His Highness
Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah
Amir of the State of Kuwait

His Highness
Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
Crown Prince of the State of Kuwait

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ABOUT **SOOR**

SOOR FUEL MARKETING COMPANY

Company Name	SOOR Fuel Marketing Company (SAK)
Commercial Register Number	113393
Registration Date	April 9, 2006
Paid-Up Capital (KWD)	29,982,987
Issued And Subscribed Shares	299,829,870
Authorized Shares	300,000,000 shares
Head Office	Al-Qeblah, Al-Mubarakiah, Ali Al Salem St. Bin Sabt Square, Kuwait
Postal Address	P.O. Box 28396, Safat 13144, Kuwait

SOOR Fuel Marketing Company (SAK) was established under Amiri decree No. 279/2005 issued on 22/11/2005 as a Kuwaiti Public corporation in order to conduct the main activities for which it was originally created pursuant to its incorporation contract and by-laws. These activities are the following:

Ownership, construction, operation and maintenance of fuel supplying stations in addition to the construction, development, operation and maintenance of customer service centers at these stations. The company has the right to offer at these stations all the services available for cars and equipment, including oil changes, car wash, maintenance workshop services, repair, vehicle technical inspection and retail services.

Performance of activities required by the previous paragraph including fill-up, storage, transport, wholesale and retail purchase and sale of petroleum products and manufactured goods.
Purchase, rent, acquisition and sale of land and properties in various locations to achieve the company's objectives specified in the two previous paragraphs.

The company has the right to initiate the previously specified activities in the State of Kuwait or abroad, directly or by proxy. It may also be a stakeholder or participate in any form with any authority conducting its business or helping it to achieve its objectives in Kuwait or abroad. It shall build, become a partner, or purchase these companies or appoint them as subsidiaries.

MISSION, VISION, **VALUES**

Our Mission, Vision and Values exemplify the hallmark of our corporate commitment and responsibility to our customers, our current and future shareholders and to the people of Kuwait.

Mission

SOOR is committed to building a reputation of quality and integrity by providing innovative products and services to the local and regional markets while promoting respect for the environment and for the society.

Vision

To become a leading “Fuel Marketing Company” through acquisition, alliances and strategic partnerships, and by delivering diversified & integrated energy solutions that meet customer needs - while continuing to grow in size, revenue and presence.

Values

Leadership & Excellence: We are committed to being leaders in our industry and our country - setting an example for excellence in all we say and do with regards to our products, services and actions.

Trust & Integrity

We are committed to building a long-term relationship with our clients, partners, employees and community, which is based on mutual respect, trust and the highest standards of integrity.

Growth & Performance

We are committed to providing our partners and shareholders with growth opportunities and profitable returns on their investments and our staff the opportunity to develop with and share in the growth of the company.

Commitment & Dedication

We are committed to achieving our goals together and offering a positive work environment and professional growth opportunities to our employees.
Responsibility /Corporate Citizenship: We are committed to responsible citizenship through active community involvement and respect for our environment.

BOARD OF **DIRECTORS**

Talal Ahmed Al-Khars
Chairman

Dawood Yousef Mehsein
Vice Chairman

Ahmed Hussein Taqi
Managing Director

Hashem S. A. Hashem
Board Member

Jaber Ahmed Husain
Board Member

Saleh Fahad M.A. Al-Wahib
Board Member

Essa I. Al-Moosa
Board Member

Tareef Mohammed Al-Awadi
Board Member

Wafaa Yousef Al-Zaabi
Board Member

BOARD OF DIRECTORS
REPORT

Dear shareholders,

I am pleased, on behalf of SOOR Fuel Marketing Co. board of directors to present the annual company report for the year ended on December 31, 2008.

SOOR successfully presented itself as a major player in the fuel distribution and marketing sector in the State of Kuwait by adopting an ambitious expansion plan locally. The company also put its final touches on the new designs of its stations which will operate under a new logo and name, launching a special commercial brand.

The company has earned a net profit of KD 3.3 Million on sales of KD 72.3 million for the year 2008, compared to a net profit of KD 3.1 million for a 21-month period ended December 31, 2007. Earnings per share increased from 10.40 Fils (21 months) to 11.21 Fils (12 months) during the same period. On a 12-month comparable basis, this is a significant increase. In the same instance, shareholders equity increased 4.2% in 2008 reaching KD 36 million in comparison to KD 34.6 million in 2007.

The most important event of 2008 was the listing of SOOR on Kuwait Stock Exchange on June 30th 2008. This allowed shareholders to freely trade their shares on Kuwait Stock Exchange and gave investors the opportunity to invest in this promising company and contribute to its success and development.

SOOR was also able to increase its market share of fuel business where sales increased from 1,107 Million litres in 2007 to 1,150 Million litres in 2008. This represents an increase of 3.9%. This increase in profits and market share reflects the company's capability to attract new clients and its commitment to build strong relationships with its clients who are its top priority.

Additionally, SOOR launched an ambitious plan to redevelop the petrol stations and facilities and renovate the infrastructure of the company with the assistance of leading management consulting service organisations. The company will add more revenue earning businesses to the retail space available. Additional revenue streams will include small convenience stores, car wash, quick vehicle services and fast food restaurants.

Leading edge automated systems are also being developed for the petrol stations and the head office, in conformity with the latest IT technologies. This shall increase system efficiency and enable stations to provide the new services being added by the company.

