Gulf Petroleum Investment Company - K.S.C.C
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
For the nine months ended 30 September 2010
With review report

Gulf Petroleum Investment Company - K.S.C.C.
And its subsidiaries
State of Kuwait

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For the nine months ended 30 September 2010
And review report

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Gulf Petroleum Investment Company - K.S.C. (Closed)
Kuwait

Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors

Introduction

We have reviewed the accompanying interim condensed consolidated statement of Financial Position of Gulf Petroleum Investment Company K.S.C.C, "Parent Company" and its subsidiaries (collectively referred to as "the Group") as of 30 September 2010 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended. The Parent Company management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". 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 condensed consolidated 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 are not presented fairly, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Emphasis of Matter

We draw attention to (note 2) to this interim condensed consolidated financial information, as the Group's current liabilities exceeded its current assets as of 30 September 2010. The Group's ability to settle its liabilities depends on the success of implementing the plans that have been established to provide the necessary liquidity. Our conclusion is not qualified in respect of this matter.

Report on Review of Other Legal and Regulatory Requirements

Further, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. To the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, or of the Parent Company's Articles of Association have occurred during the period ended 30 September 2010 that might have a material affect on the business of the Group or on its consolidated financial position except as follows:-

- We refer to note (4) to this financial information, as the Parent Company invested directly in shares and not through investment portfolios managed by specialized companies.
- We refer to note (6) to this financial information, as the Parent Company received loans and bank facilities with traditional terms and not in accordance to Islamic Sharia.

These are in contravention to the Parent Company's approved activities.

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Kuwait
14 November 2010

Gulf Petroleum Investment Company - K.S.C.C
And its subsidiaries

Interim condensed consolidated statement of financial position as of 30 September 2010
(Unaudited)
(All amount are in Kuwaiti Dinars)

	Note	30 September 2010	31 December 2009 (Audited)	30 September 2009
Assets				
Non current assets				
Property, plant and equipment	3	33,662,710	35,196,339	30,041,029
Intangible assets		13,211,223	14,041,608	11,404,875
Available for sale investments	4	-	-	2,053,975
Investments in associates		17,284	17,353	-
		46,891,217	49,255,300	43,499,879
Current assets				
Inventory		1,312,505	1,351,961	-
Due from related parties	10	349,537	334,991	11,903,154
Receivable and other debit balances	5	3,619,977	4,455,706	4,742,859
Cash and cash equivalents		437,027	706,416	370,625
		5,719,046	6,849,074	17,016,638
Total assets		52,610,263	56,104,374	60,516,517
Equity				
Equity attributable to shareholders of the Parent Company				
Share capital		21,871,012	21,871,012	21,871,012
Share premium		10,650,519	10,650,519	10,650,519
Statutory reserve		1,875,323	1,875,323	1,875,323
Voluntary reserve		1,875,323	1,875,323	1,875,323
Foreign currency translation reserve		(55,235)	174,010	558,692
Accumulated losses		(12,733,486)	(13,249,849)	(7,473,160)
		23,483,456	23,196,338	29,357,709
Non-controlling interest		726,309	660,844	-
		24,209,765	23,857,182	29,357,709
Non current liabilities				
Due to banks	6	15,774,738	19,064,920	11,309,888
End of service indemnity		656,860	633,096	398,538
		16,431,598	19,698,016	11,708,426
Current liabilities				
Payable and other credit balances	7	6,530,578	7,947,438	7,870,395
Due to related parties	10	767,849	1,328,965	1,847,721
Due to banks	6	4,670,473	3,272,773	9,732,266
		11,968,900	12,549,176	19,450,382
Total Equity and Liabilities		52,610,263	56,104,374	60,516,517

The accompanying notes form an integral part of this interim condensed consolidated financial information

