

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



**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION AND INDEPENDENT AUDITORS'
REVIEW REPORT FOR THE PERIOD FROM
1 JANUARY TO 30 SEPTEMBER 2008 (UNAUDITED)**

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



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

For the period from 1 January to 30 September 2008

INDEX	Page
Independent auditors' report on review of interim condensed consolidated financial information	1
Interim condensed consolidated statement of income for the period from 1 January to 30 September 2008	2
Interim condensed consolidated balance sheet as at 30 September 2008	3
Interim condensed consolidated statement of changes in equity for the period from 1 January to 30 September 2008	4
Interim condensed consolidated statement of cash flows for the period from 1 January to 30 September 2008	5
Notes to the interim condensed consolidated financial information	6 - 14

Deloitte

Al-Fahad & Co.

Salhia Complex
Gate 2, 4th Floor
P.O. Box 23049
Safat 13091
State of Kuwait

Tel: + (965) 2438060
Tel: + (965) 2468934
Fax: + (965) 2452080
www.deloitte.com

Albazie & Co.

Member of **RSM** International

Public Accountants

Kuwait Airways Building, 7th Floor
Shuhada Street, P.O. Box 2115 Safat
13022 – State of Kuwait

T + 965 2410010
F + 965 2412761
www.albazie.com

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

**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 its subsidiaries (together referred to as "the Group") as at 30 September 2008 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the nine-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' ("IAS34"). 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 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 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 nine-month period ended 30 September 2008 that might have had a material effect on the business of the Group or on its financial position.



Jassim Ahmad Al-Fahad
Licence No. 53-A
Al-Fahad & Co. Deloitte & Touche

23 October 2008



Nayef M. Al Bazie
License No 91-A
Albazie & Co.
Member of RSM International

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



INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period from 1 January to 30 September 2008

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2008	2007	2008	2007
		KD	KD	KD	KD
Sales		474,560,144	207,691,912	1,153,142,651	431,264,086
Cost of sales		<u>(471,372,081)</u>	<u>(204,779,375)</u>	<u>(1,139,330,334)</u>	<u>(425,362,196)</u>
Gross profit		3,188,063	2,912,537	13,812,317	5,901,890
Net interest relating to oil marketing operations	6	<u>(846,922)</u>	<u>(1,297,675)</u>	<u>(1,932,572)</u>	<u>(1,704,959)</u>
Net results of oil marketing operations		2,341,141	1,614,862	11,879,745	4,196,931
Share of results of associates and joint ventures	10 & 12	1,421,685	61,942	(2,102,104)	677,847
General and administrative expenses		(542,636)	(301,321)	(1,423,947)	(1,123,660)
Staff costs		(799,113)	(666,858)	(2,527,527)	(2,267,965)
Depreciation		<u>(13,080)</u>	<u>(12,613)</u>	<u>(41,680)</u>	<u>(34,225)</u>
Operating profit		2,407,997	696,012	5,784,487	1,448,928
Dividend income		594,403	-	757,608	319,679
Unrealised (loss) / gain on investments at fair value through statement of income		(2,335,800)	447,225	(3,739,036)	2,781,421
Other income		<u>271,336</u>	<u>10,434</u>	<u>1,895,693</u>	<u>71,023</u>
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		937,936	1,153,671	4,698,752	4,621,051
Provision for contribution to KFAS		(8,514)	(10,384)	(42,361)	(41,590)
Provision for NLST		(17,775)	9,164	(17,775)	-
Provision for Zakat		<u>(7,900)</u>	<u>-</u>	<u>(7,900)</u>	<u>-</u>
Profit for the period		<u>903,747</u>	<u>1,152,451</u>	<u>4,630,716</u>	<u>4,579,461</u>
Basic and diluted earnings per share (fils)	7	<u>6.11</u>	<u>7.61</u>	<u>31.17</u>	<u>30.25</u>

The accompanying notes set out on pages 6 to 14 form an integral part of this interim condensed consolidated financial information.