A special effort has been made to reduce our operational and administrative costs without affecting the quality of our products and level of service. To achieve this goal, various innovative techniques were devised to lower operational and administrative costs at petrol stations. The company will continue to achieve more operational efficiencies at all its stations through innovative station management methods.

A significant effort is underway to improve the business processes in various functional areas and in this context, I would add that the year 2009 will be a year of ‘change’. The way we transact our business, our values and our extensive services all contribute to the development of our operation and shareholder value going forward.

On behalf of the board members, I wish to express my gratitude and appreciation to our shareholders and clients for their trust and confidence. I would also like to express my appreciation for all staff for their hard work and efforts in achieving the best results and implementing studies and future plans for the organization, which led to insulating the organization from the global economic and financial crisis, moving forward with its business and expansion plans.

Yours Sincerely,

Talal Ahmad Al Khars
Chairman of
SOOR Fuel Marketing Company

MANAGEMENT **REVIEW**

INCREASE MARKET SHARE

SOOR Fuel Marketing Co. is one of the leading companies owning and operating petrol stations in Kuwait. The efforts of our specialized professional team contributed to the increase of the company's market share through the implementation of the following business procedures and plans:

- Providing Ultra petrol (Octane 98) in select stations.

- Extended business hours in all stations providing 24-hour fuel supplies.

- Oil changes at most stations offered through a contract signed with a company specialized in this field.

- Improvement of automated car wash services through a contract signed with a management company specialized in this field.

- Installation of ATM machines at all stations.

- Participation in tendering processes and practices in relation to the company's activities. As a result, the company earned a two-year contract with the Ministry of Interior to operate, manage, maintain, and supply coupons to all the Ministry fuel-dispensing stations.

- Acquisition of three new properties on which to build state-of-the-art petrol stations.

This strong growth and increase in business is expected to continue, now that the company is restructuring and renovating the petrol stations, and focusing on the future addition of new services.

Corporate and Station Branding

The company just finished designing and producing the corporate brand as well as designing the station's commercial brand.

This new look will reflect the renovation and modernization that they will undergo based on the plans and studies that were put in place for this purpose. SOOR will offer a "one stop solution" for our customers' needs.

Improvement of Station Management System

Our operations were conducted in a smooth and orderly manner which contributed to the improvement of our services. Many innovative tools and techniques were implemented to upgrade our operational system in order to increase productivity, improve performance and reduce costs. This includes the following:

- We were awarded the contract to develop the stations' operations, which led to a qualitative leap in the management of the stations with lower costs compared to previous decades

- Conversion of all of the self-service stations to improve overall customer service

- Preparation and processing of a manual, a special reference for the official stations which includes all the procedures for the operation and management of the station, in addition to the security and safety procedures, health and the environment

- Preparation of a plan of action for the immediate maintenance of all stations to facilitate timely maintenance and operational efficiency.

Automated Systems

Through its dedicated team and in a timely manner, SOOR was able to deliver tangible results and upgrade automated systems at the head office and petrol stations with state of the art IT technologies. This includes the following:

- Installation of a state of the art integrated information center at the head office. Installation of an electronic network connecting the head office to all stations and concerned parties.

- Development and implementation of integrated automation systems in all stations.

- Proceeding with the implementation of automatic payment system using SOOR smart cards.

- Launch of the SOOR official website in preparation for the provision of electronic services to our clients.

Proceeding with the development and implementation of the company's SAP ERP.

Market Study

In 2008, the company approved a clearly defined and long-term management strategy. Several feasibility studies were meticulously completed to develop and build new petrol stations offering a complete suite of services in addition to the company's main activity of fuel-supply services. Research and statistics indicated that clients are looking for petrol stations that fulfill all of their needs and provide services complying with the highest standards.

Completion of the Station Engineering Plans

As part of renovating the company's infrastructure, and the addition of commercial activities provided by the Articles of Association, the station engineering plans and designs were completed in 2008. This represented a milestone in the concept and form of fuel supplying stations in the State of Kuwait, especially that the new designs adopted the most advanced industry models, and will be implemented in the near future as part of an integrated plan.

Environmental Protection

SOOR is aware of its environmental responsibilities. With the growth of its business activities, the company sees this as an important aspect. The company increased its investments towards environmental-friendly technologies and services. Based on this reality, our top priority was providing the cleanest types of fuel that conform to environmental standards and have the highest regard towards nature. The company strives to comply with all environmental legislation and regulations and undertook to implement them in its various work areas, as well as with its partners and contractors.

A LOOK **AHEAD**

The company established a five-year strategic plan featuring its main objectives and plans based on a feasibility study and with the help of the company's expertise in the local market, in order to expand its presence locally and regionally. The plan includes the following objectives:

- Complete restructuring of petrol stations in order to meet the regional and international developments of such investments.

- Continuous improvement of existing operational systems and development of new ones to improve the company's services and follow global technical developments.

- Installation of an electronic payment system compatible with various smart cards in all stations, leading to an increase in the company's sales.

- Use of available spaces in stations to invest in and offer new services to our clients. Additional revenue streams will include an automatic car wash, auto maintenance and body part shop, oil changes, various petrol products, convenience stores, and fast food restaurants.

