Company Registration No. 2063581

Kuwait Petroleum (U.K. Holdings) Limited

Report and Financial Statements

31 March 2009

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Kuwait Petroleum (U.K. Holdings) Limited

Report and financial statements 2009

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Kuwait Petroleum (U.K. Holdings) Limited

Report and financial statements 2009

Officers and professional advisors

Directors

Mr H Esmaiel
Mr A I Behbehani
Mr S W B Whitworth

Secretary

Mrs A Thomson

Registered Office

6th Floor
Dukes Court
Duke Street
Woking
Surrey
GU21 5BH

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Thames Valley Office
9 Greyfriars Road
Reading
RG1 1JG

Kuwait Petroleum (U.K. Holdings) Limited and subsidiary undertakings

Directors' Report for the year ended 31 March 2009

The directors present their annual report together with the financial statements and auditors' report for the year ended 31 March 2009 The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

Principal activity and review of business developments

The principal activity of the company during the year was to maintain continuing overall control of the United Kingdom incorporated group companies

The financial year to 31 March 2009 shows a slight decrease in the net liability position of the company's balance sheet - £245 million (2008 - £248 million) The net liability position of the company is principally due to it being financed by related party loans totalling £361 million (2008 - £250 million) These related party loans are primarily used to invest in subsidiary companies The large increase in the related party loans is due to additional financing to increase investments in two subsidiary companies - Kuwait Petroleum International Aviation Company (UK) Ltd - £105 million and Kuwait Petroleum International Limited - £5 5 million

The subsidiary companies operate in increasingly competitive markets and as a result are exposed to price changes.

The worldwide economic climate has had an impact across a wide range of industries and air travel is an industry which has been hit particularly hard For those companies marketing jet fuel to airlines, of which a subsidiary company is one, there are a variety of factors to consider, such as the potential credit risk of customers

The company does show a net liability position on the balance sheet, however, the majority of this consists of monies owed to its immediate and intermediate parent companies The directors feel there is no significant going concern risk here as the intermediate parent company has confirmed that it will continue to provide financial support to the company to enable it to meet its liabilities as they fall due for the foreseeable future

Results and dividends

The profit before tax for the financial year after taxation amounted to £3,066,000 (2008 – loss of £782,000)

The directors do not recommend the payment of a dividend (2008 – £nil)

Directors

The directors who served throughout the year and up to the date of this report were as follows

H Esmaiel
A I Behbehani
S W B Whitworth

At the time the report is approved and at any time during the year there were no qualifying third party indemnity provisions and/or qualifying pensions scheme indemnity provisions (whether made by the company or otherwise) in place for the benefit of one or more of the directors or one or more directors of an associated company The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Directors' Report for the year ended 31 March 2009 (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure of information to auditors

Each of the directors at the date of approval of this report confirms that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Directors' Report for the year ended 31 March 2009 (continued)

Independent auditors

During the year Deloitte & Touche LLP resigned as auditors to the company, and the directors appointed PricewaterhouseCoopers LLP to fill the casual vacancy PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment was proposed and accepted at the Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

H Esmaiel

Director

29th March 2010

Dukes Court
Duke Street
Woking
Surrey
GU21 5BH

Independent auditors' report to the members of Kuwait Petroleum (U.K. Holdings) Limited

We have audited the financial statements of Kuwait Petroleum (U K Holdings) Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements This other information comprises only the Officers and Professional Advisors page, the Directors' Report and all of the other information listed on the contents page We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Independent auditors' report to the members of Kuwait Petroleum (U.K. Holdings) Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading

31st March 2010.

Kuwait Petroleum (U.K. Holdings) Limited

Profit and loss account for the year ended 31 March 2009

	Note	2009 £'000	2008* £'000
Administrative expenses	3	(367)	(251)
Movement in impairment of investments	6	115	(840)
Operating loss		(252)	(1,091)
Income from shares in group undertakings		3,262	953
Profit / (loss) on ordinary activities before interest and taxation		3,010	(138)
Interest receivable and similar income	2	191	191
Interest payable and similar charges	2	(135)	(835)
Profit / (loss) on ordinary activities before taxation		3,066	(782)
Tax on profit / (loss) on ordinary activities	5	-	-
Profit / (loss) for the financial year	11	3,066	(782)

*Certain line items have been reclassified so that they are consistent with the current year format There has been no change in the prior year loss on ordinary activities before taxation

All operations of the company continued throughout both years No operations were acquired or discontinued in either year

All recognised gains or losses during the current and prior years are dealt with in the profit and loss account presented above, and accordingly a statement of total recognised gains and losses is not presented

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

Kuwait Petroleum (U.K. Holdings) Limited

Balance Sheet as at 31 March 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Investments	6	118,075	7,661
		118,075	7,661
Current assets			
Debtors	7	351	3
Creditors: amounts falling due within one year	8	(107,158)	(16,911)
Net current liabilities		(106,807)	(16,908)
Total assets less current liabilities		11,268	(9,247)
Creditors: amounts falling due after more than one year	9	(256,212)	(238,763)
Net liabilities		(244,944)	(248,010)
Capital and reserves			
Called up share capital	10	15,000	15,000
Profit and loss reserve	11	(259,944)	(263,010)
Total shareholders deficit	12	(244,944)	(248,010)

The notes on pages 9-16 form part of these financial statements

These financial statements were approved by the Board of Directors on 29th March 2010

Signed on behalf of the Board of Directors

Hussain Esmael

H Esmaiel

Director

Notes to the accounts
Year ended 31 March 2009

1. Accounting policies

A summary of the company's principal accounting policies which have been applied consistently throughout the current and preceding year is set out below

Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom

Under s228A of the Companies Act 1985, the company is exempt from the obligation to prepare group accounts as its result, position and cash flows are included within the publicly available consolidated financial statements of KPC Holdings (Aruba) A E C , incorporated in Aruba

Cash flow statement

The company's ultimate parent company, Kuwait Petroleum Corporation (note 14), presents consolidated financial statements which consolidate the results of the company and are publicly available Accordingly under Financial Reporting Standard No 1 no cash flow statement is included in these financial statements

Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment Investment income is recognised when receivable

Going concern

The ultimate parent company, Kuwait Petroleum Corporation, a company incorporated in Kuwait, has confirmed its intention to maintain financial support for the foreseeable future to enable the company's liabilities to be settled as they fall due, therefore the directors feel it is appropriate to prepare the financial statements under the going concern basis