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



INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 September 2008

		30 September 2008 (Unaudited)	31 December 2007 (Audited)	30 September 2007 (Unaudited)
	Notes	KD	KD	KD
ASSETS				
Current assets				
Cash and cash equivalents	8	16,066,667	11,696,220	8,300,556
Investments at fair value through statement of income	9	37,454,071	41,193,107	43,021,305
Trade and other receivables		143,914,946	145,501,873	144,279,384
Inventories		45,531,545	20,951,982	30,658,421
		<u>242,967,229</u>	<u>219,343,182</u>	<u>226,259,666</u>
Non-current assets				
Other loans		4,545,139	5,138,840	5,453,812
Investments available for sale	9	1,651,506	1,805,714	1,936,380
Investments in joint ventures	10	3,166,921	7,074,654	7,534,102
Investments in associates	12	11,128,377	7,972,424	7,790,655
Property and equipment	13	20,517,296	788,992	687,398
		<u>41,009,239</u>	<u>22,780,624</u>	<u>23,402,347</u>
Total assets		<u>283,976,468</u>	<u>242,123,806</u>	<u>249,662,013</u>
LIABILITIES AND EQUITY				
Current liabilities				
Due to banks		85,715,992	97,659,519	121,714,436
Directors' fees payable		-	100,000	-
Trade and other payables		133,819,743	85,895,156	67,991,437
		<u>219,535,735</u>	<u>183,654,675</u>	<u>189,705,873</u>
Non-current liabilities				
Term loan	13	6,692,000	-	-
Provision for end of service indemnity		1,347,132	1,200,388	1,185,063
Total liabilities		<u>227,574,867</u>	<u>184,855,063</u>	<u>190,890,936</u>
Equity				
Share capital	14	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		100,258	254,466	268,207
Foreign currency translation adjustments		(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	15	(2,169,750)	(1,296,100)	(327,000)
Retained earnings		18,058,033	17,897,317	16,441,289
Total equity		<u>56,401,601</u>	<u>57,268,743</u>	<u>58,771,077</u>
Total liabilities and equity		<u>283,976,468</u>	<u>242,123,806</u>	<u>249,662,013</u>

Khalaf Ahmad Al-Khalaf
Chairman

Ghazi Fahad Al-Nafisi
Vice Chairman

Waleed Jaber Hadeed
Executive Managing Director

The accompanying notes set out on pages 6 to 14 form an integral part of this interim condensed consolidated financial information.

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



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period from 1 January to 30 September 2008

	Share capital KD	Share premium KD	Legal reserve KD	General reserve KD	Fair value reserve KD	Foreign currency translation adjustments 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	57,268,74
Changes in fair value of investments available for sale	-	-	-	-	(154,208)	-	-	-	-	-	(154,20
Net loss recognized directly in equity	-	-	-	-	(154,208)	-	-	-	-	-	(154,20
Profit for the period	-	-	-	-	-	-	-	-	-	-	-
Total recognized (loss) / income for the period	-	-	-	-	(154,208)	-	-	-	-	-	(154,20
Purchase of treasury shares	-	-	-	-	(154,208)	-	-	-	-	-	(154,20
Dividends for 2007 (note 19)	-	-	-	-	-	-	-	-	(873,650)	-	(873,65
Balance at 30 September 2008	15,225,000	22,586,707	4,901,436	605,796	100,258	(4,406,300)	78,115	1,422,306	(2,169,750)	18,058,033	56,401,60
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	58,687,49
Changes in fair value of investments available for sale	-	-	-	-	45,521	-	-	-	-	-	45,52
Net income recognized directly in equity	-	-	-	-	45,521	-	-	-	-	-	45,52
Profit for the period	-	-	-	-	-	-	-	-	-	-	-
Total recognized income for the period	-	-	-	-	45,521	-	-	-	-	-	45,52
Dividends for 2006 (note 19)	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2007	15,225,000	22,586,707	4,212,341	605,796	268,207	(1,663,569)	-	1,422,306	(327,000)	16,441,289	58,771,07

The accompanying notes set out on pages 6 to 14 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 30 September 2008