- Acquiring strategically located properties as well as building new petrol stations are part of the board of directors' ambitious plan. The plan is set to expand and position the company in the local market with the collaboration of Kuwait National Petroleum Company (KNPC) and relevant government institutions.

- Providing innovative products and services at competitive prices.

-Strengthening the relationship between the company and its clients through loyalty programs so the company becomes the clients' preferred choice.

- Adopting a clear and long term expansion plan, based on selective feasibility studies, to penetrate new markets in the Gulf and Middle East in the long term in order to improve the company's position, both regionally and internationally.

- Participating in local and international conferences and forums, visiting developed countries to learn about the latest technologies and techniques in the field of development and renovation of petrol stations to upgrade the company's technical and management capabilities.

THANKS AND **GRATITUDE**

SOOR's Management would like to take this opportunity to thank all of those who contributed to the success that the company achieved during 2008.

We would like to extend our deepest gratitude to His Highness, The Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah for his wise guidance to the State of Kuwait and his continuous commitment to providing a favourable economic atmosphere.

Moreover, our gratitude goes to Kuwait Petroleum Corporation, Kuwait Oil Company, Kuwait National Petroleum Company, the Ministry of Oil, and Ministry of Finance for their assistance, generosity, and continuous guidance. We would also like to thank the Kuwait Environment Public Authority and Fire Service Directorate.

We would like to express our appreciation to our loyal and valued employees. Without their continuous hard work and commitment we wouldn't have been able to attain the level of success we achieved last year. Their motivation and constant efforts to develop growth opportunities for our company deserve our recognition and gratitude.

GROWING STRONG
REVIEW OF THE YEAR

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR YEAR ENDED 31 DECEMBER 2008

SOOR FUEL MARKETING COMPANY K.S.C.

SOOR FUEL MARKETING COMPANY
INDEPENDENT AUDITORS' REPORT

To the Shareholders,
SOOR Fuel Marketing Company K.S.C.

Report on the Financial Statements

We have audited the accompanying financial statements of SOOR Soor Fuel Marketing Company K.S.C. (the "Company") which comprise the balance sheet at 31 December 2008 and the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

We are also of the opinion that the financial statements give all the information required by the Commercial Companies, Law and the Company's Articles of Association, proper books of account were kept by the Company and the stocktaking was carried out in accordance with recognised principles.

We have obtained all the information we considered necessary for the satisfactory performance of our audit. We further believe, according to the information given to us, that no violations of the Commercial Companies Law or the Company's Articles of Association occurred during the year ended 31 December 2008 that might materially affect the Company's activities or its financial position.

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

Bader A. Al Wazzan
Licence No.62 A
PricewaterhouseCoopers

SOOR FUEL MARKETING COMPANY
BALANCE SHEET

At 31 December 2008

	Notes	31 December 2008 KD	31 December 2007 KD
ASSETS			
Current assets			
Cash and cash equivalents	5	5,531,867	4,415,296
Accounts receivable and prepayments	6	2,266,306	2,248,977
Inventory	7	303,650	316,771
Fixed deposits	8	17,165,611	18,000,000
		25,267,434	**24,981,044**
Non-current assets			
Available for sale investments	9	2,677,479	4,569,489
Property and equipment	10	17,938,304	19,748,841
Intangible assets	12	1,782,265	1,839,771
		22,398,048	**26,158,101**
Total assets		**47,665,482**	**51,139,145**
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accruals	13	9,275,449	10,119,539
Current portion of deferred payment liability	11	2,232,884	4,154,946
		11,508,333	**14,274,485**
Non-current liabilities			
Deferred payment liability	11	-	2,206,880
Provision for staff indemnity		76,893	46,321
		76,893	**2,253,201**
Total liabilities		**11,585,226**	**16,527,686**
Equity			
Share capital	14	29,982,987	29,982,987
Statutory reserve	15	684,507	322,498
Voluntary reserve	16	684,507	322,498
Fair value reserve		(382,521)	1,509,489
Retained earnings		5,110,776	2,473,987
Total equity		**36,080,256**	**34,611,459**
Total liabilities and equity		**47,665,482**	**51,139,145**

Talal Al Khars
Chairman

Ahmad Taqi
Managing Director

The accompanying notes on pages 31 to 54 form an integral part of these financial statements.

SOOR FUEL MARKETING COMPANY
STATEMENT OF INCOME

At 31 December 2008

	Notes	31 Dec 2008 KD	For the period from inception on 20 Mar 2006 to 31 Dec 2007 KD
Sales		72,367,436	111,567,309
Cost of sales		(63,029,190)	(97,338,864)
Operating expenses	18	(4,835,972)	(9,725,391)
Gross profit		**4,502,274**	**4,503,054**
General and administrative expenses	19	(1,835,282)	(1,906,424)
Finance costs	11	(391,917)	(1,333,429)
Depreciation and amortisation		(828,657)	(1,189,619)
Interest income		1,397,278	2,512,900
Other income		**776,395**	**638,497**
Profit before Directors' fees, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax and Zakat		3,620,091	3,224,979
Directors' fees		(100,000)	(75,000)
Contribution to KFAS		(32,581)	(29,025)
National Labour Support Tax ("NLST")		(90,502)	-
Zakat		(36,201)	(1,971)
Profit for the year / period		**3,360,807**	**3,118,983**
Earnings per share – Basic and diluted	20	**11.21 fils**	**10.40 fils**

The accompanying notes on pages 31 to 54 form an integral part of these financial statements.