Ghassan Fahed Sultan Essa
Chairman

Gulf Petroleum Investment Company - K.S.C.C
And its subsidiaries

Interim condensed consolidated statement of income for the nine months ended 30 September 2010
(Unaudited)
(All amount are in Kuwaiti Dinars)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2010	2009	2010	2009
Operating revenues		4,170,709	2,804,829	12,525,957	8,187,930
Operating costs		(3,482,593)	(2,696,906)	(9,913,196)	(7,692,797)
Gross operating profit	8	688,116	107,923	2,612,761	495,133
Other operating income		5,883	19,105	154,850	19,417
Other operating expenses	8	-	(615,883)	(304,253)	(1,611,880)
Gains / (losses) from foreign currency differences		465,035	(79,667)	160,698	(820,330)
General and administrative expenses		(344,914)	(173,824)	(823,659)	(742,571)
Gains on investments at fair value - profit or loss		-	(3,870)	-	211,705
Finance charges		(221,334)	(233,650)	(658,973)	(622,365)
Provision for doubtful debts		(257,910)	-	(257,910)	-
Net profit / (loss) before income tax from subsidiaries		334,876	(979,866)	883,514	(3,070,891)
Income tax on subsidiaries		(118,349)	(37,274)	(272,793)	(132,848)
Net profit / (loss) before deductions		216,527	(1,017,140)	610,721	(3,203,739)
Kuwait Foundation for the Advancement of Science ("KFAS")		(1,677)	-	(4,863)	-
National Labour Support Tax (NLST)		(4,658)	-	(13,509)	-
Zakat expense		(2,201)	-	(5,641)	-
Net profit / (loss) for the period		207,991	(1,017,140)	586,708	(3,203,739)
Attributable to:					
Shareholders of the Parent Company		177,786	(1,017,140)	516,363	(3,203,739)
Non-controlling interest		30,205	-	70,345	-
		207,991	(1,017,140)	586,708	(3,203,739)
Earning / (loss) per share (fils)	9	0.81	(4.65)	2.36	(14.65)

The accompanying notes form an integral part of this interim condensed consolidated financial information

Gulf Petroleum Investment Company - K.S.C.C
And its subsidiaries

Interim condensed consolidated statement of comprehensive income for the nine months ended 30 September 2010
(Unaudited)
(All amount are in Kuwaiti Dinars)

	Three months ended 30 September		Nine months ended 30 September	
	2010	**2009**	**2010**	**2009**
Net profit/ (loss) for the period	207,991	(1,017,140)	586,708	(3,203,739)
Other comprehensive income				
Foreign currency translation differences	(722,736)	7,841	(234,125)	1,024,068
Total other comprehensive (loss) / income	(722,736)	7,841	(234,125)	1,024,068
Total comprehensive (loss) / profit for the period	(514,745)	(1,009,299)	352,583	(2,179,671)
Attributable to:				
Shareholders of the Parent Company	(528,838)	(1,009,299)	287,118	(2,179,671)
Non-controlling interest	14,093	-	65,465	-
	(514,745)	(1,009,299)	352,583	(2,179,671)

The accompanying notes form an integral part of this interim condensed consolidated financial information

Gulf Petroleum Investment Company - K.S.C.C
And its subsidiaries

Interim condensed consolidated statement of changes in equity for the nine months ended 30 September 2010
(Unaudited)
(All amount are in Kuwaiti Dinars)

	Equity attributable to shareholders of Parent Company							Non-controlling interest	Total equity
	Share capital	Share premium	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Accumulated losses	Total		
Balance at 31 December 2008	21,871,012	10,650,519	1,875,323	1,875,323	(465,376)	(4,269,421)	31,537,380	-	31,537,380
Total comprehensive income / (loss) for the period	-	-	-	-	1,024,068	(3,203,739)	(2,179,671)	-	(2,179,671)
Balance at 30 September 2009	21,871,012	10,650,519	1,875,323	1,875,323	558,692	(7,473,160)	29,357,709	-	29,357,709
Balance at 31 December 2009	21,871,012	10,650,519	1,875,323	1,875,323	174,010	(13,249,849)	23,196,338	660,844	23,857,182
Total comprehensive (loss) / income for the period	-	-	-	-	(229,245)	516,363	287,118	65,465	352,583
Balance at 30 September 2010	21,871,012	10,650,519	1,875,323	1,875,323	(55,235)	(12,733,486)	23,483,456	726,309	24,209,765

