i>Total KD</i>
Total revenue	4,946,356	934,781	5,881,137
Profit for the period	4,366,729	41,111	4,407,840
Total assets	297,266,265	3,936,674	301,202,939
Total liabilities	16,817,974	631,972	17,449,946

	<i>Three months ended 30 June 2012</i>		
	<i>Investments KD</i>	<i>Manufacturing KD</i>	<i>Total KD</i>
Total revenue	493,393	691,151	1,184,544
Profit for the period	161,885	32,895	194,780
Total assets	250,870,923	3,443,031	254,313,954
Total liabilities	10,581,194	518,053	11,099,247

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amount approximates their fair value. The fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost, are not materially different from their carrying values.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and other models as appropriate.

Qurain Petrochemical Industries Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2013

14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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.

30 June 2013	Level 1 KD	Level 3 KD	Total fair value KD
<i>Financial assets available for sale:</i>			
Quoted equity securities	9,092,454	-	9,092,454
Unquoted equity securities	-	188,711,602	188,711,602
	<u>9,092,454</u>	<u>188,711,602</u>	<u>197,804,056</u>

During the three months period ended 30 June 2013, there were no transfers between the hierarchies.