

**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 JUNE 2009  
(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 June 2009

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The Board of Directors of  
Independent Petroleum Group Company S.A.K. (Closed)

## Independent auditors' report on review of interim condensed consolidated financial information

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Independent Petroleum Group Company S.A.K. (Closed) ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2009 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended and explanatory notes. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard, 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 is not prepared, in all material respects, in accordance with IAS 34.

### *Report on other Legal and Regulatory Requirements*

Furthermore, the interim condensed consolidated financial information is in agreement with the books of account. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies' Law of 1960, as amended, or of the Articles of Association of the Parent Company have occurred during the six month period ended 30 June 2009 that might have had a material effect on the business of the Group or on its financial position.

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of KPMG Safi Al-Mutawa & Partners  
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Albazie & Co.  
Member of RSM International

28 July 2009

**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 June 2009

	Notes	Three months ended 30 June		Six months ended 30 June	
		2009	2008	2009	2008
		KD	KD	KD	KD
Sales		233,336,301	360,435,082	386,097,929	678,582,507
Cost of sales		(232,419,600)	(355,819,350)	(381,580,093)	(667,958,253)
<b>Gross profit</b>		<b>916,701</b>	<b>4,615,732</b>	<b>4,517,836</b>	<b>10,624,254</b>
Net interest relating to oil marketing operations	4	(593,885)	(298,228)	(1,130,087)	(1,085,650)
<b>Net results of oil marketing operations</b>		<b>322,816</b>	<b>4,317,504</b>	<b>3,387,749</b>	<b>9,538,604</b>
Share of results of joint ventures and associates	8 & 9	501,489	(966,859)	1,020,443	(3,523,789)
General and administrative expenses		(745,623)	(567,914)	(1,267,322)	(881,311)
Staff costs		(998,356)	(884,855)	(1,942,193)	(1,728,414)
Depreciation		(14,507)	(2,197)	(27,764)	(28,600)
<b>Operating (loss) / profit</b>		<b>(934,181)</b>	<b>1,895,679</b>	<b>1,170,913</b>	<b>3,376,490</b>
Dividend income		184,311	163,205	377,239	163,205
Gain / (loss) on investments at fair value through statement of income		2,204,259	(417,484)	1,410,983	(1,403,236)
Other (expense) / income		(295,458)	430,363	(302,406)	1,624,357
<b>Profit before provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)</b>		<b>1,158,931</b>	<b>2,071,763</b>	<b>2,656,729</b>	<b>3,760,816</b>
Provision for contribution to KFAS		(10,423)	(18,645)	(23,903)	(33,847)
<b>Profit for the period</b>		<b>1,148,508</b>	<b>2,053,118</b>	<b>2,632,826</b>	<b>3,726,969</b>
<b>Earnings per share (fils)</b>	5	<b>7.95</b>	<b>13.78</b>	<b>18.19</b>	<b>25.01</b>

The accompanying notes set out on pages 7 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 COMPREHENSIVE  
INCOME (UNAUDITED)**

For the period from 1 January to 30 June 2009

	Three months ended		Six months ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	KD	KD	KD	KD
Profit for the period	1,148,508	2,053,118	2,632,826	3,726,969
<b>Other comprehensive income / (loss):</b>				
Changes in fair value of investments available for sale	52,656	(31,856)	891	(22,806)
Foreign currency translation adjustments	2,513,989	-	2,513,989	-
Movement in share of associates' hedging reserve	(12,048)	-	(12,048)	-
<b>Other comprehensive income / (loss) for the period</b>	<b>2,554,597</b>	<b>(31,856)</b>	<b>2,502,832</b>	<b>(22,806)</b>
<b>Total comprehensive income for the period</b>	<b>3,703,105</b>	<b>2,021,262</b>	<b>5,135,658</b>	<b>3,704,163</b>

The accompanying notes set out on pages 7 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 FINANCIAL POSITION  
(UNAUDITED)**