SOOR FUEL MARKETING COMPANY
STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Share capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings	Total
	KD	KD	KD	KD	KD	KD
Issue of share capital	29,982,987	-	-	-	-	29,982,987
Fair valuation gain on available for sale investments	-	-	-	1,509,489	-	1,509,489
Net income recognized directly in equity	-	-	-	1,509,489	-	1,509,489
Profit for the period	-	-	-	-	3,118,983	3,118,983
Total recognized income for the period	-	-	-	1,509,489	3,118,983	4,628,472
Transfer to reserves	-	322,498	322,498	-	(644,996)	-
Balance at 31 December 2007	**29,982,987**	**322,498**	**322,498**	**1,509,489**	**2,473,987**	**34,611,459**
Fair valuation loss on available for sale investments	-	-	-	(1,892,010)	-	(1,892,010)
Net expense recognized directly in equity	-	-	-	(1,892,010)	-	(1,892,010)
Profit for the year	-	-	-	-	3,360,807	3,360,807
Total recognized (expense) / income for the Year	-	-	-	(1,892,010)	3,360,807	1,468,797
Transfer to reserves	-	362,009	362,009	-	(724,018)	-
Balance at 31 December 2008	**29,982,987**	**684,507**	**684,507**	**(382,521)**	**5,110,776**	**36,080,256**

The accompanying notes on pages 31 to 54 form an integral part of these financial statements.

SOOR FUEL MARKETING COMPANY
STATEMENT OF CASH FLOWS

For the year ended 31 December 2008

	Note	31 Dec 2008	For the period from inception on 20 March 2006 to 31 Dec 2007
		KD	KD
OPERATING ACTIVITIES			
Profit for the year/period		3,360,807	3,118,983
Adjustments for:			
Depreciation and amortisation		2,151,793	4,632,845
Provision for staff indemnity		50,279	46,321
Finance costs		391,917	1,333,429
Interest income		(1,397,278)	(2,512,900)
		4,557,518	**6,618,678**
Decrease / (increase) in accounts receivable and prepayments		554,871	(2,248,974)
Decrease / (increase) in inventory		13,121	(316,771)
(Decrease) / increase in accounts payable and accruals		(4,973,032)	10,119,539
Payment of staff indemnity		(19,707)	-
Net cash generated by operating activities		**132,771**	**14,172,472**
INVESTING ACTIVITIES			
Purchase of property and equipment		(283,750)	(436,832)
Acquisition of business		-	(19,422,802)
Purchase of available for sale investments		-	(3,060,000)
Fixed deposits		834,389	(18,000,000)
Interest income received		825,078	2,512,900
Net cash generated by / (used in) investing activities		**1,375,717**	**(38,406,734)**
FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	29,982,987
Finance costs paid		(391,917)	(1,333,429)
Net cash (used in) / generated by financing activities		**(391,917)**	**28,649,558**
Net increase in cash and cash equivalents		**1,116,571**	**4,415,296**
Cash and cash equivalents at the beginning of the year/period		4,415,296	-
Cash and cash equivalents at the end of the year/period	**5**	**5,531,867**	**4,415,296**

The accompanying notes on pages 31 to 54 form an integral part of these financial statements.

SOOR FUEL MARKETING COMPANY
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

1. FORMATION AND PRINCIPAL ACTIVITIES

Al Soor Fuel Marketing Company K.S.C. ("the Company") is a Kuwaiti shareholding company incorporated on 20 March 2006 under the Commercial Companies Law No. 15 of 1960 and amendments thereto and commenced its operations on 9 May 2006.

The principal activities of the Company are to own, possess, construct, rent, operate and maintain fuel stations, in addition to the construction, development, operation and maintenance of customer service centers in such stations. It may provide in these centers all the services including oil change, car wash, maintenance, repair and technical check-up workshop services for vehicles and equipments and central markets services.

The Company also performs works of filling, storage, transportation and trade of petroleum products by purchasing, retail or wholesale. Also, the Company's objectives include purchase, rent, possess and sell lands and real estate properties in various sites.

The Company was listed in the Kuwait Stock Exchange on 30 June 2008.

The registered office of the Company is P.O. Box 28396, Safat 13144, State of Kuwait.

These financial statements have been approved for issue by the Board of Directors on 19 March 2009.

2. ADOPTION OF NEW AND REVISED STANDARDS

Standards and interpretations effective in the current period

In the current year, the Company has adopted

IFRS 7 "Financial Instruments: Disclosure" which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1 "Presentation of Financial Statements". The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Company's financial instruments and management of capital (see note 23).