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange prevailing at the balance sheet date

Transactions denominated in foreign currencies are translated at the average exchange rate for the month in which the transaction occurred

All exchange differences are taken to the profit and loss account immediately other than the exchange differences arising on the $150m loan taken out in the year Exchange differences on this loan of £721,500 have been taken to reserves This loan was taken out to finance the increase in investment in Kuwait Petroleum International Aviation Company (UK) Ltd and in accordance with SSAP 20 paragraph 51, the investment is translated each year with the exchange differences arising taken to reserves against the movement on the borrowing

1. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument

Derivative financial instruments

The company is exempt from applying FRS 26 because it is not a listed plc and does not use fair value accounting Reference was made in the prior year accounting policies note to the financial statements being prepared in accordance with FRS 26, however the exemption from applying this standard has been used in both the current and previous year

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates enacted or substantially enacted by the balance sheet date Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Pension costs

The company adopted FRS 17, "Retirement Benefits" on 1 April 2005 and participates in a group defined benefit scheme It accounts for its obligations in respect of the defined benefit scheme on a defined contribution basis, as the assets and liabilities of this scheme relating to individual companies cannot be separately identified on a consistent and reasonable basis Accordingly, the adoption of FRS17 had no impact on the results of the company The latest actuarial valuation of the defined benefit scheme, prepared in accordance with FRS 17 and reflected in the consolidated accounts of the immediate parent company, shows a deficit position For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance or trustee administered plans on a mandatory, contractual or voluntary basis The company has no further payment obligations once the contributions have been paid The contributions are recognised as employee benefit expense when they are due Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available The contributions are charged to the profit and loss account

For defined contribution schemes the amount charged to the profit and loss account is the contributions payable in the year

Further information on pension costs is provided in note 13

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the accounts
Year ended 31 March 2009

2. Net Interest

	2009 £'000	2008 £'000
Receivable from direct subsidiary undertakings	191	191
Payable to direct subsidiary undertakings	(135)	(183)
Payable to other group undertakings	-	(652)
	56	(644)

3. Administrative expenses

	2009 £'000	2008 £'000
Administration costs	180	250
Foreign exchange loss	187	1
	367	251

4. Profit / (loss) before tax

The company had no employees in either year other than its directors, none of whom received any remuneration in respect of services to the company No amounts were recharged to the company as their services are incidental to that performed for the rest of the group The audit fee in respect of the company's annual accounts was £5,000 (2008 £5,000 – audit fee borne by Kuwait Petroleum International Ltd)

5. Tax on profit / (loss) on ordinary activities

There was no current or deferred tax charge in either year The reconciliation between the total current tax charge and the amount calculated by applying the enacted standard rate of UK corporation tax (28%) to the profit / (loss) before tax is shown in the reconciliation below

	2009 £'000	2008 £'000
Current tax		
Profit / (loss) on ordinary activities before tax	3,066	(782)
Corporation tax at 28% (2008 30%)	859	(235)
Effect of		
Disallowable expenditure	82	535
Other timing differences	-	(13)
Non-taxable income	(945)	(287)
Tax losses created	4	-
Total current tax charge	-	-

The corporation tax rate as from the 1 April 2008 has reduced to 28%, down from the current rate of 30%

The company has a potential net deferred tax asset at 31 March 2009 of £146,069 (2008 - £129,517) This asset has not been recognised as there is insufficient evidence of suitable future taxable profits

Kuwait Petroleum (U.K. Holdings) Limited

6 Fixed asset investments

Investments in and loans to subsidiary undertakings are as follows

	Investments £'000	Loans £'000	Total £'000
Cost			
As at 1 April 2008	8,752	19,677	28,429
Additions	110,414	16,688	127,102
Repayments	-	(16,803)	(16,803)
At 31 March 2009	119,166	19,562	138,728
Provisions for impairment			
As at 1 April 2008	3,365	17,403	20,768
Charge for the year	-	16,688	16,688
Reversal of prior year impairments	-	(16,803)	(16,803)
As at 31 March 2009	3,365	17,288	20,653
Net book value			
As at 31 March 2009	115,801	2,274	118,075
As at 31 March 2008	5,387	2,274	7,661

Investment additions represent additional financing provided to two subsidiary companies – Kuwait Petroleum International Aviation Company (UK) Limited and Kuwait Petroleum International Limited The investment in each company was £104,914,500 and £5,500,000 respectively

The current basis of valuation for impairment is present value A prudent approach was taken with regard to investments previously impaired, therefore no prior year impairments have been reversed

The current year movements in loans, reflects the change in currency of the loan to the subsidiary company, Kuwait Petroleum International Aviation Company (UK) Ltd Previously the entire GBP loan balance of £16,802,570 had been fully impaired in previous years During the year, the loan balance was changed to a USD loan of $23,859,000 which has a current sterling equivalent amount of £16,687,807 To ensure that this loan balance remained nil, the USD loan has also been fully impaired

6. Fixed asset investments (continued)

The company's active subsidiary undertakings are as follows

Name of company	Holding	Voting rights & ownership	Nature of business
Kuwait Petroleum International Aviation Co Limited	100 £1 ordinary shares	100%	Agents for the supply of aviation fuel
Kuwait Petroleum International Aviation Co (UK) Limited	100 £1 ordinary shares 150,000,000 US$1 ordinary shares	100%	Supply of aviation fuel
International Diesel Service Limited	2,000,000 £1 ordinary shares	100%	Marketing petroleum products
Kuwait Petroleum International Lubricants (UK) Limited	4,400,000 £1 ordinary shares	100%	Blending and marketing of petroleum products
Kuwait Petroleum International Limited	5,500,100 £1 ordinary shares	100%	Administrative and advisory
Kuwait Petroleum International Treasury Services Limited	100 £1 ordinary shares 5,000,000 US$1 ordinary shares	76%	Group treasury services
Kuwait Petroleum (Ireland) Limited	100 €2 ordinary shares	100%	Marketing petroleum products

All of these companies are incorporated in Great Britain, except Kuwait Petroleum (Ireland) Limited, which is registered in the Republic of Ireland