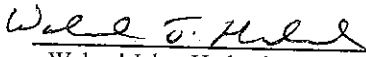
As at 30 June 2009

		30 June 2009 (Unaudited) KD	31 December 2008 (Audited) KD	30 June 2008 (Unaudited) KD
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	6	4,496,047	25,487,420	25,340,515
Investments at fair value through statement of income	7	37,636,904	34,826,604	39,789,871
Trade and other receivables		101,171,947	75,230,898	124,600,497
Inventories		50,498,812	21,224,839	56,379,130
<b>Total current assets</b>		<u>193,803,710</u>	<u>156,769,761</u>	<u>246,110,013</u>
<b>Non-current assets</b>				
Other loans		5,111,594	5,210,505	4,893,590
Investments available for sale	7	2,248,246	1,589,379	1,782,908
Investment in joint ventures	8	3,324,892	3,089,516	5,872,768
Investment in associates	9	12,290,714	10,944,003	10,964,471
Property and equipment	10	19,835,157	20,060,491	971,844
<b>Total non-current assets</b>		<u>42,810,603</u>	<u>40,893,894</u>	<u>24,485,581</u>
<b>Total assets</b>		<u>236,614,313</u>	<u>197,663,655</u>	<u>270,595,594</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Due to banks		103,872,640	84,542,490	98,186,215
Directors' fees payable		-	80,000	-
Trade and other payables		66,963,861	46,662,079	114,593,379
Current portion of term loan		1,262,404	1,543,288	-
<b>Total current liabilities</b>		<u>172,098,905</u>	<u>132,827,857</u>	<u>212,779,594</u>
<b>Non-current liabilities</b>				
Term loan		5,532,098	6,281,466	-
Provision for staff indemnity		1,464,933	1,394,963	1,313,094
<b>Total non-current liabilities</b>		<u>6,997,031</u>	<u>7,676,429</u>	<u>1,313,094</u>
<b>Total liabilities</b>		<u>179,095,936</u>	<u>140,504,286</u>	<u>214,092,688</u>
<b>Equity</b>				
Share capital	11	15,225,000	15,225,000	15,225,000
Share premium		22,586,707	22,586,707	22,586,707
Legal reserve		5,477,011	5,477,011	4,901,436
General reserve		605,796	605,796	605,796
Fair value reserve		35,376	34,485	231,660
Foreign currency translation reserve		(1,451,852)	(3,965,841)	(4,406,300)
Share of associates' hedging reserve		(310,424)	(298,376)	78,115
Gain on sale of treasury shares		1,422,306	1,422,306	1,422,306
Treasury shares	12	(2,806,800)	(2,379,250)	(1,296,100)
Retained earnings		16,735,257	18,451,531	17,154,286
<b>Total equity</b>		<u>57,518,377</u>	<u>57,159,369</u>	<u>56,502,906</u>
<b>Total liabilities and equity</b>		<u>236,614,313</u>	<u>197,663,655</u>	<u>270,595,594</u>

The accompanying notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Khalaf Ahmad Al-Khalaf  
Chairman