Three Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 11 IFRS 2: Group and Treasury Share Transactions; IFRIC 12: Service Concession Arrangements; and IFRIC 14 IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding

Requirements and their Interaction. The adoption of these Interpretations has not led to any changes in the Company's accounting policies.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

IAS 1 (Revised) Presentation of Financial Statements	Effective for annual periods beginning on or after 1 January 2009
IAS 16 (Revised) Property, Plant and Equipment	Effective for annual periods beginning on or after 1 January 2009
IAS 19 (Revised) Employee Benefits	Effective for annual periods beginning on or after 1 January 2009
IAS 20 (Revised) Government Grants and Disclosure of Government Assistance	Effective for annual periods beginning on or after 1 January 2009
IAS 23 (Revised) Borrowing Costs	Effective for annual periods beginning on or after 1 January 2009
IAS 27 (Revised) Consolidated and Separate Financial Statements	Effective for annual periods beginning on or after 1 July 2009
IAS 28 (Revised) Investments in Associates	Effective for annual periods beginning on or after 1 July 2009
IAS 29 (Revised) Financial Reporting in Hyperinflationary Economies	Effective for annual periods beginning on or after 1 January 2009
IAS 31 (Revised) Interests in Joint Ventures	Effective for annual periods beginning on or after 1 July 2009

SOOR FUEL MARKETING COMPANY
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

2.Adoption of new and revised Standards (Continued)

Standards and Interpretations in issue not yet adopted (Continued)

IAS 32 (Revised) Financial Instruments: Presentation	Effective for annual periods beginning on or after 1 January 2009
IAS 36 (Revised) Impairment of Assets	Effective for annual periods beginning on or after 1 January 2009
IAS 38 (Revised) Intangible Assets	Effective for annual periods beginning on or after 1 January 2009
IAS 39 (Revised) Financial Instruments Recognition and Measurement	Effective for annual periods beginning on or after 1 January 2009 and 1 July 2009.
IAS 40 (Revised) Investment Property	Effective for annual periods beginning on or after 1 January 2009
IAS 41(Revised) Agriculture	Effective for annual periods beginning on or after 1 January 2009
IFRS 1 (Revised) First-time Adoption of International Financial Reporting Standards	Effective for annual periods beginning on or after 1 January 2009
IFRS 2 (Revised) Share-based Payments	Effective for annual periods beginning on or after 1 January 2009
IFRS 3 (Revised) Business Combinations	Effective for annual periods beginning on or after 1 July 2009
IFRS 5 (Revised) Non-current Assets Held for Sale and Discontinued Operations	Effective for annual periods beginning on or after 1 July 2009
IFRS 8 Operating Segments	Effective for annual periods beginning on or after 1 January 2009

IFRIC 13 Customer Loyalty Programmes	Effective for annual periods beginning on or after 1 July 2008
IFRIC 15 Agreements for the Construction of Real Estate	Effective for annual periods beginning on or after 1 January 2009
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	Effective for annual periods beginning on or after 1 October 2008
IFRIC 17 Distributions of Non-cash assets to owners	Effective for annual periods beginning on or after 1 July 2009

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company in the period of initial application.

SOOR FUEL MARKETING COMPANY
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

Basis of preparation

The financial statements have been prepared on the historical cost basis except for available for sale investments that have been measured at fair value. The principal accounting policies are set out below.

These financial statements are presented in Kuwaiti Dinars ("KD"), which is the Company's functional and presentation currency. The financial statements for the current year report on the year ended 31 December 2008 and the comparative amounts shown in the statements of income, cash flows, changes in equity and related notes are for the period from inception on 20 March 2006 to 31 December 2007 since it was the first financial year of the Company.

Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for held for trading investments, which are initially measured at fair value.

Financial assets are classified into the following specified categories: "cash and cash equivalents", 'available for sale investments' and 'accounts receivable'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Cash and bank balances

Cash and cash equivalents include cash on hand, bank balances and short-term deposits with an original maturity of three months or less.

Accounts receivables

Accounts receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of income when there is objective evidence that the asset is impaired.

Available for sale investments

The Company's investments in equity securities are classified as available for sale investments and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the fair value reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in the statement of income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is included in the statement of income for the period.

Dividends on available for sale instruments are recognised in the statement of income when the Company's right to receive the dividends is established.

Impairment of financial assets

Financial assets, other than held for trading investments, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For trade receivables, objective evidence of impairment could include: (i) significant financial difficulty of the issuer or counterparty; or (ii) default or delinquency in interest or principal payments; or (iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company

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recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the borrowings using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Fair value

The fair value of financial instruments traded in recognised financial markets is their quoted market price, based on the closing bid prices. For investments where there is no quoted market price, a reasonable estimate of fair value is determined by reference to the current market value of another instrument which is substantially the same or is based on the expected cash flows or the underlying net asset base of the investment. Investments whose fair value cannot be reliably measured are carried at cost less any impairment loss.

The fair value of financial instruments carried at amortised cost is estimated by discounting the future contractual cash flows at the current market interest rates for similar financial instruments.

Inventory

Inventory is stated at the lower of cost and net realisable value after making allowance for any slow moving and obsolete items. Cost comprises the purchase price, import duties, transportation handling, and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use as follows:

	Years
Installations and equipments	1-15
Furniture and fixtures	1-5
Vehicles	1-5

The estimated useful lives, residual values and depreciation methods are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of income.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Company's share of net identifiable assets at the date of acquisition. Identifiable non-monetary assets acquired in connection with the business and from which future benefits are expected to flow are treated as intangible assets.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to benefit from the synergies of the combination.

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Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of the related identifiable assets, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Licence

Licence acquired in business combination have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of licence over their estimated useful lives (25-30 years).

Impairment of tangible and intangible assets

At each balance sheet date, the Company's management reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of income.

Provision for staff indemnity

Provision is made for staff indemnity which is payable on completion of employment.

