

**INDEPENDENT PETROLEUM GROUP COMPANY
S.A.K. (CLOSED) AND SUBSIDIARIES
STATE OF KUWAIT**



**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION AND REVIEW REPORT FOR
THE PERIOD FROM 1 JANUARY TO 31 MARCH 2008
(UNAUDITED)**

**INDEPENDENT PETROLEUM GROUP COMPANY
S.A.K. (CLOSED) AND SUBSIDIARIES**



**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
AND REVIEW REPORT
(UNAUDITED)**

For the period from 1 January to 31 March 2008

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REVIEW REPORT TO THE BOARD OF DIRECTORS OF INDEPENDENT PETROLEUM GROUP COMPANY S.A.K. (CLOSED)

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Independent Petroleum Group Company S.A.K. (Closed) (“the Company”) and subsidiaries (together referred to as “the Group”) as at 31 March 2008 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the three-month period then ended and explanatory notes. 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 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 accounting records of the Company. We further report that to the best of our knowledge and belief, no violation of the Commercial Companies Law of 1960, as amended, or the articles of association of the Company have occurred during the three-month period ended 31 March 2008 that might have had a material effect on the business of the Company or on its financial position.



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24 April 2008

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period from 1 January to 31 March 2008

	Notes	Three months ended 31 March	
		2008	2007
		KD	KD
Sales		318,147,425	89,445,374
Cost of sales		(312,138,903)	(88,350,689)
Gross profit		6,008,522	1,094,685
Net interest relating to oil marketing operations	4	(787,422)	303,591
Net results of oil marketing operations		5,221,100	1,398,276
Share of results of associates and joint ventures	8 & 9	(2,556,930)	59,115
General and administrative expenses		(313,397)	(272,179)
Staff costs		(843,559)	(729,633)
Depreciation		(26,403)	(10,998)
Operating profit		1,480,811	444,581
Dividend income		-	149,698
(Loss) / gain on investments at fair value through statement of income		(985,752)	896,251
Other income		1,193,994	54,853
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS") and National Labour Support Tax ("NLST")		1,689,053	1,545,383
Provision for contribution to KFAS		(15,202)	(13,908)
Provision for NLST		-	(2,151)
Profit for the period		1,673,851	1,529,324
Basic and diluted earnings per share (fils)	5	11.23	10.10

The accompanying notes set out in pages 6 to 10 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 31 March 2008

	Notes	31 March 2008 (Unaudited) KD	31 December 2007 (Audited) KD	31 March 2007 (Unaudited) KD
ASSETS				
Current assets				
Cash and cash equivalents	6	17,410,875	11,696,220	8,854,000
Investments at fair value through statement of income	7	40,207,355	41,193,107	41,138,451
Trade and other receivables		128,291,973	145,501,873	63,452,274
Inventories		30,696,988	20,951,982	22,569,110
Total current assets		<u>216,607,191</u>	<u>219,343,182</u>	<u>136,013,835</u>
Non-current assets				
Other loans		4,948,089	5,138,840	5,787,673
Investments available for sale	7	1,814,764	1,805,714	2,176,839
Investment in joint ventures	8	7,145,544	7,074,654	7,400,819
Investment in associates	9	9,949,742	7,972,424	7,189,966
Property and equipment		828,368	788,992	676,075
Total non-current assets		<u>24,686,507</u>	<u>22,780,624</u>	<u>23,231,372</u>
Total assets		<u>241,293,698</u>	<u>242,123,806</u>	<u>159,245,207</u>
LIABILITIES AND EQUITY				
Current liabilities				
Due to banks		92,709,279	97,659,519	78,228,836
Directors' fees payable		-	100,000	-
Trade and other payables		92,828,968	85,895,156	24,149,893
Total current liabilities		<u>185,538,247</u>	<u>183,654,675</u>	<u>102,378,729</u>
Non-current liability				
Provision for end of service indemnity		1,273,807	1,200,388	1,098,885
Total liabilities		<u>186,812,054</u>	<u>184,855,063</u>	<u>103,477,614</u>
Equity				
Share capital	10	15,225,000	15,225,000	15,225,000
Share premium		22,586,707	22,586,707	22,586,707
Legal reserve		4,901,436	4,901,436	4,212,341
General reserve		605,796	605,796	605,796
Fair value reserve		263,516	254,466	314,860
Foreign currency translation reserve		(4,406,300)	(4,406,300)	(1,663,569)
Share of associates' hedging reserve		78,115	78,115	-
Gain on sale of treasury shares		1,422,306	1,422,306	1,422,306
Treasury shares	11	(1,296,100)	(1,296,100)	(327,000)
Retained earnings		15,101,168	17,897,317	13,391,152
Total equity		<u>54,481,644</u>	<u>57,268,743</u>	<u>55,767,593</u>
Total liabilities and equity		<u>241,293,698</u>	<u>242,123,806</u>	<u>159,245,207</u>



Khalaf Ahmad Al-Khalaf
Chairman

Ghazi Fahad Al-Nafisi
Vice Chairman

Waleed Jaber Hadeed
Executive Managing Director

The accompanying notes set out in pages 6 to 10 form an integral part of this interim condensed consolidated financial information.