7 Debtors

Amounts falling due within one year

	2009 £'000	2008 £'000
Other debtors	-	2
Amounts due from direct subsidiary undertakings	351	-
VAT and other excise duties receivable	-	1
	351	3

Amounts due from direct subsidiary undertakings include a balance of £162,319 bearing interest at floating rates linked to LIBOR, and repayable in April 2009 The remaining balance is interest free

8. Creditors: Amounts falling due within one year

	2009 £'000	2008 £'000
Loans due to immediate/ intermediate parent	104,641	11,675
Amounts due to affiliate undertakings	-	11
Amounts due to subsidiary undertakings	1,979	4,623
Accruals and deferred income	538	602
	107,158	16,911

The amounts due to the intermediate parent company total £65,449,109 and are unsecured with a repayment date of June 2009 and are interest free The amount due to the immediate parent company totals £39,191,708 and is unsecured with a repayment date of July 2009 and is interest free

9. Creditors: Amounts falling due after more than one year

	2009 £'000	2008 £'000
Loans due to immediate/ intermediate parent	256,212	238,763
	256,212	238,763

Loans due to immediate and intermediate parent undertakings are denominated in GBP sterling – totalling £151,297,429 and US dollars - totalling $150,000,000 All these loans are interest free

Borrowings are repayable as follows

	2009 £'000	2008 £'000
Less than one year	104,641	11,675
Between one and two years	28,751	111,871
Between two and five years	72,756	67.427
After five years	154,705	59 465
	360,853	250,438

10. Called-up equity share capital

		2009 £	2008 £
Authorised			
100,000,000	(2008 – 100,000,000) ordinary shares of £1 each	100,000,000	100,000,000
Allotted, called up and fully-paid			
15,000,100	(2008 – 15,000,100) ordinary shares of £1 each	15,000,100	15,000,100

11. Reserves

	Profit and loss reserve £'000
As at 31 March 2008 - deficit	(263,010)
Profit for the financial year	3,066
As at 31 March 2009 - deficit	(259,944)

As disclosed in note 1, certain foreign exchange balances are offset in reserves

12. Reconciliation of movements in shareholder's deficit

	2009 £'000	2008 £'000
Profit / (loss) for the financial year	3,066	(782)
Net reduction to shareholders deficit	3,066	(782)
Opening shareholders' deficit	(248,010)	(247,228)
Closing equity shareholders' deficit	(244,944)	(248,010)

13. Pensions

The group headed by the company operates both a funded defined benefit pension scheme (the "scheme") and a defined contribution pension scheme in the UK, the assets of which are held in separate trustee administered funds

KPC UK Group Retirement Plan
The FRS17 disclosure requirements refer to the situation where either there is only one employer participating in a defined benefit scheme, or there is more than one employer and each employer's share of the underlying assets and liabilities can be identified In the KPC UK Group Retirement Plan the assets attributable to each individual company cannot be identified on a reasonable and consistent basis, and so each company's share of the surplus/deficit cannot be identified

The Company is also required to disclose the overall funding position of the Group Plan For this purpose, the April 2006 actuarial valuation has been updated to 31 March 2009 by a qualified, independent actuary The principal assumptions used to calculate the FRS17 liabilities were as follows discount rate of 6 4% per annum, salary increases (including promotion) of 4 2% per annum, inflation of 2 7% per annum, guaranteed annual increases to pensions in payment (in line with inflation up to 2 7%) of 2 7% per annum Current company contributions are made at the rate of 20 30% of pensionable salary The members contributed 7 0% of pensionable salary until 30 June 2008 and a rate of 8 0% thereafter

Notes to the accounts
Year ended 31 March 2009

13. Pensions (continued)

In addition to the financial assumptions above, it is assumed that male members currently aged 65 will live for 22 6 years and females members currently aged 65 will live for 25 1 years

Taking the liabilities calculated on the above basis and assets at market value gives an aggregate pension scheme deficit at 31 March 2009, over the funded pension scheme for the whole UK Group, of £8,337,000 (2008 £10,131,000).

Where a deficit exists, the method of removing that deficit is determined by agreement of the Participating Employers The UK Group are currently in negotiations with the Scheme Trustees to agree a recovery plan for the deficit

14. Controlling party

The parent company of the largest group of undertakings for which group financial statements are drawn up, and of which the company is a member, is Kuwait Petroleum Corporation (the company's ultimate parent), a company incorporated in Kuwait Kuwait Petroleum Corporation is owned by the government of Kuwait, who represent the ultimate controlling party The intermediate parent company and parent of the smallest group of undertakings for which group accounts are drawn up, and of which the company is a member, is KPC Holdings (Aruba) A E C , incorporated in Aruba The consolidated accounts of KPC Holdings (Aruba) A E C may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF2 3UZ

15. Related parties

The company has utilised the exemption available in paragraph 3(c) of Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with other members of the group headed by Kuwait Petroleum Corporation

There are no other related party transactions requiring disclosure

FOR INCLUSION WITH

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KPC Holdings (Aruba) A.E.C.

Consolidated Financial Statements and Independent Auditor's Report

31 March 2009

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COMPANIES HOUSE

KPC Holdings (Aruba) A.E.C.

Report and financial statements 2009

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KPC Holdings (Aruba) A.E.C

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS

We have audited the accompanying consolidated financial statements of KPC Holdings (Aruba) A.E.C ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated balance sheet as at 31 March 2009, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the Company's directors in accordance with our engagement letter dated 05 March 2009. Our audit work has been undertaken so that we might state to the Company's directors those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors, for our audit work, for this report, or for the opinions we have formed

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 March 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Bader A. Al-Wazzan
Licence No. 62A

Kuwait
12 May 2009

KPC Holdings (Aruba) A.E.C.