The accompanying notes form an integral part of this interim condensed consolidated financial information

Gulf Petroleum Investment Company - K.S.C.C
And its subsidiaries

Interim condensed consolidated statement of cash flows for the nine months ended 30 September 2010
(Unaudited)
(All amount are in Kuwaiti Dinars)

	Nine months ended 30 September	
	2010	**2009**
Cash flows from operating activities		
Net profit / (loss) for the period	586,708	(3,203,739)
Adjustments:		
Depreciation and amortization	3,337,805	1,751,680
Gain from investments at fair value through profit or Loss	-	(211,705)
Finance charges	658,973	622,365
End of service indemnity	23,764	23,347
Provision for doubtful debts	257,910	-
Operating profit / (loss) before changes in working capital	4,865,160	(1,018,052)
Inventory	39,456	-
Investment at fair value through profit or loss	-	485,080
Due from / to related parties	(575,662)	1,586,832
Receivable and other debit balances	577,819	112,684
Payable and other credit balances	(1,203,707)	743,608
Net cash generated from operating activities	3,703,066	1,910,152
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(1,217,657)	(350,764)
Net cash used in investing activities	(1,217,657)	(350,764)
Cash flows from financing activities		
Cash dividends	(5,993)	(13,773)
Net payment of due to banks	(1,892,482)	(1,879,458)
Finance charges paid	(856,323)	(1,095,411)
Net cash used in financing activities	(2,754,798)	(2,988,642)
Net change in cash and cash equivalents	(269,389)	(1,429,254)
Cash and cash equivalents at the beginning of the period	706,416	1,799,879
Cash and cash equivalents at the end of the period	437,027	370,625

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information for the nine months ended 30 September 2010 (Unaudited)
(All amount are in Kuwaiti Dinars unless otherwise stated)

1. Incorporation and activities

Gulf Petroleum Investment Company K.S.C.C (the Parent Company) was incorporated in 1998 under the Kuwaiti's Law of Commercial Companies. The Parent Company operates according to the Noble Islamic Shariaa principles.

The main objectives of the Parent company and its subsidiaries (together referred to as "the Group") is to carry out oil field and gas services in land and sea, providing technical, economic, consulting, and marketing studies and in all fields related to oil and petrochemicals in addition to owning plants, machinery and tools necessary for oil and petrochemicals industry, and leasing them to others.

The Parent Company's registered office is at Salhiya, Ali Al Salem Street, Al-Mabanee Building 1, first floor P.O. Box 14214 Fiha, 72853 Kuwait.

The International Investment Group (K.S.C.) holds 27.84% of the Parent Company's share capital as of 30 September 2010 (27.99% as of 31 December 2009).

The interim condensed consolidated financial information was authorized for issue by the Board of Directors on 14 November 2010.

2. Basis of preparation interim financial information

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (34), applicable to Interim Financial Reporting.

Interim condensed consolidated financial information does not include all the information and disclosures required for complete financial statements prepared in accordance with 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 include, in the condensed consolidation financial information.

The operating results for the nine-month period ended 30 September 2010 are not necessarily indicative of the results that may be expected for the year ending 31 December 2010. For further information, refer to the consolidated financial statements for the year ended 31 December 2009 and its related disclosures.

The interim condensed consolidated financial information have been prepared in accordance with the same accounting principles and methods of calculation used in the latest annual financial statements, except of the following:

The Group has adopted standards and amendments of International Financial Reporting Standards which have been effective. Followings are the significant changes in the Group's accounting policies as a result of adopting these standards and amendments.