**INDEPENDENT PETROLEUM GROUP COMPANY
S.A.K. (CLOSED) AND SUBSIDIARIES**



INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period from 1 January to 31 March 2008

	Share capital KD	Share premium KD	Legal reserve KD	General reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Share of associates' hedging reserve KD	Gain on sale of treasury shares KD	Treasury shares KD	Retained earnings KD	Total KD
Balance at 1 January 2008	15,225,000	22,586,707	4,901,436	605,796	254,466	(4,406,300)	78,115	1,422,306	(1,296,100)	17,897,317	57,268,743
Changes in fair value of investments available for sale	-	-	-	-	9,050	-	-	-	-	-	9,050
Net income recognized directly in equity	-	-	-	-	9,050	-	-	-	-	-	9,050
Profit for the period	-	-	-	-	-	-	-	-	-	1,673,851	1,673,851
Total recognized income for the period	-	-	-	-	9,050	-	-	-	-	1,673,851	1,673,851
Dividends for 2007 (Note 15)	-	-	-	-	-	-	-	-	-	(4,470,000)	(4,470,000)
Balance at 31 March 2008	15,225,000	22,586,707	4,901,436	605,796	263,516	(4,406,300)	78,115	1,422,306	(1,296,100)	15,101,168	54,481,644
Balance at 1 January 2007	15,225,000	22,586,707	4,212,341	605,796	222,686	(1,663,569)	-	1,422,306	(327,000)	16,403,228	58,687,495
Changes in fair value of investments available for sale	-	-	-	-	92,174	-	-	-	-	-	92,174
Net income recognized directly in equity	-	-	-	-	92,174	-	-	-	-	-	92,174
Profit for the period	-	-	-	-	-	-	-	-	-	1,529,324	1,529,324
Total recognized income for the period	-	-	-	-	92,174	-	-	-	-	1,529,324	1,529,324
Dividends for 2006 (Note 15)	-	-	-	-	-	-	-	-	-	(4,541,400)	(4,541,400)
Balance at 31 March 2007	15,225,000	22,586,707	4,212,341	605,796	314,860	(1,663,569)	-	1,422,306	(327,000)	13,391,152	55,767,593

The accompanying notes set out in pages 6 to 10 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period from 1 January to 31 March 2008

	Note	Three months ended 31 March	
		2008	2007
		KD	KD
OPERATING ACTIVITIES			
Profit before provisions for contribution to KFAS and NLST		1,689,053	1,545,383
Adjustments for:			
Depreciation		26,403	10,998
Interest expense		1,364,233	1,096,911
Dividend income		-	(149,698)
Loss / (gain) on investments at fair value through statement of income		985,752	(896,251)
Share of results of associates and joint ventures		2,556,930	(59,115)
Interest income		(940,379)	(1,454,888)
Provision for staff indemnity		78,523	49,273
		<u>5,760,515</u>	<u>142,613</u>
Decrease in trade and other receivables		18,004,663	1,093,847
Increase in inventories		(9,745,006)	(422,493)
Increase / (decrease) in trade and other payables		<u>3,537,633</u>	<u>(4,163,769)</u>
Cash generated by / (used in) operations		<u>17,557,805</u>	<u>(3,349,802)</u>
Interest received		145,616	932,484
Payment to KFAS		(62,019)	(56,215)
Directors' fees paid		(100,000)	(100,000)
Payment of staff indemnity		(5,104)	-
Net cash generated by / (used in) operating activities		<u>17,536,298</u>	<u>(2,573,533)</u>
INVESTING ACTIVITIES			
Investment in a joint venture		-	(720,505)
Investment in associates		(1,504,565)	(917,605)
Dividends received		-	149,698
Decrease in other loans		190,751	104,788
Purchase of property and equipment		(65,779)	(21,273)
Net cash used in investing activities		<u>(1,379,593)</u>	<u>(1,404,897)</u>
FINANCING ACTIVITIES			
Net (decrease) / increase in due to banks		(4,950,240)	10,633,991
Dividends paid		(4,470,000)	(4,541,400)
Interest paid		(1,021,810)	(1,503,682)
Net cash (used in) / generated by financing activities		<u>(10,442,050)</u>	<u>4,588,909</u>
Net increase in cash and cash equivalents		<u>5,714,655</u>	<u>610,479</u>
Cash and cash equivalents at beginning of the period		<u>11,696,220</u>	<u>8,243,521</u>
Cash and cash equivalents at end of the period	6	<u>17,410,875</u>	<u>8,854,000</u>