Ghazi Fahad Al-Nafisi  
Vice Chairman

  
Waleed Jaber Hadeed  
Executive Managing Director

**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 June 2009

	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 share KD	Treasury shares KD	Retained earnings KD	Total KD
<b>Balance at 1 January 2009</b>	15,225,000	22,586,707	5,477,011	605,796	34,485	(3,965,841)	(298,376)	1,422,306	(2,379,250)	18,451,531	57,159,369
Dividends for 2008 (note 16)	-	-	-	-	-	-	-	-	-	(4,349,100)	(4,349,100)
Movement in treasury shares	-	-	-	-	-	-	-	-	(427,550)	-	(427,550)
Total comprehensive income for the period	-	-	-	-	891	2,513,989	(12,048)	-	-	2,632,826	5,135,658
<b>Balance at 30 June 2009</b>	<u>15,225,000</u>	<u>22,586,707</u>	<u>5,477,011</u>	<u>605,796</u>	<u>35,376</u>	<u>(1,451,852)</u>	<u>(310,424)</u>	<u>1,422,306</u>	<u>(2,806,800)</u>	<u>16,735,257</u>	<u>57,518,377</u>
<b>Balance at 1 January 2008</b>	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
Dividends for 2007 (note 16)	-	-	-	-	-	-	-	-	-	(4,470,000)	(4,470,000)
Total comprehensive income for the period	-	-	-	-	(22,806)	-	-	-	-	3,726,969	3,704,163
<b>Balance at 30 June 2008</b>	<u>15,225,000</u>	<u>22,586,707</u>	<u>4,901,436</u>	<u>605,796</u>	<u>231,660</u>	<u>(4,406,300)</u>	<u>78,115</u>	<u>1,422,306</u>	<u>(1,296,100)</u>	<u>17,154,286</u>	<u>56,502,906</u>

The accompanying notes set out on pages 7 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 CASH FLOWS  
(UNAUDITED)**

For the period from 1 January to 30 June 2009

	Note	Six months ended 30 June	
		2009	2008
		KD	KD
<b>OPERATING ACTIVITIES</b>			
Profit before provision for contribution to KFAS		2,656,729	3,760,816
Adjustments for:			
Depreciation		951,500	28,600
Interest expense		1,151,737	2,309,256
Dividend income		(377,239)	(163,205)
(Gain)/ Loss on investments at fair value through statement of income		(1,410,983)	1,403,236
Share of results of joint ventures and associates		(1,020,443)	3,523,789
Interest income		(164,242)	(1,713,075)
Provision for staff indemnity		86,167	117,810
		<u>1,873,226</u>	<u>9,267,227</u>
Changes in operating assets and liabilities:			
Trade and other receivables		(26,346,779)	22,143,963
Inventories		(29,273,973)	(35,427,148)
Trade and other payables		20,370,121	25,300,049
<b>Cash (used in)/ generated from operations</b>		<u>(33,377,405)</u>	<u>21,284,091</u>
Interest received		569,972	470,488
Payment to KFAS		(51,802)	(62,019)
Directors' fees paid		(80,000)	(100,000)
Payment for ZAKAT		(6,902)	-
Payment for National Labour Support Tax		(17,254)	-
Payment of staff indemnity		(16,197)	(5,104)
<b>Net cash (used in)/ generated from operating activities</b>		<u>(32,979,588)</u>	<u>21,587,456</u>
<b>INVESTING ACTIVITIES</b>			
Investment in joint ventures		-	243,704
Investment in associates		-	(2,207,266)
Purchase of available for sale investments		(641,137)	-
Dividends received		377,239	163,205
Decrease in other loans		309,303	245,250
Purchase of property and equipment		(385,297)	(211,452)
<b>Net cash used in investing activities</b>		<u>(339,892)</u>	<u>(1,766,559)</u>
<b>FINANCING ACTIVITIES</b>			
Increase in due to banks		19,330,150	526,696
Decrease in term loans		(1,030,252)	-
Dividends paid		(4,349,100)	(4,470,000)
Purchase of treasury shares		(427,550)	-
Interest paid		(1,168,021)	(2,233,298)
<b>Net cash generated/ (used in) financing activities</b>		<u>12,355,227</u>	<u>(6,176,602)</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<u>(20,964,253)</u>	<u>13,644,295</u>
<b>Effect of foreign currency translation</b>		(27,120)	-
Cash and cash equivalents at beginning of the period		25,487,420	11,696,220
<b>Cash and cash equivalents at end of the period</b>	6	<u>4,496,047</u>	<u>25,340,515</u>

The accompanying notes set out on pages 7 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 June 2009

**1. INCORPORATION AND ACTIVITIES**

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

The main activities of the Parent 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 Parent Company is P.O. Box 24027, Safat 13101, State of Kuwait.

This interim condensed consolidated financial information for the six month period ended 30 June 2009 was authorized for issue by the Chairman on behalf of the Board of Directors on 28 July 2009.