- The acquisition-related cost is charged to the statement of income in the periods in which the costs are incurred.
- Changes in the interest of a subsidiary that will not result in loss of control are treated as group's equity transactions and they are accounted in equity.
- The interest held before obtaining control is re-measured at fair value at the date of obtaining control and the resulting gain or loss are charged to the statement of income. The difference between book value of additional stake acquired in subsidiaries and cost of acquisition is recognized in equity.

There is no significant impact on the interim condensed consolidated financial information from these changes.

As of 30 September 2010, the current liabilities exceed the current assets with an amount of KD 6,249,854. In order to solve this issue, the Group is under negotiation with some financial institution in order to obtain long term Islamic finance and with some creditors to reschedule the debts.

3. Property, plant and equipment

	30 September 2010	31 December 2009 (Audited)	30 September 2009
Net book value at beginning period / year	35,196,339	25,239,638	25,239,638
Additions	1,217,657	4,651,000	4,644,965
Revocation of selling subsidiary	-	5,620,449	-
Depreciation	(2,507,420)	(1,273,736)	(921,295)
Foreign currency translation differences	(243,866)	958,988	1,077,721
Net book value at ending period / year	33,662,710	35,196,339	30,041,029

- Property, plant and equipments include (1) offshore rig, (5) onshore rig all working in Egypt, Syria and Kordestan. The rent contract of the offshore rig will be ended in 30 June 2012, and the rent contract of the onshore rig will be ended during 2010 and 2012, respectively.
- The addition include an amount of KD 837,791 which represent the rigs dry dock ended during the current period and was capitalized on the related items of the property, plant and equipments.

4. Available for sale investments

- Available for sale investments represent unquoted local shares amounted to KD 460,855. Impairment in value was recorded for available for sale investments in full during the year ended 31 December 2009.
- The available for sale investment represent direct investments in shares. The Parent Company activities do not include direct investment, currently the corrective action is under process.

5. Receivable and other debit balances

	30 September 2010	31 December 2009 (Audited)	30 September 2009
Trade receivables	2,278,142	2,415,260	2,881,818
Accrued income	250,000	1,073,386	1,411,838
Doubtful debts	(615,215)	(361,008)	(361,511)
	1,912,927	3,127,638	3,932,145
Prepaid expenses	927,573	452,323	649,529
Refundable deposits	589,725	589,725	-
Other debit balances	189,752	286,020	161,185
	3,619,977	4,455,706	4,742,859

6. Due to banks

	30 September 2010	31 December 2009 (Audited)	30 September 2009
Current			
Borrowing	4,435,497	3,272,773	9,732,266
Bank facilities	234,976	-	-
	4,670,473	3,272,773	9,732,266
Non-current			
Borrowing	15,774,738	19,064,920	11,309,888
Total due to banks	20,445,211	22,337,693	21,042,154

- The effective interest rate for the amount due to banks is 4.49% as of 30 September 2010 (4.51% as of 31 December 2009 – 4.49% as of 30 September 2009).
- Loans are granted against the pledge of property, plant and equipments and the Parent Company's investment in Pyramid Drilling International Company Limited (Subsidiary) and the assignment of the rig's revenue to the bank.

- The Group borrows from traditional banks, and now the Group is in the process to transfer such borrowing to be in accordance with Islamic Shariaa.

- Current borrowings include an amount of KD 455,680 represents loans installments matured during the period ended 30 September 2010 and not yet paid. The installments due were paid in the subsequent period of the financial information date.