	Notes	Nine months ended 30 September	
		2008	2007
		KD	KD
OPERATING ACTIVITIES			
Profit before provisions for contribution to KFAS, NLST and Zakat		4,698,752	4,621,051
Adjustments for:			
Depreciation		315,026	34,225
Interest expense		3,604,757	4,105,909
Dividend income		(757,608)	(319,679)
Unrealised loss / (gain) on investments at fair value through statement of income		3,739,036	(2,781,421)
Share of results of associates and joint ventures		2,102,104	(677,847)
Interest income		(2,245,181)	(2,503,825)
Provision for staff indemnity		176,216	151,373
		11,633,102	2,629,786
Decrease / (increase) in trade and other receivables		14,401,235	(79,059,479)
Increase in inventories		(24,513,563)	(8,511,804)
Increase in trade and other payables		36,560,646	39,495,141
Cash generated by / (used in) operations		38,081,420	(45,446,356)
Interest received		1,705,873	1,307,637
Payment to KFAS		(62,019)	(56,215)
Directors' fees paid		(100,000)	(100,000)
Payment of staff indemnity		(40,100)	(15,922)
Net cash generated by / (used in) operating activities		39,585,174	(44,310,856)
INVESTING ACTIVITIES			
Proceeds from sale of investments at fair value through statement of income		-	2,316
Investment in joint venture		-	(720,505)
Proceeds from repayment of subordinated loans		-	93,222
Acquisition of subsidiary	11	(2,095,733)	-
Decrease in other loans		593,701	327,242
Decrease in short-term loan to associate		8,216,000	-
Investment in associate		(2,207,267)	(975,203)
Dividends received		757,608	319,679
Dividend from joint venture		486,410	-
Purchase of property and equipment		(296,617)	(55,823)
Net cash generated by / (used in) investing activities		5,454,102	(1,009,072)
FINANCING ACTIVITIES			
Net (decrease) / increase in due to banks		(38,504,527)	54,119,591
Proceeds from borrowings		6,692,000	-
Dividends paid		(4,470,000)	(4,541,400)
Interest paid		(3,512,652)	(4,201,228)
Purchase of treasury shares		(873,650)	-
Net cash (used in) / generated by financing activities		(40,668,829)	45,376,963
Net increase in cash and cash equivalents		4,370,447	57,035
Cash and cash equivalents at beginning of the period		11,696,220	8,243,521
Cash and cash equivalents at end of the period	8	16,066,667	8,300,556

The accompanying notes set out on pages 6 to 14 form an integral part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

For the period from 1 January to 30 September 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, ownership of vessels, ship chartering and other ancillary services.

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

This interim condensed consolidated financial information for the nine-month period ended 30 September 2008 was authorized for issue by the Chairman on behalf of the Board of Directors on 23 October 2008.

2. BASIS OF PREPARATION

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 this 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 except as described in note 4. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2007.

3. ADOPTION OF NEW AND REVISED STANDARDS

The Group has elected to adopt the following Standards in advance of their effective dates:

- IFRS 3 Business Combinations (as revised in 2008); and
- IAS 27 Consolidated and Separate Financial Statements (as revised in 2008).

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the consolidated statement of income as incurred.

Where appropriate, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (revised 2008) are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are measured at fair value less costs to sell.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

For the period from 1 January to 30 September 2008

3. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Business combinations (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in equity are reclassified to the consolidated statement of income, where such treatment would be appropriate if that interest were disposed of.

IAS 27 (revised 2008)

IAS 27 (revised 2008) has been applied prospectively in accordance with the relevant transitional provisions.

The revised Standard has resulted in a change in accounting policy regarding increases or decreases in the Group's ownership interests in its subsidiaries. In prior years, in the absence of specific requirements in IFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in existing subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in the consolidated statement of income. Under IAS 27 (revised 2008), these treatments are no longer acceptable. All increases or decreases in such interests are dealt with in equity, with no impact on goodwill or the consolidated statement of income.

Goodwill

Goodwill arising on the acquisition of a subsidiary is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest (if any) in the entity over the net fair value of the identifiable net assets recognised.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest (if any), the excess is recognised immediately in the consolidated statement of income as a bargain purchase gain.

Goodwill is not amortised, but is reviewed for impairment at least annually. Any impairment loss is recognised immediately in profit or loss and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4. CHANGE IN ACCOUNTING POLICY

During the period, the Group has changed its accounting policy for valuation of inventories from using the lower of cost or net realizable value to fair value less costs to sell. The impact of the change in accounting policy is not significant to the accompanying interim financial information and financial statements of the prior year / period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

For the period from 1 January to 30 September 2008

5. 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.

6. NET INTEREST RELATING TO OIL MARKETING OPERATIONS

	Three months ended		Nine months ended	
	30 September 2008	30 September 2007	30 September 2008	30 September 2007
	KD	KD	KD	KD
Interest income	448,579	507,931	1,672,185	2,400,950
Interest expense	(1,295,501)	(1,805,606)	(3,604,757)	(4,105,909)
	<u>(846,922)</u>	<u>(1,297,675)</u>	<u>(1,932,572)</u>	<u>(1,704,959)</u>

7. 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		Nine months ended	
	30 September 2008	30 September 2007	30 September 2008	30 September 2007
	KD	KD	KD	KD
Profit for the period	<u>903,747</u>	<u>1,152,451</u>	<u>4,630,716</u>	<u>4,579,461</u>
	Shares	Shares	Shares	Shares
Weighted average number of issued shares outstanding during the period	152,250,000	152,250,000	152,250,000	152,250,000
Weighted average number of treasury shares outstanding during the period	<u>(4,572,283)</u>	<u>(870,000)</u>	<u>(3,693,978)</u>	<u>(870,000)</u>
Weighted average number of shares outstanding during the period	<u>147,677,717</u>	<u>151,380,000</u>	<u>148,556,022</u>	<u>151,380,000</u>
Basic and diluted earnings per share (fils)	<u>6.11</u>	<u>7.61</u>	<u>31.17</u>	<u>30.25</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