**2. BASIS OF PRESENTATION**

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2008 except for the changes due to implementation of certain amendments to the following International Financial Reporting Standards (IFRSs):

**IAS 1 "Presentation of Financial Statements" (Revised)**

Effective 1 January 2009, the Group has applied IAS 1 (Revised), which has impacted the presentation of financial statements to enhance the usefulness of the information presented. The revised Standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. The revised IAS 1 has introduced a new statement of comprehensive income, wherein all changes in equity arising from transactions other than with owners in their capacity as owners should be presented. Accordingly only changes in equity arising from transactions with owners in their capacity as owners are permitted to be presented in the statement of changes in equity.

**IFRS 7 "Financial Instruments: Disclosures" (Amended)**

The amended standard requires additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurements as well significant transfers between Level 1 and Level 2 fair value measurements is now required. The amendments also clarify the requirements for liquidity risk disclosures. The additional fair value measurement disclosures are presented in Note 7, and the liquidity risk disclosures are not significantly impacted by the amendments.

**IFRS 8 "Operating Segments"**

Effective 1 January 2009, the Group has applied IFRS 8, which requires disclosure of information to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Accordingly, operating segments should be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

**IAS 23 "Borrowing Cost" (Revised)**

Effective 1 January 2009, the Group has applied IAS 23 (Revised), which requires an entity to capitalize borrowing costs attributable to the acquisition, construction or production of a qualifying asset as a part of the cost of that asset and removing an option of expensing these borrowing costs in the consolidated statement of income.

**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 June 2009

The interim condensed consolidated financial information do not include all of the information and footnotes required for complete financial statements 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 six month period ended 30 June 2009 are not necessarily indicative of the results that may be expected for the year ending 31 December 2009. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2008.

**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 these interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and key source of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements for the year ended 31 December 2008.

**4. NET INTEREST RELATING TO OIL MARKETING OPERATIONS**

	Three months ended		Six months ended	
	30 June 2009 (Unaudited) KD	30 June 2008 (Unaudited) KD	30 June 2009 (Unaudited) KD	30 June 2008 (Unaudited) KD
Interest income	3,631	646,795	21,650	1,223,606
Interest expense	(597,516)	(945,023)	(1,151,737)	(2,309,256)
	<u>(593,885)</u>	<u>(298,228)</u>	<u>(1,130,087)</u>	<u>(1,085,650)</u>



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

For the period from 1 January to 30 June 2009

**5. EARNINGS PER SHARE**

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		Six months ended	
	30 June 2009 (Unaudited) KD	30 June 2008 (Unaudited) KD	30 June 2009 (Unaudited) KD	30 June 2008 (Unaudited) KD
Profit for the period	1,148,508	2,053,118	2,632,826	3,726,969
	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	(7,720,000)	(3,250,000)	(7,480,773)	(3,250,000)
Weighted average number of shares outstanding during the period	144,530,000	149,000,000	144,769,227	149,000,000
Earnings per share (fils)	7.95	13.78	18.19	25.01

**6. CASH AND CASH EQUIVALENTS**

	30 June 2009 (Unaudited) KD	31 December 2008 (Audited) KD	30 June 2008 (Unaudited) KD
Cash on hand and at banks	909,809	8,314,661	13,365,703
Call accounts and time deposits	3,586,238	17,172,759	11,974,812
	4,496,047	25,487,420	25,340,515

**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 June 2009

**7. INVESTMENTS**

	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
	KD	KD	KD
<b>Investments at fair value through statement of income:</b>			
<b>Held for trading:</b>			
Managed portfolios	36,705,924	33,935,113	38,810,897
Quoted securities	930,980	891,491	978,974
	<u>37,636,904</u>	<u>34,826,604</u>	<u>39,789,871</u>
<b>Investments available for sale:</b>			
Quoted securities	281,202	270,768	465,882
Unquoted securities	1,967,044	1,318,611	1,317,026
	<u>2,248,246</u>	<u>1,589,379</u>	<u>1,782,908</u>

Investments at fair value through statement of income with a carrying amount of KD 36,705,924 (31 December 2008: KD 33,935,113 and 30 June 2008: KD 38,810,897) are pledged as collateral against amounts due to banks. The fair value of investments at fair value through statement of income and quoted securities under available-for-sale investments are determined only based on Level 1 fair value measurement which is the quoted market prices prevailing at the balance sheet date. Accordingly, during the period ended 30 June 2009, there were no transfers between Level 1 and other levels of fair value measurement.