The provision is calculated in accordance with the Kuwait Labour Law based on employees' salaries and accumulated periods of service or on the basis of employment contracts, where such contracts provide extra benefits. The provision, which is unfunded, is determined as the liability that would arise as a result of involuntary termination of staff at the balance sheet date, on the basis that this computation is a reliable approximation of the present value of this obligation.

Revenue recognition

Sale of goods

Revenue from sale of goods is recognized upon delivery and reported net of applicable discounts.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

Translation of foreign currencies

Foreign currency transactions are translated into KD using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

Contribution to Kuwait Foundation for the Advancement of Sciences

The Company is legally required to contribute to the Kuwait Foundation for the Advancement of Sciences ("KFAS").

The Company's contributions to KFAS are recognized as an expense in the period during which the Company's contribution is legally required.

National Labour Support Tax and Zakat

National Labour Support Tax ("NLST") is taxes payable to Kuwait's Ministry of Finance under National Labour Support Law No. 19 of 2000 and Law No. 46 of 2006. Effective 10 December 2007, the Company has provided for Zakat in accordance with the requirements of Law No. 46 of 2006. The NLST and the Zakat charges calculated in accordance with these requirements are charged to the statement of income.

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Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing products or services, which is subject to risks and returns that are different from those of other segments.

A geographic segment is a distinguishable component of the Company that is engaged in providing products or services within a particular economic environment which is subject to risks and returns different from those of segments operating in other economic environments.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Classification of investments

The classification of investments depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company classifies all its investments as available for sale.

Impairment of available for sale investments

The Company follows the guidance of IAS 39 "Financial Instruments: Recognition and measurement" to determine when an available for sale investment is impaired. This determination requires significant judgment. In making this judgement, the Company assesses, among other factors, whether objective evidence of impairment exists.

Contingent liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of financial assets

The Company's management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the statement of income. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty.

Impairment of tangible and intangible assets and useful lives

The Company's management tests annually whether tangible and intangible assets have suffered impairment in accordance with accounting policies stated in note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

The Company's management determines the useful lives of property and equipment and intangible assets and the related depreciation and amortization charges. The depreciation and amortisation charges for the year will change significantly if actual life is different from the estimated useful life of the asset.

5. CASH AND CASH EQUIVALENTS

	2008	**2007**
	KD	KD
Cash on hand	1,892	651
Bank balances	1,229,975	414,645
Short term deposits	4,300,000	4,000,000
	5,531,867	**4,415,296**

The Company's short term deposits are placed with local banks and are denominated in KD. The short term deposits carry an effective interest rate of 6.125% (31 December 2007: 6.125%) per annum with an original maturity of less than three months.

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6. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2008	**2007**
	KD	KD
Trade receivables	1,372,800	1,310,641
Accrued interest income	406,589	428,562
Prepaid expenses	486,917	509,774
	2,266,306	**2,248,977**

The average credit period on sale of goods is 30 days. No interest is charged on overdue trade receivables.

At 31 December 2008, trade receivables of KD 1,372,800 (2007: KD 1,310,641) were fully performing.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The carrying amounts of the Company's trade receivables are denominated in KD and located in the State of Kuwait.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above (see note 23).

7. INVENTORY

	2008	**2007**
	KD	KD
Premium fuel	121,671	129,576
Super premium fuel	118,199	130,492
Gas oil	32,622	28,693
Kerosene	14,466	14,751
Ultra super premium fuel	16,692	13,259
	303,650	**316,771**

8. FIXED DEPOSITS

Fixed deposits are placed with local banks and financial institutions, denominated in KD and carry an effective interest rate of 6.75% (2007: 6.25%) per annum and mature after three months of the date of deposit.
At 31 December 2008, fixed deposit of KD 7,000,000 (2007: KD 3,000,000) was placed with a local financial institution which is a related party.

9. AVAILABLE FOR SALE INVESTMENTS

	2008	**2007**
	KD	KD
Investments in local funds	**2,677,479**	**4,569,489**

Available for sales investments are located in state of Kuwait and denominated in KD. Valuation is done based on valuation provided by the fund manager.

10.PROPERTY AND EQUIPMENT

	Leasehold property	Installations and equipment	Furniture and fixture	Vehicles	Total
	KD	KD	KD	KD	KD
Cost					
Acquired on acquisition of business Ofness	19,087,811	4,761,204	-	-	23,849,015
Additions during the period	-	-	428,253	8,578	436,831
At 31 December 2007	19,087,811	4,761,204	428,253	8,578	24,285,846
Additions during the year	-	-	263,059	20,691	283,750
At 31 December 2008	**19,087,811**	**4,761,204**	**691,312**	**29,269**	**24,569,596**
Accumulated depreciation					
Charges for the period	1,060,435	3,441,510	33,345	1,715	4,537,005
At 31 December 2007	1,060,435	3,441,510	33,345	1,715	4,537,005
Charges for the year	636,260	1,319,694	134,893	3,440	2,094,287
At 31 December 2008	**1,696,695**	**4,761,204**	**168,238**	**5,155**	**6,631,292**
Net book value					
At 31 December 2008	17,391,116	-	523,074	24,114	17,938,304
At 31 December 2007	**18,027,376**	**1,319,694**	**394,908**	**6,863**	**19,748,841**

Fuel stations are constructed on land leased from the Government of Kuwait. The lease period is three years expiring on 15 May 2009 and renewable on expiry.

