**Qurain Petrochemical Industries Company**

**Third Quarter 2011 Shareholders Report**



**Quarterly Report July - September 2011**

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| 1. **Financial Results Highlights – Third Quarter 2011** |
| * QPIC earned a net profit for nine months ended 30 September 2011 of KD 20,453,242/- versus a net loss of KD 1,584,985 for the same period last year – an increase of 1,390 %. * The earnings per share (EPS) for the first nine months is 18.67 fils / share versus a negative EPS of 1.44 fils / share for the same period last year. * QPIC received its share of dividends from Equate and TKOC for 2010 of KD 14.21 million which shows a significant improvement in the results of our Investee Companies compared to that of the previous year. Also, net income from Kuwait Paraxlyene Company (KPPC) & Kuwait Styrene Company (TKSC) has significantly improved in the first half of 2011, also contributing to the net income of QPIC. * QPIC sold a portion of its shares in Equate to Equate resulting in a realized profit of KD 2.0 million. QPIC’s retains its 6 % stake in Equate following this sale. * Total assets of the company have reached 211.92 million at 30 September 2011 as compared to KD 193.22 million at 31 December 2010 an increase of KD 18.70 million or 10%. * Cash and cash equivalents have increased after receiving EQUATE and Kuwait Olefins Co. dividends. |

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| 1. **Current Investments** |
| * + **Petrochemical Prices** bounced back to their normal levels after reaching peaks during the first quarter of the year, but margins are getting squeezed.   + **Greater Equate - Equate and The Kuwait Olefins Company (TKOC) -** shortage of gas supply was balanced by higher product prices, the company’s profits exceeded last year’s,   + **Kuwait Aromatics Company** (**KARO)** NIAT is declining due to losses incurred from KPPC; Management is communicating with related parties to address KPPC’s sustained long term profitability.   + **Kuwait Paraxylene Company (KPPC)** productionperformance was lower than planed due to output limitations, which requires the plant’s shut down in Q4; However, NIAT was higher than planned mainly due to high PX prices.   + **Kuwait Styrene Company (TKSC)** is showing great performance and profitability that are exceeding management’s plans,   + **United Oil Projects (UOP) -** Profits are improving despite low performance of the chemical plant; GC-16 project is going on plan and project construction is expected to be completed by January 2013. |

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| 1. **Projects Under Development** |
| * + **Algeria Methanol - QPIC** is winding off its investment in ALMET and will request a second reduction in the share capital in October. QPIC expects to receive its share of the first capital reduction in the fourth quarter of 2011.   + **PTA-PET -** Royal Commission of Jubail and Yanbu in KSA welcomed QPIC’s request to establish the project in Jubail Industrial City. QPIC is communicating with world leading consulting firms to conduct project’s detailed feasibility study and owner’s advisor, as well as engage with a technical partner. |

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| 1. **Future Outlook** |
| * + Discussions are ongoing with selected banks for Credit Facilities,   + Greater Equate profitability is expected to exceed last year’s due to the rise in demand and prices of the products.   + UOP is expected to enhance its profitability from GC 16 project,   + QPIC is looking at many acquisition opportunities in the GCC region in collaboration with HSBC to source new opportunities. |

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| 1. **Other News and Events** |
| * + QPIC Chairman was featured and interviewed in “Kuwait’s 50th Anniversary Report “publication by First Magazine that was published in July 2011.   + QPIC will sponsor [The Oil and Money 2011](http://www.eiseverywhere.com/ehome/index.php?eventid=17751&tabid=27038&) Conference that will take place in the United Kingdom – London in October 2011. |