Consolidated income statement
Year ended 31 March 2009

	Notes	2009 US$'000	2008 US$'000
Revenue	3	17,366,164	16,088,353
Cost of sales	3	(15,919,538)	(13,544,113)
Gross profit		**1,446,626**	**2,544,240**
Depreciation	10	(237,149)	(252,599)
Operating and administrative expenses	5	(1,735,512)	(1,665,926)
Income from associates	11	5,149	2,380
Operating (loss)/profit		**(520,886)**	**628,095**
Interest income	3	18,902	28,584
Finance costs	4	(52,553)	(44,254)
Foreign currency gains / (losses), net		14,126	3,535
(Loss)/profit before tax		**(540,411)**	**615,960**
Income tax credit/(expense)	7	85,952	(133,224)
(Loss)/profit for the year		**(454,459)**	**482,736**

The attached notes on pages 6 to 39 are an integral part of the consolidated financial statements

Consolidated balance sheet
At 31 March 2009

	Notes	2009 US$'000	2008 US$'000
Assets			
Non-current assets			
Goodwill	9	211,374	250,661
Property, plant and equipment	10	2,186,003	2,558,288
Investments in associates	11	39,070	43,385
Pension fund assets	25	9,164	7,792
Deferred tax assets	7	16,639	16,758
Other non-current assets	12	318,762	347,226
Total non-current assets		2,781,012	3,224,110
Current assets			
Inventories	13	1,098,604	2,323,640
Trade receivables		1,154,271	1,947,984
Other receivables and prepayments	14	361,204	481,679
Related party receivables	15	2,750	3,649
Cash and cash equivalents		476,237	284,625
Total current assets		3,093,066	5,041,577
Total assets		5,874,078	8,265,687

	Notes	2009 US$'000	2008 US$'000
Equity and liabilities			
Third Party Shareholder's equity			
Minority Interests		496	726
KPC Aruba Shareholder's equity			
Issued share capital	16	10	10
Capital contribution		2,471,801	2,471,801
		2,471,811	2,471,811
Accumulated surplus		446,350	1,100,809
Foreign currency translation reserve		(60,229)	607,275
KPC Aruba Shareholder's equity		2,857,932	4,179,895
Non-current liabilities			
Long term loans	17	-	60,670
Provisions	19	181,294	195,935
Pension fund liabilities	25	58,392	76,428
Deferred tax liabilities	7	40,120	312,772
Other non-current liabilities	18	5,198	7,107
Total non-current liabilities		285,004	652,912
Current liabilities			
Trade and other payables	20	1,999,541	2,919,289
Current portion of provisions	19	12,240	17,007
Related party payables	21	190,179	5,541
Current portion of long term loans	17	76,521	90,919
Short term bank borrowings	22	306,372	330,082
Tax liabilities		145,793	69,316
Total current liabilitres		2,730,646	3,432,154
Total equity and liabilities		5,874.078	8,265,687

Approved on behalf of the Board on 12 May 2009 by.

Mohammed Rashed Jasem, Acting Chairman and Managing Director

Ali Al-Hajeri, Director

The attached notes on pages 6 to 39 are an integral part of the consolidated financial statements

KPC Holdings (Aruba) A.E.C.

Consolidated balance sheet
At 31 March 2009

	Notes	2009 US$'000	2008 US$'000
Assets			
Non-current assets			
Goodwill	9	211,374	250,661
Property, plant and equipment	10	2,186,003	2,558,288
Investments in associates	11	39,070	43,385
Pension fund assets	25	9,164	7,792
Deferred tax assets	7	16,639	16,758
Other non-current assets	12	318,762	347,226
Total non-current assets		2,781,012	3,224,110
Current assets			
Inventories	13	1,098,604	2,323,640
Trade receivables		1,154,271	1,947,984
Other receivables and prepayments	14	361,204	481,679
Related party receivables	15	2,750	3,649
Cash and cash equivalents		476,237	284,625
Total current assets		3,093,066	5,041,577
Total assets		5,874,078	8,265,687

Approved on behalf of the Board on 12 May 2009 by:

Mohammed Rashed Jasem, Acting Chairman and Managing Director

Ali Al-Hajeri, Director

The attached notes on pages 6 to 39 are an integral part of the consolidated financial statements

	Notes	2009 US$'000	2008 US$'000
Equity and liabilities			
Third Party Shareholder's equity			
Minority Interests		496	726
KPC Aruba Shareholder's equity			
Issued share capital	16	10	10
Capital contribution		2,471,801	2,471,801
		2,471,811	2,471,811
Accumulated surplus		446,350	1,100,809
Foreign currency translation reserve		(60,229)	607,275
KPC Aruba Shareholder's equity		2,857,932	4,179,895
Non-current liabilities			
Long term loans	17	-	60,670
Provisions	19	181,294	195,935
Pension fund liabilities	25	58,392	76,428
Deferred tax liabilities	7	40,120	312,772
Other non-current liabilities	18	5,198	7,107
Total non-current liabilities		285,004	652,912
Current liabilities			
Trade and other payables	20	1,999,541	2,919,289
Current portion of provisions	19	12,240	17,007
Related party payables	21	190,179	5,541
Current portion of long term loans	17	76,521	90,919
Short term bank borrowings	22	306,372	330,082
Tax liabilities		145,793	69,316
Total current liabilities		2,730,646	3,432,154
Total equity and liabilities		5,874,078	8,265,687

KPC Holdings (Aruba) A.E.C.

Consolidated statement of changes in equity
Year ended 31 March 2009

	Share capital US$'000	Capital contribution US$'000	Accumulated surplus US$'000	Foreign currency translation reserve US$'000	Total US$'000
Balance at 31 March 2007	10	2,471,801	630,076	59,851	3,161,738
Change in functional currency of certain subsidiaries	-	-	(12,003)	11,779	(224)
Net currency translation gains not recognised in the income statement	-	-	-	535,645	535,645
Net profit for the year	-	-	482,736	-	482,736
Balance at 31 March 2008	10	2,471,801	1,100,809	607,275	4,179,895
Net currency translation losses not recognised in the income statement	-	-	-	(667,504)	(667,504)
Net loss for the year	-	-	(454,459)	-	(454,459)
Dividend	-	-	(200,000)	-	(200,000)
Balance at 31 March 2009	10	2,471,801	446,350	(60,229)	2,857,932

The attached notes on pages 6 to 39 are an integral part of the consolidated financial statements.

KPC Holdings (Aruba) A.E.C.

