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

Interim Condensed Consolidated Financial Information
For the three months ended 31 March 2010
(Unaudited)
With review report

Deloitte.

Al-Ahli Bureau
Certified Accountants

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

Interim Condensed Consolidated Financial Information
For the three months period ended 31 March 2010
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Contents **Page**

Review report of interim condensed consolidated financial information	
Interim condensed consolidated statement of financial position (Unaudited)	3
Interim condensed consolidated statement of income (Unaudited)	4
Interim condensed consolidated statement of comprehensive income (Unaudited)	5
Interim condensed consolidated statement of changes in equity (Unaudited)	6
Interim condensed consolidated statement of cash flow (Unaudited)	7
Notes to the interim condensed consolidated financial information (Unaudited)	8 - 12

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Gulf Petroleum Investment Company - K.S.C. (Closed)
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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 31 March 2010 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 Parent Company management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS (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 No. "34" - Interim Financial Reporting.

Emphasis of Matter

Without qualifying our conclusion mentioned above, 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 31 March 2010. The Group's ability to settle its liabilities depends on the success in implementing the plans that have been establish to provide liquidity.

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

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 31 March 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
12 May 2010

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

Interim condensed consolidated statement of financial position as of 31 March 2010
(Unaudited)
(All amount are in Kuwaiti Dinars)

	Note	31 March 2010	31 December 2009 (Audited)	31 March 2009
Assets				
Non current assets				
Property, plant and equipment	3	34,824,936	35,196,339	27,588,941
Intangible assets		13,764,812	14,041,608	11,958,465
Available for sale investments	4	-	-	1,799,995
Investments in associate		17,621	17,353	-
		48,607,369	49,255,300	41,347,401
Current assets				
Inventory		1,343,952	1,351,961	-
Due from related parties	9	250,949	334,991	12,430,843
Receivable and other debit balances	5	4,509,086	4,455,706	4,656,098
Investments at fair value - profit or loss		-	-	194,400
Cash and cash equivalents		674,208	706,416	124,502
		6,778,195	6,849,074	17,405,843
Total assets		55,385,564	56,104,374	58,753,244
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		429,630	174,010	820,140
Accumulated losses		(14,077,452)	(13,249,849)	(5,838,015)
		22,624,355	23,196,338	31,254,302
Non-controlling interest		676,190	660,844	-
		23,300,545	23,857,182	31,254,302
Non current liabilities				
Due to banks	6	18,425,694	19,064,920	14,694,388
End of service indemnity		615,889	633,096	396,601
		19,041,583	19,698,016	15,090,989
Current liabilities				
Payable and other credit balances		8,399,898	7,947,438	4,510,233
Due to related parties	9	1,109,146	1,328,965	809,695
Due to banks	6	3,534,392	3,272,773	7,088,025
		13,043,436	12,549,176	12,407,953
Total Equity and Liabilities		55,385,564	56,104,374	58,753,244

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 three months ended 31 March 2010
(Unaudited)
(All amount are in Kuwaiti Dinars)

	Note	Three months ended 31 March	
		2010	2009
Operating revenues		3,131,164	3,079,095
Operating costs		(3,261,943)	(2,495,632)
Gross (loss) / profit	7	(130,779)	583,463
Other operating income		133,996	2,309
Other operating expenses	7	(177,680)	(627,398)
Gain / (loss) from foreign currency differences		(158,897)	(982,562)
General and administrative expenses		(210,150)	(326,027)
Loss from change in value of investments at fair value - profit or loss		-	(78,975)
Finance charges		(209,559)	(106,724)
Net loss before tax from subsidiaries		(753,069)	(1,535,914)
Income tax on subsidiaries		(66,101)	(32,680)
Net loss for the period		(819,170)	(1,568,594)
Attributable to:			
Shareholders of the Parent Company		(827,603)	(1,568,594)
Non-controlling interest		8,433	-
		(819,170)	(1,568,594)
Loss per share (fils)	8	(3.78)	(7.17)

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 three months ended 31 March 2010
(Unaudited)
(All amount are in Kuwaiti Dinars)