7. Payables and other credit balances

	30 September 2010	31 December 2009 (Audited)	30 September 2009
Trade payables	292,476	1,102,824	633,658
Purchase of rig payables	2,931,453	2,952,554	4,045,547
Accrued and interest expenses	1,493,636	1,875,490	1,230,192
Accrued dividends	656,969	662,962	678,479
Credit income Tax of a subsidiary	465,759	735,498	725,162
Kuwait Foundation for the Advancement of Science	66,273	61,410	61,410
National Labor Support Tax	363,900	350,391	350,391
Zakat expense	5,641	4,126	4,126
Other credit balance	254,471	202,183	141,430
	6,530,578	7,947,438	7,870,395

8. Gross operating profit

	Three months ended 30 September		Nine months ended 30 September	
	2010	2009	2010	2009
Rigs lease	883,777	478,719	2,571,574	2,984,500
Services	511,065	-	1,212,718	-
Exploitation right of oilfield	(706,726)	(370,796)	(1,171,531)	(2,489,367)
	688,116	107,923	2,612,761	495,133

- During the stopped period, the offshore and onshore rig cost amounted to KD 304,253 (KD 995,997 as of 30 September 2009) was recorded in other operating expenses

- The exploitation right activity starts to incur losses because of the decline in oil prices; however, oil prices started to increase in the period which resulted in a recovery of these losses during next years. Accordingly, the Group's management believes that there is no impairment in exploitation right.

9. Earning / (loss) per share

Basic earning / (loss) per share is calculated based on the net profit / (loss) for the period attributable to the shareholders of the Parent Company divided by the weighted average number of issued and outstanding shares during the period, which is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2010	2009	2010	2009
Net profit / (loss) for the period attributable to the shareholders of the parent Company	177,786	(1,017,140)	516,363	(3,203,739)
Weighted average number of issued shares	218,710,120	218,710,120	218,710,120	218,710,120
Earnings / (loss) per share (fils)	0.81	(4.65)	2.36	(14.65)

10. Transactions with related parties

In the normal course of business, during the period these transactions with related parties took place (principal shareholders).

The balances resulted from these transactions are as follows:

	30 September 2010	31 December 2009 (Audited)	30 September 2009
Due from related parties	349,537	334,991	11,903,154
Due to related parties	767,849	1,328,965	1,847,721
Cash at investment portfolios	10,000	10,000	10,000
End of service indemnity of executive and key management	31,614	27,648	29,749

The transactions with the related parties are subject to the approval of the shareholders.

11. Segmental Financial Information

The Group activities are concentrated in exploitation right, oil service and consulting and rigs lease, the following is the revenue and segment result as its reported to management:

(A) Nine months ended 30 September 2010:

	Exploitation right (Indonesia)	Oil well services (United Arab Emirates/ Syria)	Rigs lease (Egypt)	Total
Revenues	1,158,962	4,378,759	6,988,236	12,525,957
Segments results	(1,171,531)	842,137	1,772,950	1,443,556
Adjustments:				
Finance cost and currency difference				(498,275)
Other unallocated expenses				(216,617)
Other revenues				154,850
Net gains before tax and deductions				883,514
Total assets	10,241,451	7,893,703	30,158,054	48,293,208
Add the following:				
Investment in associates				17,284
Other assets				4,299,771
Total				52,610,263

(B) Nine months ended 30 September 2009

	Exploitation right (Indonesia)	Oil services (United Arab Emirates / Syria)	Rigs lease (Egypt)	Total
Revenues	1,832,898	-	6,355,032	8,187,930
Segment results	(2,876,826)	-	1,036,925	(1,839,901)
Adjustments:				
Investment gain				211,705
Finance cost and foreign currency differences				(1,442,695)
Net losses before tax and deductions				(3,070,891)
Total assets	12,988,056	-	33,336,053	46,324,109
Add the following:				
Available for sale investments				2,053,975
Other assets				12,138,433
Total				60,516,517

Notes to the interim condensed consolidated financial information for the nine months ended 30 September 2010 (Unaudited)
(All amount are in Kuwaiti Dinars unless otherwise stated)

12. Contingent liabilities and capital commitments

	30 September 2010	31 December 2009 (Audited)	30 September 2009
Purchase rig	-	-	-
Project under construction	-	-	240,782
Letters of guarantee	-	-	201,710

13. Proposed dividends

The General Assembly held on 27 May 2010 approved the financial statement for the year end 31 December 2009 and also approved not to distribute dividends for the year ended 2009 (KD Nil – 2008).