Consolidated cash flow statement
Year ended 31 March 2009

	Notes	US$'000	2009 US$'000	US$'000	2008 US$'000
Operating activities					
Cash generated by operations	23a		755,841		494,541
Net tax paid			(30,007)		(95,978)
Net cash generated from operating activities			725,834		398,563
Investing activities					
Interest received	3	18,902		28,584	
Advances to associates, net	11	(341)		(2,891)	
Investments in and loans to consortia, net		(18,751)		(959)	
Purchase of property, plant and equipment	10	(321,351)		(371,103)	
Proceeds from sale of property, plant and equipment		19,902		6,822	
Other investing activities		2,210		1,189	
Net cash used in investing activities			(299,429)		(338,358)
Financing activities					
Dividend payment		(100,000)		(100,000)	
Repayments of long-term loans	17	(54,533)		(146,333)	
Increase in short term borrowings	22	59,744		97,677	
Interest paid	4	(42,894)		(34,744)	
Net cash used in financing activities			(137,683)		(183,400)
Net increase/(decrease) in cash and cash equivalents	23b		288,722		(123,195)

The attached notes on pages 6 to 39 are an integral part of the consolidated financial statements.

KPC Holdings (Aruba) A.E.C.

Notes to financial statements
Year ended 31 March 2009

Ownership and basis of consolidation

KPC Holdings (Aruba) A.E.C ("the company") is an Aruba Exempt Company, incorporated in Aruba The address of the group's registered office is at Lloyd G. Smith Blvd. 62, Suite 301, Oranjestrad, Aruba

The company and its subsidiaries ("the group") include the marketing, refining and related interests of its parent company, Kuwait Petroleum Corporation ("KPC"), in the Benelux countries (the Netherlands, Belgium and Luxembourg), Scandinavia (Sweden and Denmark), Italy, France, the United Kingdom, Spain, Germany, Hong Kong, Australia and Thailand. The ultimate controlling party of the group is the Government of the State of Kuwait. Details of the principal subsidiary companies included in the consolidation are set out innote 27.

The results of businesses acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, using the purchase method

These consolidated financial statements have been approved for issue by the board of directors on 12 May 2009

1. Accounting policies

Set out below is a summary of the group's principal accounting policies which have been applied consistently throughout the current and preceding year

Basis of accounting

These non-statutory financial statements are presented in United States dollars, as this is the underlying trading currency for crude oil and refined oil products.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. They have also been prepared on the historical cost basis, except for derivatives, marketable securities and defined benefit pension obligations, which are measured at fair value

Adoption of new and revised International Financial Reporting Standards

Certain accounting standards and interpretations have been issued but the adoption is not yet required. The following may have a future impact on the group's Consolidated Financial Statements.

IAS 1 "Presentation of Financial Statements" (Revised)

The application of IAS 1 (Revised), which will be effective for the annual periods beginning on or after 1 January 2009, will require some changes in presentation of owner and non owner changes in equity.

IAS 23 "Borrowing Cost" (Revised)

The application of IAS 23 (Revised), which will be effective for the annual periods beginning on or after 1 January 2009, will require 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 income statement

IFRIC Interpretation 13: "Customer loyalty programmes"

The application of IFRIC Interpretation 13, which will be effective for annual periods beginning on or after 1 July 2008, clarifies that where goods and services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangementin using fair values.

The adoption of the above standards when they become effective could have a significant impact on the consolidated financial statements and the group is evaluating the application

KPC Holdings (Aruba) A.E.C.

Notes to financial statements
Year ended 31 March 2009

Consolidation

Subsidiaries are those enterprises, including special purpose entities, controlled by the group Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to the group until the date that control ceases

Minority interest in an acquiree is stated at the minority's proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of the original business combination and the minority's share of changes in the equity since the date of the combination. Equity and net income attributable to minority shareholders' interests are shown separately in the consolidated balance sheet and consolidated income statement respectively. Minority interest is classified as financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the minority interest

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on audited financial statements or audited financial information of subsidiaries for the same reporting date and period as that of the group Intra group balances, transactions, income and expenses are eliminated in full Unrealized losses resulting from inter-company transactions are also eliminated unless cost cannot be recovered

Foreign currencies

In the accounts of individual group companies, transactions denominated in foreign currencies are translated into the local functional currency at actual exchange rates as of the dates of the transactions Monetary assets and liabilities denominated in foreign currencies are translated into the local functional currency at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates, subsequent to the date of the transaction, is included as an exchange gain or loss in the income statement of the relevant group company

For the purposes of consolidation, the results of individual group companies are translated into US dollars at the average rates of exchange prevailing during the year and their balance sheets at the rates ruling at the balance sheet date.

Foreign exchange gains and losses arising on the retranslation of the opening net assets and the results of individual group companies at the rates of exchange prevailing at the year end are accumulated as a separate component of shareholders' equity (known as the foreign currency translation reserve).

The most significant foreign exchange rate for the group is the US$/Euro rate, which has varied as follows

	2009	2008
At 31 March	1.3308	1 5812
Average rate for the year	1 4212	1.4180

Goodwill and other intangible assets

Goodwill and other intangible assets are measured initially at cost

Goodwill, being the cost in excess of the fair value of the separable net assets of businesses acquired, is capitalised and reviewed for impairment at least annually. Any impairment is recognised immediately in the consolidated income statement and cannot be reversed in future periods

Other intangible assets are recognised if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably After initial recognition, other intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Such intangible assets are amortised on a straight-line basis over the best estimate of their useful lives. The amortisation period and amortisation method are reviewed annually at each financial period-end The amortisation charge for such assets is included within operating and administrative expenses

The group amortises certain licence costs within other intangible assets over a thirty year period as the group considers such costs to be closely associated with the economic life of the land, buildings and facilities which are the subject of the licences.

If there is an indication that goodwill or another intangible asset may be impaired, the recoverable amount is determined for the cash-generating unit to which the asset or goodwill belongs.