	Three months ended 31 March	
	2010	**2009**
Net loss for the period	(819,170)	(1,568,594)
Foreign currency translation reserve	262,533	1,285,516
Total other comprehensive income	262,533	1,285,516
Total comprehensive loss for the period	(556,637)	(283,078)
Attributable to:		
Shareholders of the Parent Company	(571,983)	(283,078)
Non – Controlling interest	15,346	-
	(556,637)	(283,078)

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 three months ended 31 March 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	-	-	-	-	1,285,516	(1,568,594)	(283,078)	-	(283,078)
Balance at 31 March 2009	21,871,012	10,650,519	1,875,323	1,875,323	820,140	(5,838,015)	31,254,302	-	31,254,302
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 income / (loss) for the period	-	-	-	-	255,620	(827,603)	(571,983)	15,346	(556,637)
Balance at 31 March 2010	21,871,012	10,650,519	1,875,323	1,875,323	429,630	(14,077,452)	22,624,355	676,190	23,300,545

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 three months ended 31 March 2010
(Unaudited)
(All amount are in Kuwaiti Dinars)

	Three months ended 31 March	
	2010	**2009**
Cash flows from operating activities		
Net loss for the period	(819,170)	(1,568,594)
Adjustments:		
Depreciation and amortization	849,617	581,335
Loss from investments at fair value through profit or Loss	-	78,975
Finance charges	139,164	106,724
End of service indemnity	(17,207)	21,410
Operating profit/ (loss) before changes in working capital	152,404	(780,150)
Inventory	8,009	-
Due from / to related parties	(135,777)	275,097
Receivable and other debit balances	(53,380)	199,444
Payable and other credit balances	577,403	1,515,245
Net cash generated from operating activities	548,659	1,209,636
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	-	(1,251,894)
Net cash used in investing activities	-	(1,251,894)
Cash flows from financing activities		
Net payment of bank facilities and loans	(377,607)	(1,139,199)
Finance charges paid	(199,544)	(488,494)
Dividends	(3,716)	(5,426)
Net cash used in financing activities	(580,867)	(1,633,119)
Net change in cash and cash equivalents	(32,208)	(1,675,377)
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	674,208	124,502

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

Notes to the interim condensed consolidated financial information for the three months ended 31 March 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 23.09% of the Parent Company's share capital as at 31 March 2010 (27.99% as of 31 December 2009).

The consolidation financial statements for the year ended 31 December 2009 is not been approved from the shareholder as the General Assembly Meeting is not till the date.

The interim condensed consolidated financial information was authorized for issue by the Board of Directors on 12 May 2010.

2. Basis of preparation

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 Three months period ended 31 March 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:

Following is the most significant changes in the accounting policies on the Group:

- 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.

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

As of 31 March 2010, the current liabilities exceed the current assets with an amount of KD 6,265,241. In order to solve this issue, the Group is under negotiation with some financial institution in order to obtain long term loan Islamic finance and with some creditors for reschedule the debts.

3. Property, plant & equipment

	31 March 2010	31 December 2009 (Audited)	31 March 2009
Net book value at beginning period	35,196,339	25,239,638	25,239,638
Additions	690,640	4,651,000	1,251,894
Revocation of selling subsidiaries	-	5,620,449	-
Depreciation	(1,028,617)	(1,273,736)	(304,540)
Foreign currency translation differences	(33,426)	958,988	1,401,949
Net book value at ending period	34,824,936	35,196,339	27,588,941

- Bennevis rig includes (1) offshore rig, (5) onshore rig 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.

4. Available for sale investment

- Available for sale investments represent unquoted local shares amounted KD 460,855 impairment in value was recorded for all available for sale investments during the year ended 31 December 2009.

- The available for sale investment represent in investments in shares held directly. The Parent Company activities do not include direct investment, currently the corrective action is under process.

5. Receivable and other debit balances

	31 March 2010	31 December 2009 (Audited)	31 March 2009
Trade receivables	2,858,880	2,415,260	3,238,203
Accrued income	250,000	1,073,386	869,975
Doubtful debts	(369,959)	(361,008)	(362,884)
	2,738,921	3,127,638	3,745,294
Receivables for purchasing fixed assets	-	-	44,648
Prepaid expenses	1,005,074	452,323	640,301
Refundable deposits	597,867	589,725	-
Other debit balances	167,224	286,020	225,855
	4,509,086	4,455,706	4,656,098

The Group has credit concentration as of 31 March 2010 amounted to KD 1,769,844 due from 9 clients (KD 2,070,324 as of 31 December 2009, KD 1,429,437 as of 31 March 2009). The Group's management believes that no losses will be resulted from this concentration, taking into consideration the available information from dealing with clients.