Depreciation expense of KD 1,323,136 (2007: KD 3,443,225) has been charged in operating expenses and KD 771,151 (2007: KD 1,093,780) in other costs.

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11. DEFERRED CONSIDERATION

This represents fair value of the total consideration to be paid to KNPC towards acquisition of 40 petrol stations from KNPC on 9 May 2006. The instalments maturing over more than one year were classified as long-term payables and are carried at amortised cost using an effective interest rate of 8.25% (2007: 8.25%) per annum. Finance cost charge for the year amounted to KD 391,917 (2007: KD 1,333,429).

12. INTANGIBLE ASSETS

	Goodwill	Licence fees	Total
	KD	KD	KD
Cost			
Acquired on acquisition of business	210,483	1,725,128	1,935,611
At 31 December 2007	210,483	1,725,128	1,935,611
At 31 December 2008	210,483	1,725,128	1,935,611
Amortisation cost			
Charges for the period	-	95,840	95,840
At 31 December 2007	-	95,840	95,840
Charges for the year	-	57,506	57,506
At 31 December 2008	-	153,346	153,346
Net book value			
At 31 December 2008	**210,483**	**1,571,782**	**1,782,265**
At 31 December 2007	**210,483**	**1,629,288**	**1,839,771**

Goodwill represents the excess of cost of acquisition over the Company's interest in the fair value of the identifiable assets and liabilities of acquired business. Goodwill has been allocated to each gas station as that is the Cash Generating Unit (CGU) which is expected to generate the benefit from the synergies of the business combination. It is also the lowest level at which goodwill is monitored for impairment purposes.

Impairment testing

The Company determines whether goodwill or intangible assets are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the CGUs to which these items are allocated. The recoverable amount is determined based on value-in-use calculations.
Management used the following approach to determine values to be assigned to the following key assumptions in the value in use calculations:

Key assumption	**Basis used to determine value to be assigned to key assumption**
Growth rate	Average market share is expected to be 33.3% since there are only three retail fuel marketers in Kuwait.
	Fuel market size is projected to grow at 2% based on compounded annual growth rate in gasoline market for the period 1997-2005.
	Cash flows beyond the five year period have been extrapolated using a steady 1.6% growth rate. This growth rate does not exceed the historical average growth rate of the market in which the CGU operate.
Discount rate	Discount rate of 12.97% is pre-tax and reflects specific risks relating to the relevant CGU.

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13. ACCOUNTS PAYABLE AND ACCRUALS

	2008	2007
Kuwait National Petroleum Company KSCC	8,244,202	8,878,958
Trade payables	524,522	862,939
Accrued expenses	506,725	302,668
Interest payable on deferred consideration	-	74,974
	9,275,449	**10,119,539**

14. SHARE CAPITAL

The Company's share capital comprises of 300,000,000 authorised, issued and fully paid up shares of 100 fils each. The called-up and paid-up capital as of 31 December 2008 was KD 29,982,987 (2007: KD 29,982,987).

15. STATUTORY RESERVE

As required by the Kuwait Commercial Companies Law and the Company's Articles of Association, 10% of the profit for the year is to be transferred to the statutory reserve until the reserve reaches a minimum of 50% of the paid up share capital. This reserve is not available for distribution except for payment of a dividend of 5% of paid up share capital in years when retained earnings are not sufficient for the payment of such dividends.

16. VOLUNTARY RESERVE

In accordance with the Company's Articles of Association, 10% of the profit for the year is to be transferred to the voluntary reserve. This transfer may be stopped by a resolution adopted by the ordinary assembly as recommended by the Board of Directors. There are no restrictions on distributions from the voluntary reserve.

17. PROPOSED DIVIDENDS

The Board of Directors have proposed a cash dividend of 10 fils for 2008 (2007: Nil) and a stock dividend of Nil (2007: Nil). This proposal is subject to approval of the Annual General Assembly Meeting.

18. OPERATING EXPENSES

	31 Dec 2008	For the period from inception on 20 Mar 2006 to 31 Dec 2007
	KD	KD
Management fees paid to KNPC	-	1,202,028
Salaries and related costs	1,717,235	2,347,760
Rent expense	747,609	1,145,535
Maintenance and running costs	442,674	582,871
Freight expenses	350,149	438,367
Depreciation	1,323,136	3,443,225
Other costs	255,169	565,605
	4,835,972	**9,725,391**

19. GENERAL AND ADMINISTRATIVE EXPENSES

	31 Dec 2008	For the period from inception on 20 Mar 2006 to 31 Dec 2007
	KD	KD
Salaries and related costs	988,451	684,331
Bank charges	200,486	314,597
Professional and consultancy fees	269,960	231,877
Rent	264,570	220,000
Advertisement	48,551	121,714
Others	63,264	333,905
	1,835,282	**1,906,424**

20. EARNINGS PER SHARE – BASIC AND DILUTED

Earnings per share are computed by dividing profit for the year / period by the weighted average number of shares outstanding during the year / period as follows:

	31 Dec 2008	For the period from inception on 20 Mar 2006 to 31 Dec 2007
	KD	KD
Profit for the year / period	3,360,807	3,118,983
	Shares	
Weighted average number of ordinary shares outstanding	299,829,870	299,829,870
Earnings per share – Basic and Diluted	11.21 fils	10.40 fils

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21. SEGMENT INFORMATION

a. Primary Segment – Business

For the purpose of segment reporting, the management has classified the Company's activities into the following primary business segments:

- Retail trade of petroleum products
- Other operations.