If the carrying amount of an intangible asset is greater than the recoverable amount, an impairment loss is recognised Such an impairment test is conducted annually as required by IAS 38

Property, plant and equipment

Property, plant and equipment are shown at original historical cost less accumulated depreciation and any accumulated impairment losses. No provision is generally made for depreciation of freehold land or assets under construction. The group capitalises expenditure incurred in major overhauls at its refineries and depreciates these costs over the period to the next major overhaul, usually in three to four years time Other fixed assets in use are depreciated on a straight-line basis at rates designed to write off costs, less residual values, over their estimated useful lives, having regard to the applicable operating circumstances and locations of the assets, as follows:

Tankage, pipelines and jetties	4-20%
Plant and machinery	5-33 3%
Buildings and facilities	2.5-33.3%
Vehicles and transport equipment	8 3-33 3%
Property under finance leases	5-25% (or the life of the lease if shorter)
Construction and general equipment	6-33 3%

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised The recoverable amount is the higher of an asset's net selling price and value in use The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction, whilst value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The discount rate used for value in use calculations is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to that asset The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement

Reversal of impairment losses recognised in prior years is recorded as income when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased

Investments in associates

Associate companies are entities in which a consolidated member of the group has a participating interest and over whose operating and financial policies it exercises a significant, but not controlling, influence They do not include subsidiaries or joint ventures. These investments are dealt with by the equity method of accounting, whereby the consolidated income statement includes the appropriate share of these companies' profits less losses and the group's share of post acquisition retained profits and reserves is added to the cost of investment in the consolidated balance sheet. An assessment of the carrying value of investments in associates is performed when there is an indication that an asset has been impaired or the impairment losses recognised in prior years no longer exist.

Pensions and other employee benefits

Defined benefit schemes

The group's affiliates in the UK, Sweden, Belgium, the Netherlands, Germany and (see "Termination allowances" below) Italy provide defined benefit pension schemes for their employees. The funds are valued every period by professionally qualified independent actuaries. The obligations and costs of pension benefits are determined using the Projected Unit Credit Method

The Projected Unit Credit Method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to determine the final obligation Past service costs are recognised on a straight-line basis over the average period until the benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognised when the curtailment or settlement occurs. The group immediately recognises as income or expense that portion of cumulative unrecognised actuarial gains and losses at the end of the reporting period which exceeds the greater of 10% of the present value of obligations and 10% of the fair value of scheme assets at that date.

The pension liability recognised in the consolidated balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains or losses and unrecognised past service cost, and as reduced by the fair value of plan assets

If the amount initially recorded in the consolidated balance sheet using this method is an asset, this amount is restricted to the net total of any unrecognised actuarial losses and the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined contribution schemes

In addition to the defined benefit schemes described above, the group's affiliates in Denmark and Sweden sponsor defined contribution plans for full-time employees based on local practices and regulations The group's contributions relating to defined contribution schemes are charged to the consolidated income statement in the year to which they relate.

Termination allowances

Employees in the group's Italian operations are entitled to retirement benefits in the form of termination allowances. These allowances are payable to employees upon retirement or leaving employment according to the amounts provided during the service life of each employee The allowances may be drawn by employees, in part, during their employment for certain specific purposes. The group accounts for these arrangements using defined benefit principles.

Taxes on income

Income tax expense represents the sum of tax currently payable and deferred tax relating to individual group companies and their local tax jurisdictions. The tax currently payable is based on taxable profit for the year, calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled, using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the group is able to control the reversal of the temporary difference or it is probable that the temporary difference will not reverse in the foreseeable future

Investments in joint ventures

The group accounts for interests in joint ventures by proportionately consolidating its share of the joint ventures' assets, liabilities, revenues, expenses and cashflows An assessment of interests in joint ventures is made where there are indications that an asset has been impaired or the impairment losses recognised in prior years no longer exist.

Inventories

Inventories of crude oil and finished products are valued as follows.

- crude oil is valued at the lower of cost, determined generally by the weighted average cost method, and net realisable value based on year-end Platts prices; and
- finished products are valued at the lower of cost, determined generally by the weighted average cost method, and net realisable value based on year-end Platts prices For products refined by the group cost is calculated on an individual product basis, as the cost of crude oil supplied to refineries plus refining costs The allocation of total refining costs to each product is based on their relative market values.

Other inventories which comprise mainly spare parts, materials and supplies are valued at average cost, less any provision for slow moving and obsolete items.

Quantities loaned to, less borrowed from, exchange partners are included within inventory unless they are settled in cash on a regular basis, in which case they are included within other receivables and prepayments or trade and other payables as appropriate.

Financial Instruments

Classification

In the normal course of business, the group uses financial instruments, principally cash and cash equivalents, marketable securities, trade and other receivables, related party receivables/payables, long term loans, trade and other payables and short term bank borrowings

In accordance with International Accounting Standard (IAS) 39, the group classifies its financial assets as "at fair value through profit or loss" or "loans and receivables" and financial liabilities as "other than at fair value through profit or loss".

Financial assets at fair value through profit or loss

This category comprises of derivative financial instruments. These are subsequently measured at fair value and any resultant gains or losses are recognised in the consolidated income statement

Loans and receivable

These are non derivative financial assets with fixed or determinable payments that are not quoted in an active market These are subsequently measured at amortized cost using the effective yield method The amount of provision is recognized in the consolidated income statement

Trade and other receivables, related party receivables and cash and cash equivalents are classified as "loans and receivables".

Financial liabilities other than at fair value through profit or loss

Financial liabilities other than at fair value through profit or loss are subsequently measured at amortized cost using the effective yield method

Long term loans, trade and other payables, related party payables and short term bank borrowings are classified as financial liabilities other than at fair value through profit or loss

Recognition and de-recognition

The group recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments. A financial asset (in whole or in part) is de-recognised when the contractual right to the cash flows from the financial asset has expired or the group has transferred substantially all the risks and rewards of ownership and has not retained control If the group has retained control, it continues to recognise the financial assets to the extent of its continuing involvement in the financial asset. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired

Regular way purchase and sale of financial assets are recognized using trade date accounting Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place

Measurement

All financial assets and liabilities are measured initially at fair value Transaction costs that are directly attributable to the acquisition or issue are added except for those financial instruments classified as "at fair value through profit or loss".

Fair values

The fair value of financial instruments other than short term 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

Impairment

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. An assessment is made at each balance sheet date to determine whether there is objective evidence that a specified asset, or a group of similar assets, may be impaired If such evidence exists any impairment loss is recognised in the consolidated income statement. The recoverable amount of an interest bearing instrument is determined based on the net present value of future cash flows discounted at original effective interest rates Any impairment loss is recognised in the consolidated income statement.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition) The carrying amount of the asset is reduced through use of an allowance account Any impairment loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the consolidated income statement.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible

Derivatives

In accordance with IAS 39, all derivatives are stated at fair value The fair value of a derivative is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Derivatives with positive market values (unrealised gains) are included in other receivables and prepayments and derivatives with negative market values (unrealised losses) are included in trade and other payables in the consolidated balance sheet The resultant gains and losses from derivatives are included in revenue or cost of sales as appropriate.