For the period from 1 January to 30 September 2008

8. CASH AND CASH EQUIVALENTS

	30 September 2008 (Unaudited)	31 December 2007 (Audited)	30 September 2007 (Unaudited)
	KD	KD	KD
Cash on hand and at banks	1,385,299	227,802	486,296
Call accounts and time deposits	14,681,368	11,468,418	7,814,260
	<u>16,066,667</u>	<u>11,696,220</u>	<u>8,300,556</u>

9. INVESTMENTS

	30 September 2008 (Unaudited)	31 December 2007 (Audited)	30 September 2007 (Unaudited)
	KD	KD	KD
Investments at fair value through statement of income:			
Held for trading:			
Managed portfolios	36,605,298	40,277,353	42,092,225
Quoted securities	848,773	915,754	929,080
	<u>37,454,071</u>	<u>41,193,107</u>	<u>43,021,305</u>
Investments available for sale:			
Quoted securities	334,479	488,688	515,837
Unquoted securities	1,317,027	1,317,026	1,420,543
	<u>1,651,506</u>	<u>1,805,714</u>	<u>1,936,380</u>

Investments at fair value through statement of income with a carrying amount of KD 36,605,298 (31 December 2007: KD 40,277,353 and 30 September 2007: KD 42,092,225) are pledged as collateral against amounts due to banks.

Unquoted securities include investment in 10% shareholding of Vopak Horizon Fujairah Ltd. (carried at cost of KD 179,838) and also investment in 12.5% shareholding of Asia Petroleum Ltd. (carried at cost of KD 1,137,189).

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.

10. INVESTMENTS IN JOINT VENTURES

The Group has a 50% equity shareholding with equivalent voting power in Uniterminals Ltd, Lebanon.

The Group's share in the net assets and result of joint venture of Uniterminals Ltd, Lebanon included in the interim condensed consolidated financial information are based on its management accounts for the nine month period ended 30 September 2008.

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

	30 September 2008	30 September 2007
	KD	KD
Share of income from Uniterminals Ltd, Lebanon	438,246	523,082
Share of loss from D & K Holdings L.L.C. Dubai ("DKHL")	(1,939,217)	(312,156)
Gain on remeasurement of previously held joint venture DKHL (note 11)	1,805,858	-
	<u>304,887</u>	<u>210,926</u>

On 2 July 2008, the Company acquired balance 50% share in D & K Holdings L.L.C. at fair value (note 11).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

For the period from 1 January to 30 September 2008

11. ACQUISITION OF SUBSIDIARY

On 2 July 2008, the Company obtained full control of D & K Holdings L.L.C. Dubai ("DKHL") by acquiring the remaining 50% ownership interest in DKHL (note 10). DKHL is incorporated in the United Arab Emirates and its principal activity is ownership of vessels, ship chartering and other ancillary services.

a) *Analysis of assets and liabilities acquired*

Net assets acquired	D&K Holdings L.L.C. Dubai		
	Book value KD 000's	Fair value adjustment KD 000's	Fair value on acquisition KD 000's
Current assets			
Cash at bank	1,629	-	1,629
Trade and other receivables	12,275	-	12,275
Short-term loan to associate	8,216	-	8,216
Inventories	66	-	66
Non-current asset			
Property and equipment	16,135	3,611	19,746
Current liabilities			
Trade and other payables	(4,553)	-	(4,553)
Bank borrowings	(19,569)	-	(19,569)
Provision for loss of associate	(3,358)	-	(3,358)
Non-current liabilities			
Provision for staff indemnity	(11)	-	(11)
Term loan	(6,992)	-	(6,992)
	<u>3,838</u>	<u>3,611</u>	<u>7,449</u>

KD 000's

b) *Fair value of previously held joint venture*

Carrying value of previously held interest	1,918
Gain on remeasurement of previously held interest	1,806
Total fair value of previously held joint venture	<u>3,724</u>

Fair value of acquired 50% ownership interest 3,725

Purchase consideration of acquired 50% ownership interest 3,725

Hence no goodwill or gain from bargain purchase arose on the acquisition.

c) *Net cash outflow on acquisition*

Total cost of acquisition	3,725
Less: cash and cash equivalents acquired	<u>(1,629)</u>
Net cash out flow on acquisition	<u>2,096</u>