Segment results include revenue and expenses directly attributable to a segment.
Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment. Capital expenditure represents the total cost incurred during the year to acquire assets that are expected to be used for the period exceeding one year.

	2008			
	Retail petroleum services	Other operations	Unallocated	Total
	KD	KD	KD	KD
Segment revenues	72,367,436	776,395	1,397,278	74,541,109
Segment expenses	(67,865,162)	-	(3,315,140)	(71,180,302)
Segment results	4,502,274	776,395	(1,917,862)	3,360,807
Segment assets	21,397,019	20,249,679	6,018,784	47,665,482
Segment liabilities	11,001,608	-	583,618	11,585,226
Depreciation and amortisation	1,323,316	828,657	-	2,151,973

	2007			
	Retail petroleum services	Other operations	Unallocated	Total
	KD	KD	KD	KD
Segment revenues	111,567,309	638,497	2,512,900	114,718,706
Segment expenses	(107,064,255)	-	(4,535,468)	(111,599,723)
Segment results	4,503,054	638,497	(2,022,568)	3,118,983
Segment assets	23,216,024	22,998,051	4,925,070	51,139,145
Segment liabilities	16,103,723	-	423,963	16,527,686
Depreciation and amortisation	3,443,225	1,189,620	-	4,632,845

b. Secondary segment – Geographical

The Company's operations are in Kuwait and maintains all its assets and liabilities inside Kuwait.

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22. RELATED PARTY TRANSACTIONS

Related parties consist of shareholders, directors and executive officers of the Company, their families and companies of which they are the principal owners. All related party transactions approximate arms length terms and are approved by the Company's management.
The related party balances and transactions included in the financial statements are as follows:

	31 Dec 2008	31 Dec 2007
	KD	KD
a) Due to related party		
Kuwait National Petroleum Company K.S.C.C.	8,244,202	8,878,958

	31 Dec 2008	For the period from inception on 20 Mar 2006 to 31 Dec 2007
	KD	KD
b) Expenses		
Purchase of fuel	63,064,635	97,348,208

c) Key management compensation

Salaries and other short-term benefits	220,567	284,592
Termination benefits	224,769	10,206
	445,336	**294,798**

23. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2007.

The capital structure of the Company consists of debt, which includes the deferred loan disclosed in note 11, cash and cash equivalents disclosed in note 5 and equity comprising share capital, statutory reserve and voluntary reserve as disclosed in notes 14, 15 and 16 respectively and retained earnings.

Gearing ratio

The gearing ratio at year / period end was as follows:

	2008	2007
	KD	KD
Debt (i)	2,232,884	6,436,800
Cash and cash equivalents	(5,531,867)	(4,415,296)
Net debt	(3,298,983)	2,021,504
Equity	36,080,256	34,611,459
Net debt to equity ratio	-	5.84%

(i) debt is defined as deferred liabilities, as detailed in note 11.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3 to the financial statements.

Categories of financial instruments

	2008	2007
	KD	KD
Financial assets		
Cash and cash equivalents	5,531,867	4,415,296
Accounts receivable and prepayments	1,779,389	1,739,203
Fixed deposits	17,165,611	18,000,000
Available for sale investments	2,677,479	4,569,489
Financial liabilities		
Accounts payable and accruals	8,768,724	9,816,871
Deferred payment liability	2,232,884	6,361,826

Financial risk management objectives

The Company's management monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including interest rate risk and equity price risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.
The Company's activities expose it primarily to the financial risks of changes in interest rates and equity price.

Interest rate risk management

Interest rate risk arises from the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
As the Company's interest bearing assets are deposits with banks mostly at fixed rates over the contractual term, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company does not have any significant interest bearing liabilities.

Interest rate sensitivity analysis

At 31 December 2008, if interest rates on KD denominated borrowings had been 0.25% higher/lower with all other variables held

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constant, profit for the year would have been KD 5,582 (2007: 16,092 KD) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

Equity price risk

This is a risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market.

The Company is exposed to equity securities price risk because of investments held by the Company and classified as ''available for sale''. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the sectoral limits set by the Company.

The Company's investments are primarily quoted on the Kuwait Stock Exchange. The effect on equity as a result of changes in fair value of equity instruments classified as 'available for sale' arising from a 10% increase / decrease in equity marked index, with all other variables held constant is KD 267,748 (2007: KD 456,949).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company uses its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

At 31 December 2008, fixed deposit of KD 7,000,000 (2007: KD 3,000,000) were placed with a related party; ongoing credit evaluation is performed on the financial condition of fixed deposits and accounts receivable.

The Company does not have any other significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 10% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Ultimate responsibility for liquidity risk management rests with the management of the Company, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash and cash equivalents and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's financial liabilities are due within one year.

Fair value of financial instruments

Management believes that the fair value of all financial instruments, on the balance sheet date is not significantly different from their respective carrying value.

24. CONTINGENT LIABILITIES

	2008	**2007**
	KD	KD
Letters of guarantee	7,563,037	18,787,500

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.