6. Due to banks

	31 March 2010	31 December 2009 (Audited)	31 March 2009
Current			
Borrowing	3,534,392	3,272,773	6,782,025
Wakala payable	-	-	306,000
	3,534,392	3,272,773	7,088,025
Non-current			
Borrowing	18,425,694	19,064,920	14,694,388
Total due to banks	21,960,086	22,337,693	21,782,413

- The effective interest rate for the amount due to banks is 4.51% as of 31 March 2010 (4.51% as of 31 December 2009 – 5.50% as of 31 March 2009).

- Loans are granted against the pledge of the Rig, projects under progress, 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 289,200 represents loans installments matured and not yet paid as of 31 March 2010. These installments were paid in the subsequent period from the financial information date.

7. Gross (loss)/ profit

	Three months ended 31 March	
	2010	**2009**
Gross (loss)/ profit of Rigs lease	(19,025)	1,669,605
Gross profit from Services	237,866	-
Gross loss of exploitation right of oil well	(349,620)	(1,086,142)
	(130,779)	583,463

- The offshore rig cost amounted to KD 177,680 (KD 627,398 during the period ended 31 March 2009) was recorded in other operating expenses during the stopped period.
- 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 will result in a recovery during next year. Accordingly, the Group's management believes that there is no impairment in exploitation right.

8. Loss per share

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

	Three months ended 31 March	
	2010	**2009**
Net loss for the period attributable to the shareholders of the Parent Company	(827,603)	(1,568,594)
Weighted average number of issued shares	218,710,123	218,710,123
Loss per share (fils)	(3.78)	(7.17)

9. Transactions with related parties

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

The following is the list of these transactions:

	31 March 2010	**31 December 2009 (Audited)**	**31 March 2009**
Due from related parties	250,949	334,991	12,430,843
Due to related parties	1,109,146	1,328,965	809,645
Cash at investment portfolios	10,000	10,000	10,000
End of service indemnity of executive and key management	22,053	27,648	38,340

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

10. 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) Three months ended 31 March 2010:

	Exploitation right (Indonesia)	Oil well services (United Arab Emirates/ Syria)	Rigs lease (Egypt)	Total
Revenues	-	1,255,237	1,875,927	3,131,164
Segments results	(349,620)	155,046	(269,415)	(463,989)
Adjustments:				
Investment losses				-
Finance cost and foreign currency difference				(368,456)
Other unallocated expenses				(51,580)
Other operating revenues				130,956
Net losses before tax				(753,069)
Total assets	13,764,812	8,656,647	31,383,584	53,805,043
Add the following:				
Investment in associates				17,621
Investments at fair value through profit or loss				-
Other assets				1,562,900
Total				55,385,564

(B) Three months ended 31 March 2009

	Exploitation right (Indonesia)	Oil services (United Arab Emirates / Syria)	Rigs lease (Egypt)	Total
Revenues	619,974	-	2,459,121	3,079,095
Segment results	(1,140,861)	-	726,107	(414,754)
Adjustments:				
Investment losses				(78,975)
Finance cost and foreign currency differences				(1,042,185)
Net losses before tax and deductions				(1,535,914)
Total assets	13,038,622	-	31,202,519	44,241,141
Add the following:				
Available for sale investments				1,799,995
Investments at fair value through profit or loss				194,400
Other assets				12,517,708
Total				58,753,244

11. Contingent liabilities and capital commitments

	31 March 2010	31 December 2009 (Audited)	31 March 2009
Letters of guarantee	29,064	-	146,466
Project under construction	29,225	-	3,940,412

12. Proposed dividends

The board of directors held on 29 March 2010 proposed not to distribute dividends for the year ended 2009 (Nil – 2008), this proposal is subject to approval the shareholders in the general assembly approved.

The General Assembly had not been held for the year ended 31 December 2009 till the date of issue of this financial information, so the financial statements for the year ended 31 December 2009 has not been approved yet neither the above proposed dividends.