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

For the period from 1 January to 30 September 2008

12. INVESTMENTS IN ASSOCIATES

During the period, the Company contributed KD 2,207,267 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 nine month period ended:

	30 September 2008	30 September 2007
	KD	KD
Share of income from Horizon Singapore Terminals Private Ltd.	711,021	389,511
Share of loss from Arab Tank Terminals L.L.C.	(102,078)	(191,312)
Share of income from Inpetro SARL	87,462	-
Share of income from Horizon Djibouti Holdings	252,281	268,722
Provision for share of obligation relating to an associate	(3,355,677)	-
	<u>(2,406,991)</u>	<u>466,921</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 eight month period ended 31 August 2008.

During the period, 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 3,355,677 represents the Group's proportionate share in the net liabilities of EBFL.

13. PROPERTY AND EQUIPMENT

Property and equipment at 30 September 2008 include KD 19,441,785 related to ships acquired through DKHL. Term loan relates to the financing of these vessels.

14. 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 30 September 2007: 152,250,000 shares of 100 fils each).

15. TREASURY SHARES

	30 September 2008 (Unaudited)	31 December 2007 (Audited)	30 September 2007 (Unaudited)
Number of shares	5,760,000	3,250,000	870,000
Percentage of issued shares	3.78%	2.13%	0.57%
Market value (KD)	2,246,400	1,446,250	369,750
Cost (KD)	2,169,750	1,296,100	327,000



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

For the period from 1 January to 30 September 2008

16. 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		Nine months ended	
	30 September 2008	30 September 2007	30 September 2008	30 September 2007
a) Revenues:	KD	KD	KD	KD
Sales	<u>9,529,907</u>	<u>16,126,925</u>	<u>24,755,660</u>	<u>22,619,044</u>
Net interest relating to oil marketing operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,840</u>
b) Key management compensation				
Salaries and other short-term benefits	<u>174,248</u>	<u>168,328</u>	<u>517,738</u>	<u>506,461</u>
Terminal benefits	<u>16,989</u>	<u>18,204</u>	<u>55,294</u>	<u>57,835</u>
c) Due from / to related parties:				
		30 September 2008 (Unaudited)	31 December 2007 (Audited)	30 September 2007 (Unaudited)
		KD	KD	KD
Trade and other receivables		<u>511,667</u>	<u>14,054,332</u>	<u>13,368,493</u>
Other loans		<u>4,545,139</u>	<u>5,138,840</u>	<u>5,453,812</u>
Trade and other payables		<u>822,008</u>	<u>440,772</u>	<u>83,350</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

For the period from 1 January to 30 September 2008

17. SEGMENTAL INFORMATION

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

	Three months ended			
	30 September 2008		30 September 2007	
	Segment revenues	Segment results	Segment revenues	Segment results
	KD	KD	KD	KD
Africa and Middle East	394,707,142	5,220,057	175,865,148	1,885,093
Europe and South America	79,853,002	197,640	29,748,658	384,269
Asia and Far East	-	(1,403,945)	2,078,106	(592,558)
	<u>474,560,144</u>	<u>4,013,752</u>	<u>207,691,912</u>	<u>1,676,804</u>
Unallocated corporate items		(1,605,755)		(980,792)
Operating profit		<u>2,407,997</u>		<u>696,012</u>

	Nine months ended			
	30 September 2008		30 September 2007	
	Segment revenues	Segment results	Segment revenues	Segment results
	KD	KD	KD	KD
Africa and Middle East	944,529,165	8,687,854	370,562,123	4,721,919
Europe and South America	149,588,881	383,022	50,393,695	555,659
Asia and Far East	59,024,605	957,691	10,308,268	(402,799)
	<u>1,153,142,651</u>	<u>10,028,567</u>	<u>431,264,086</u>	<u>4,874,779</u>
Unallocated corporate items		(4,244,080)		(3,425,851)
Operating profit		<u>5,784,487</u>		<u>1,448,928</u>

18. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

	30 September 2008 (Unaudited)	31 December 2007 (Audited)	30 September 2007 (Unaudited)
	KD	KD	KD
Letters of guarantee and bid bonds	17,374,000	15,318,811	9,405,754
Letters of credit	159,577,363	109,431,136	64,373,352
	<u>176,951,363</u>	<u>124,749,947</u>	<u>73,779,106</u>
Commitments			
Investments in projects	<u>5,245,607</u>	<u>7,452,875</u>	<u>4,867,444</u>

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



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

For the period from 1 January to 30 September 2008

19. 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).

20. COMPARATIVE FIGURES

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