The accompanying notes set out in pages 6 to 10 form an integral part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the period from 1 January to 31 March 2008

1. INCORPORATION AND ACTIVITIES

Independent Petroleum Group Company S.A.K. ("the Company") was incorporated on 11 September 1976 as a Closed Kuwaiti Shareholding Company. The Company was listed on the Kuwait Stock Exchange on 10 December 1995.

The main activities of the Company and its subsidiaries (together referred to as "the Group") are the trading of crude oil and petroleum products, strategic investments and joint ventures in petroleum storage facilities, terminal and distribution facilities and other activities related to the petroleum industry and consulting services in the petroleum and petrochemicals fields.

The registered address of the Company is P.O. Box 24027, Safat - 13101, State of Kuwait.

This interim condensed consolidated financial information for the three-month period ended 31 March 2008 was authorized for issue by the Chairman on behalf of the Board of Directors on 24 April 2008.

2. BASIS OF PRESENTATION

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and the guidelines issued by the Kuwait Stock Exchange. Interim condensed consolidated financial information does not include all of the information and footnotes required for complete financial information prepared in accordance with International Financial Reporting Standards.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2008.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual audited consolidated financial statements of the Group for the year ended 31 December 2007. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2007.

3. JUDGEMENTS AND ESTIMATES

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements for the year ended 31 December 2007.

4. NET INTEREST RELATING TO OIL MARKETING OPERATIONS

	Three months ended	
	31 March 2008	31 March 2007
	KD	KD
Interest income	576,811	1,400,502
Interest expense	(1,364,233)	(1,096,911)
	<u>(787,422)</u>	<u>303,591</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

For the period from 1 January to 31 March 2008

5. EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	Three months ended	
	31 March 2008	31 March 2007
	KD	KD
Profit for the period	1,673,851	1,529,324
	Shares	Shares
Weighted average number of issued shares outstanding during the period	152,250,000	152,250,000
Weighted average number of treasury shares outstanding during the period	(3,250,000)	(870,000)
Weighted average number of shares outstanding during the period	149,000,000	151,380,000
Basic and diluted earnings per share (fils)	11.23	10.10

6. CASH AND CASH EQUIVALENTS

	31 March 2008 (Unaudited)	31 December 2007 (Audited)	31 March 2007 (Unaudited)
	KD	KD	KD
Cash on hand and at banks	6,329,066	227,802	788,255
Call accounts and time deposits	11,081,809	11,468,418	8,065,745
	17,410,875	11,696,220	8,854,000

7. INVESTMENTS

	31 March 2008 (Unaudited)	31 December 2007 (Audited)	31 March 2007 (Unaudited)
	KD	KD	KD
Investments at fair value through statement of income:			
Held for trading:			
Managed portfolios	39,234,296	40,277,353	40,266,084
Quoted securities	973,059	915,754	872,367
	40,207,355	41,193,107	41,138,451
Investments available for sale:			
Quoted securities	497,737	488,688	562,490
Unquoted securities	1,317,027	1,317,026	1,614,349
	1,814,764	1,805,714	2,176,839

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)**

For the period from 1 January to 31 March 2008

7. INVESTMENTS (CONTINUED)

Investments at fair value through statement of income with a carrying amount of KD 39,234,296 (31 December 2007: KD 40,277,353 and 31 March 2007: KD 40,266,084) are pledged as collateral against amounts due to banks.

It was not possible to reliably measure the fair value of unquoted securities available for sale since there is no active market; accordingly they are stated at cost less impairment losses, if any.

8. INVESTMENT IN JOINT VENTURES

The Group has a 50% equity shareholding with equivalent voting power in D&K Holding L.L.C., Dubai ("DKHL") and Uniterminals Ltd, Lebanon.

Following are the details of income / (loss) from joint ventures recorded during the three month period ended:

	31 March 2008	31 March 2007
	KD	KD
Share of loss from D&K Holding L.L.C., Dubai	(60,000)	(14,549)
Share of income from Uniterminals Ltd, Lebanon	130,890	92,192
	<u>70,890</u>	<u>77,643</u>

9. INVESTMENT IN ASSOCIATES

During the period, the Company contributed KD 1,504,565 towards the increase in share capital of Horizon Tangiers Terminals SA. Since all the shareholders contributed their proportionate share in the increase of share capital, the Group's ownership interest in Horizon Tangiers Terminals SA. remains unchanged.