The fair market value of quoted securities under investments at fair value through statement of income represents the latest available quotation.

During the period, the Group acquired an additional interest of 1.1% in Vopak Horizon Fujairah Ltd. for a consideration of KD 826,222. Accordingly, unquoted securities include investment of 11.1% in Vopak Horizon Fujairah Ltd. (carried at cost of KD 829,855) and also an investment of 12.5% in 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.

**8. INVESTMENT IN JOINT VENTURES**

The Group has a 50% equity shareholding with equivalent voting power in Uniterminals Ltd, Lebanon. Following are the details of income/ (loss) from joint ventures recorded during the below period ended:

	Three months ended		Six months ended	
	30 June 2009 (Unaudited)	30 June 2008 (Unaudited)	30 June 2009 (Unaudited)	30 June 2008 (Unaudited)
	KD	KD	KD	KD
Share of loss from D&K Holding L.L.C., Dubai	-	(1,271,950)	-	(1,331,950)
Share of income from Uniterminals Ltd, Lebanon	64,520	242,878	111,172	373,768
	<u>64,520</u>	<u>(1,029,072)</u>	<u>111,172</u>	<u>(958,182)</u>



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The Group's share in the net assets and result of joint ventures included in the interim condensed consolidated financial information was based on their respective management accounts for the five month period ended 31 May 2009.

**9. INVESTMENT IN ASSOCIATES**

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

	Three months ended		Six months ended	
	30 June 2009 (Unaudited)	30 June 2008 (Unaudited)	30 June 2009 (Unaudited)	30 June 2008 (Unaudited)
	KD	KD	KD	KD
Share of income from Horizon Singapore Terminals Private Ltd	222,294	259,025	542,113	552,017
Share of income / (loss) from Arab Tank Terminals L.L.C.	81,868	(38,821)	208,194	(65,476)
Share of (loss) / income from Inpetro SARL	28,344	39,775	(141,704)	95,226
Share of income from Horizon Djibouti Holdings	104,463	52,048	300,668	203,013
Provision for share of obligation relating to associate	-	(249,814)	-	(3,350,387)
	<u>436,969</u>	<u>62,213</u>	<u>909,271</u>	<u>(2,565,607)</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 five month period ended 31 May 2009.

During the period ended 30 June 2008, the shareholders of ENOC Bunkering Fujairah L.L.C. ("EBFL") in which the Group holds 25% ownership interest decided to discontinue its operations. The shareholders resolved to assume the net liabilities of EBFL in proportion to their respective shareholdings in EBFL. The provision of KD 3,350,387 represents a portion of the Group's proportionate share in the net liabilities of EBFL.

**10. PROPERTY AND EQUIPMENT**

As at 30 June 2009, Property and Equipment includes KD 18,276,488 related to ships owned by one of the subsidiaries, D&K Holdings L.L.C. Term loan relates to the financing of these vessels. The term loan is denominated in US Dollars and is secured by the mortgage of the vessels.

**11. SHARE CAPITAL**

The authorised, issued and fully paid share capital consists of 152,250,000 shares of 100 fils each (31 December 2008: 152,250,000 shares of 100 fils each and 30 June 2008: 152,250,000 shares of 100 fils each).