The group enters into various types of transactions that involve derivative financial instruments A derivative financial instrument is a financial contract between two parties whose value changes in response to movements in a specified reference price, rate, index or similar variable that requires a minimal initial net investment relative to other types of similar contract, and that is settled at a future date. Derivative financial instruments include forwards, futures, swaps and options

The group also enters into sales and purchase contracts as part of its international operations Where these contracts qualify as a derivative or include an embedded derivative as defined by IAS 39, they are stated at fair value. Fair value is assessed by applying prevailing market prices directly to the contract or embedded derivative, where possible, or by identifying separate financial instruments which have the same terms and are readily traded in the relevant markets

Further details of the group's financial instruments and risk management approach are provided in note 26

Cash and cash equivalents

Cash comprises cash on hand and demand deposits Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Leases

Assets held under finance leases are initially reported at the fair value of the asset and are capitalised in the balance sheet and depreciated over the shorter of the lease term and their useful lives An equivalent liability, categorised as appropriate under current and non-current liabilities, is included in the balance sheet

The interest element of the rental obligations is charged to the income statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding

Rentals paid under operating leases are expensed on a straight-line basis over the lease term, even if the payments are not made on the same basis.

Emissions' rights

The group is a party to the EU Emissions Allowance Trading Scheme under which EU member states are required to set an emission cap for certain installations. The group records a liability, at fair value, for any deficits arising under this scheme but does not record an asset for any surpluses arising Profits from the sale of emissions' surpluses are shown within other revenue.

Provisions

Provisions are only recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Revenue recognition

Revenue represents amounts receivable (exclusive of sales taxes, excise duties and similar levies) in respect of goods and services. Revenue is recognised when goods are delivered and title has passed Interest revenue is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable

2. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the group's accounting policies

In the process of applying the group's accounting policies, which are described in note 1, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Recognition of provisions

The group is subject to a number of matters which could lead to an outflow of economic benefits. In making an assessment as to whether such matters require either provision or disclosure, management is required to consider, amongst other factors, whether a constructive obligation exists at the balance sheet date and whether the resulting risk of an outflow of economic benefits is probable (requiring a provision), less than probable but more than remote (requiring disclosure) or remote (requiring neither provision nor disclosure)

In the current year, the most significant judgements made by management relating to the above are

- the extent to which the group has constructive obligations in relation to the clean up of environmental exposures in a number of different affiliates and charges for environmental damage,
- the extent to which the group has constructive obligations at the balance sheet date in relation to various restructuring programmes, and
- the extent to which it is probable that the group will have to make payments in respect of a number of tax, legal and regulatory disputes in a number of different affiliates

Further details of amounts for which either provision or disclosure was deemed to be required are given in notes 19 and 24 respectively

Key sources of estimation uncertainty

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, are discussed below.

Measurement of provisions

Having concluded that a provision is required for a potential exposure (see above), the amount to be recognised shall be the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into consideration any relevant risks and uncertainties and the time value of money This requires management to make its best estimates of the likely future outflows, the expected timing of such outflows and the discount rate to be applied to such outflows, taking into account the risks specific to the particular exposure Further details of the nature of provisions recorded by the group are provided in note 19. With the exception of the provision in respect of the Naples refinery and terminal area, the majority of these exposures are expected to be settled over a relatively limited number of years which limits the uncertainty in respect of the time value of money.

Impairment of non-current assets

Determining whether goodwill, intangible assets or property, plant and equipment are impaired requires an estimation of the value in use of the relevant cash-generating units. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value These calculations require the use of estimates and the input factors most sensitive to change have been disclosed in Note 9 for goodwill. The carrying amounts of the related assets at the balance sheet date are disclosed in notes 9,10 and 12 and details of the most significant impairment losses arising during the current and prior year are provided in note 5.

Actuarial gains and losses

In calculating the carrying value of its defined benefit schemes, management is required to apply a number of assumptions, the most significant of which are investment growth, future salary growth and discount rate Further details of the key assumptions and the related financial statement impact are provided in note 25

Impairment of current assets

The group estimates an allowance for doubtful receivables based on past collection history and expected cash flows from debts that are overdue.

Taxes

The group is subject to income taxes in numerous jurisdictions Significant judgment is required in determining the provision for income taxes There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated taxes based on estimates of whether additional taxes will be due Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made

Any changes in the estimates and assumptions used as well as the use of different, but equally reasonable estimates and assumptions may have an impact on the carrying values of the deferred tax assets.

3. **Income statement**

Segment information

The group operates substantially in only one geographical segment, Europe, and in one business segment, the refining and marketing of petroleum products

Trading with other KPC group companies

Cost of sales includes petroleum products purchased from KPC during the year amounting to US$ 2,006 4 million (2008 – US$1,221.3 million). Purchases from related parties are made at normal market prices. Balances due to and from KPC companies are unsecured and settlement occurs in cash.

Revenue

An analysis of the group's revenue is as follows·

	2009 US$'000	2008 US$'000
Sales of goods	17,366,164	16,088,353
Interest	18,902	28,584
Total revenue	**17,385,066**	**16,116,937**

Cost of sales

Cost of sales in both the current and prior year represents inventories recognised as expense.

4. **Finance costs**

	2009 US$'000	2008 US$'000
Interest expense	42,894	34,744
Unwinding of discount on provisions	9,659	9,510
	52,553	**44,254**

No interest was payable to or receivable from KPC group companies during either year.

5. **Operating and administrative expenses**

	2009 US$'000	2008 US$'000
Personnel costs (note 6)	482,131	500,406
Purchased services	728,748	692,771
Utilities, materials and supplies	208,875	217,458
Rental costs	125,313	113,256
Amortisation of intangible assets other than goodwill (note 12)	38,806	36,469
Other expenses	151,639	105,566
Total	**1,735,512**	**1,665,926**

6. Personnel costs

	2009 US$'000	2008 US$'000
Wages, salaries and other social contributions	443,256	448,383
Pension and other retirement benefit expenses (note 25)		
- defined contribution	9,391	8,251
- defined benefit	29,484	43,772
	482,131	**500,406**

The remuneration of the key management personnel of the group, being those with the authority and responsibility for planning, directing and controlling its activities, is set out below in aggregate

	2009 US$'000	2008 US$'000
Short-term employee benefits	2,594	1,463
Post-employment benefits	285	186
	2,879	1,649

7. Income tax expense

The income tax expense, all of which relates to continuing operations, comprises the following.