Following are the details of income / (loss) from associates recorded during the three month period ended:

	31 March 2008	31 March 2007
	KD	KD
Share of income from Horizon Tangiers Terminals SA.	292,992	-
Share of loss from Arab Tank Terminals L.L.C.	(26,655)	(18,528)
Share of income from Inpetro SARC	55,451	-
Share of income from Horizon Djibouti Holdings	150,965	-
Provision for share of obligation relating to an associate	(3,100,573)	-
	<u>(2,627,820)</u>	<u>(18,528)</u>

The Group's share in the net assets and result of associate companies included in the interim condensed consolidated financial information was based on their respective management accounts for the period ended 31 March 2008.

During the quarter, the shareholders of ENOC Bunkering Fujairah L.L.C. ("EBFL") in which the Group holds 25 % ownership interest decided to discontinue its operation. The shareholders resolved to assume the net liabilities of EBFL in proportion to their respective shareholdings in EBFL. The provision of KD 3,100,573 represents the Group's estimated proportionate share in the net liabilities of EBFL.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)**

For the period from 1 January to 31 March 2008

10. SHARE CAPITAL

The authorised, issued and fully paid share capital consists of 152,250,000 shares of 100 fils each (31 December 2007: 152,250,000 shares of 100 fils each and 31 March 2007: 152,250,000 shares of 100 fils each).

11. TREASURY SHARES

	31 March 2008 (Unaudited)	31 December 2007 (Audited)	31 March 2007 (Unaudited)
Number of shares	3,250,000	3,250,000	870,000
Percentage of issued shares	2.13%	2.13%	0.57%
Market value (KD)	1,300,000	1,446,250	382,800
Cost (KD)	1,296,100	1,296,100	327,000

12. RELATED PARTY TRANSACTIONS

These represent transactions with related parties in the normal course of business. The terms of these transactions are on negotiated contract basis. The related party transactions and balances included in the Group's interim condensed consolidated financial information are as follows:

	Three months ended		
	31 March 2008	31 March 2007	
a) Revenues:	KD	KD	
Sales	7,080,346	1,052,036	
Net interest relating to oil marketing operations	-	52,840	
b) Key management compensation			
Salaries and other short-term benefits	165,943	161,005	
Terminal benefits	19,489	15,685	
	185,432	176,690	
c) Due from / to related parties:			
	31 March 2008 (Unaudited)	31 December 2007 (Audited)	31 March 2007 (Unaudited)
	KD	KD	KD
Trade and other receivables	11,973,889	14,054,332	3,807,945
Trade and other payables	408,205	440,772	190,797
Other loans	4,948,089	5,138,840	5,787,673

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)**

For the period from 1 January to 31 March 2008

13. SEGMENTAL INFORMATION

The Group operates in one industry segment the trading of crude oil and petroleum products. Information about the Group's geographical business segments is summarised as follows:

	Three months ended			
	31 March 2008		31 March 2007	
	Segment revenues	Segment results	Segment revenues	Segment results
	KD	KD	KD	KD
Africa and Middle East	249,927,741	1,808,509	78,158,949	1,662,445
Europe and South America	35,814,737	(503,873)	10,696,625	20,259
Asia and Far East	32,404,947	1,359,534	589,800	(225,315)
	<u>318,147,425</u>	<u>2,664,170</u>	<u>89,445,374</u>	<u>1,457,389</u>
Unallocated corporate items		<u>(1,183,359)</u>		<u>(1,012,808)</u>
Operating profit		<u>1,480,811</u>		<u>444,581</u>

14. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

	31 March 2008 (Unaudited)	31 December 2007 (Audited)	31 March 2007 (Unaudited)
	KD	KD	KD
Letters of guarantee and bid bonds	20,165,102	15,318,811	5,048,625
Letters of credit	85,649,164	109,431,136	38,045,420
	<u>105,814,266</u>	<u>124,749,947</u>	<u>43,094,045</u>

Commitments

	31 March 2008 (Unaudited)	31 December 2007 (Audited)	31 March 2007 (Unaudited)
	KD	KD	KD
Commitments towards investments in and financing of associates and joint ventures	<u>5,948,310</u>	<u>7,452,875</u>	<u>5,299,594</u>

15. ANNUAL GENERAL ASSEMBLY

The Shareholders' Annual General Assembly held on 5 March 2008 approved the annual audited consolidated financial statements for the year ended 31 December 2007 and payment of a cash dividend of 30 fils per share for the year ended 31 December 2007 (2006: 30 fils per share).

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period presentation.