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**12. TREASURY SHARES**

	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
Number of shares	7,720,000	6,380,000	3,250,000
Percentage of issued shares	5.07%	4.19%	2.13%
Market value (KD)	3,396,800	2,296,800	1,283,750
Cost (KD)	2,806,800	2,379,250	1,296,100

**13. RELATED PARTY TRANSACTIONS**

These represent transactions with related parties in the normal course of business. The related party transactions and balances included in the interim condensed consolidated financial information are as follows:

	Three months ended		Six months ended	
	30 June 2009 (Unaudited)	30 June 2008 (Unaudited)	30 June 2009 (Unaudited)	30 June 2008 (Unaudited)
<b>a) Revenues and expenses:</b>	KD	KD	KD	KD
Sales	<u>3,145,329</u>	<u>8,145,407</u>	<u>6,842,170</u>	<u>15,225,753</u>
Storage expense	<u>896,909</u>	<u>355,875</u>	<u>1,943,615</u>	<u>776,412</u>
<b>b) Key management compensation</b>				
Salaries and other short-term benefits	<u>182,627</u>	<u>177,547</u>	<u>351,375</u>	<u>343,490</u>
Termination benefits	<u>16,804</u>	<u>18,807</u>	<u>33,424</u>	<u>38,305</u>
<b>c) Due from / to related parties:</b>				
	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)	
	KD	KD	KD	
Trade and other receivables	<u>5,248,063</u>	<u>8,564,689</u>	<u>10,481,655</u>	
Trade and other payables	<u>352,155</u>	<u>1,208,980</u>	<u>188,338</u>	
Other loans	<u>5,111,594</u>	<u>5,210,505</u>	<u>4,893,590</u>	



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**14. SEGMENT INFORMATION**

The Group primarily operates on trading of crude oil and petroleum products. The trading of crude oil and petroleum products is also related to storage and distribution operations. These operations are inter-related and subject to similar risks and returns. The management has determined that the Group is considered to have a single operating segment. The Group operates in different geographic locations. Information about the Group's geographical segment is summarised as follows:

	Three months ended 30 June (unaudited)			
	2009		2008	
	Segment revenues	Segment results	Segment revenues	Segment results
	KD	KD	KD	KD
Africa and Middle East	211,208,860	723,524	299,894,282	1,659,288
Europe and South America	9,820,012	234,901	33,921,142	689,255
Asia and Far East	12,307,429	(134,120)	26,619,658	1,002,102
	<u>233,336,301</u>	<u>824,305</u>	<u>360,435,082</u>	<u>3,350,645</u>
Unallocated corporate items		(1,758,486)		(1,454,966)
Operating (loss) / profit		<u>(934,181)</u>		<u>1,895,679</u>

	Six months ended 30 June (unaudited)			
	2009		2008	
	Segment revenues	Segment results	Segment revenues	Segment results
	KD	KD	KD	KD
Africa and Middle East	350,160,535	2,393,933	549,822,023	3,467,797
Europe and South America	9,820,012	234,901	69,735,879	185,382
Asia and Far East	26,117,382	1,779,358	59,024,605	2,361,636
	<u>386,097,929</u>	<u>4,408,192</u>	<u>678,582,507</u>	<u>6,014,815</u>
Unallocated corporate items		(3,237,279)		(2,638,325)
Operating profit		<u>1,170,913</u>		<u>3,376,490</u>

**15. CONTINGENT LIABILITIES AND COMMITMENTS**

**Contingent liabilities**

	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
	KD	KD	KD
Letters of guarantee and bid bonds	7,899,616	17,185,065	15,069,329
Letters of credit	62,077,701	59,301,373	173,968,878
	<u>69,977,317</u>	<u>76,486,438</u>	<u>189,038,207</u>

**Commitments**

	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
	KD	KD	KD
Commitments towards investments in and financing of associates and joint ventures	11,182,600	11,545,800	5,245,607

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**16. ANNUAL GENERAL ASSEMBLY**

The Shareholders' Annual General Assembly held on 22 February 2009 approved the annual audited consolidated financial statements for the year ended 31 December 2008 and payment of a cash dividend of 30 fils per share for the year ended 31 December 2008.

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

**17. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current period presentation. These reclassifications have no effect on profit for the period, net assets or equity.