	2009 US$'000	2008 US$'000
Current tax expense	155,977	67,908
Deferred tax expense		
- relating to origination and reversal of temporary differences	(248,373)	94,697
- arising from previously unrecognised tax losses or temporary differences from prior periods	(297)	(1,550)
- benefit relating to changes in tax rates	6,741	(31,841)
- arising from write down of deferred tax assets	-	4,010
Total	**(85,952)**	**133,224**

Movements in the net deferred income tax liability balance comprise the following.

Deferred tax-movement during the year	2009 US$'000	2008 US$'000
At beginning of year	(296,014)	(188,279)
Benefit / expense relating to the origination and reversal of temporary differences	248,373	(94,697)
Benefit from previously unrecognised tax losses or temporary differences from prior periods	297	1,550
Effect of changes in tax rates	(6,741)	31,841
Write-down of deferred tax assets	-	(4,010)
Currency translation differences	30,604	(42,419)
At end of year	**(23,481)**	**(296,014)**

The reconciliation of the effective tax rate to the statutory tax rate is as follows:

Deferred tax-movement during the year	2009 US$'000	2008 US$'000
Accounting (loss)/profit before tax	(540,411)	615,960
Tax at the applicable weighted average tax rate for the group of 9 1% (2008· 27.7%)	(48,980)	170,792
Tax effect of income not taxable and expense not deductible in determining taxable profit	12,522	(5,727)
Change in opening deferred taxes relating to changes in tax rate	6,741	(31,841)
Tax effect due to one-off government tax measures	(56,235)	-
At end of year	**(85,952)**	**133,224**

The tax effect of one-off government tax measures relates to temporary differences reversal on inventory value and fixed assets following two different government tax measures in Italy Whilst in the past different fiscal rules were applying to inventory value and fixed asset depreciation, according to these two measures taxable income or/and deductible expenses related to inventory and fixed assets are now aligned compared to statutory accounting Accordingly temporary differences and corresponding tax effect have been reversed during the year producing a one-off profit and loss benefit on deferred taxation.

Components of deferred tax assets/(liabilities) are as follows:

	2009 US$'000	2008 US$'000
Retirement benefit obligations	(4,430)	(5,674)
Provisions book over tax	1,356	2,693
Accelerated tax depreciation	9,689	(34,514)
Inventories valuation book over tax	(1,375)	(226,157)
Tax losses carried forward	206,792	135,827
Other	2,122	2,872
Total temporary differences	214,154	(124,953)
Unrecognised portion of deferred tax asset arising from.		
- deductible temporary differences	(36,907)	(38,512)
- unused tax losses	(200,728)	(132,549)
Net recognised deferred tax liability	(23,481)	(296,014)
Comprising·		
- deferred tax asset	16,639	16,758
- provision for deferred tax liabilities	(40,120)	(312,772)
	(23,481)	(296,014)

	2009 US$'000	2008 US$'000
Movement of net recognised deferred tax liability comprising		
- credited /(charged) to consolidated income statement	241,929	(65,316)
- credited /(charged) to foreign currency translation reserve	30,604	(42,419)
	272,533	(107,735)

The unrecognised deferred tax asset in respect of deductible temporary differences and unused tax losses arises due to the uncertainty of realisability. In relation to the unused tax losses, approximately US$ 86 million will expire within three years, another equivalent amount will expire nine years after realisation with shortest expiry date in five years time, whilst the remainder have no expiry date Certain tax losses have been recognised as assets as management considers it probable that future taxable profits will be available against which the losses can be utilised The deferred tax asset shown above includes US$ 5 3 million (2008 – US$ 1.2 million) in respect of countries where losses have been incurred in either the current or prior reporting period but where it is expected that the relevant affiliate will generate taxable profits in the future

Undistributed earnings of foreign subsidiaries at 31 March 2009 were approximately US$ 508 million (2008 – US$860million). Deferred taxes have not been provided on these undistributed earnings since it is the group's intention, for the foreseeable future, to fund any potential future dividends either via the retained earnings of the group's holding company or via the repatriation of earnings from subsidiaries on which no tax arises

8. Dividends

	2009 US$'000	2008 US$'000
Amounts recognised as distributions to equity holders during the year:		
Dividend proposed of US$ 20,000 per share (2008: US$ nil)	200,000	-

9. Goodwill

The movement in goodwill during the year was as follows

	2009 US$'000	2008 US$'000
Cost		
At beginning of year	291,938	251,336
Acquisitions	1,194	1,280
Disposals	(647)	-
Currency translation differences	(39,834)	39,322
At end of year	**252,651**	**291,938**
Accumulated impairment		
At beginning of year	41,277	41,277
Charge for the year (see note 5)	-	-
At end of year	**41,277**	**41,277**
Net book value at 31 March	**211,374**	**250,661**

Impairment testing

The group 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 higher of fair value less costs to sell and value-in-use calculations.

Management used the following approach to determine values to be assigned to the key assumptions in the value in use calculations These calculations use pre-tax cash flow projections based on five year business plans approved by management assuming a growth rate not higher than 2% after the first year. The cash flows are discounted at a pre tax discount rate of 6% to 10%. The recoverable amount so obtained was significantly above the carrying amount of the CGUs.

The group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors result in any of the goodwill allocated to appropriate cash generating units being impaired. Based on the above analysis, there are no indicationsof further impairment in goodwill included in any of the cash generating units.

10. Property, plant and equipment

	Cost						Accumulated depreciation						Net book value	
	Balance at 31 March 2007 US$'000	Additions US$'000	Transfers US$'000	Disposals US$'000	Currency translation US$'000	Balance at 31 March 2008 US$'000	Balance at 31 March 2007 US$'000	Charge for the year US$'000	Transfers US$'000	Disposals US$'000	Currency translation US$'000	Balance at 31 March 2008 US$'000	31 March 2007 US$'000	31 March 2008 US$'000
Tankage, pipelines and jetties	616,007	4,400	4,905	(125,177)	91,205	591,340	440 663	18 410	22	(95,357)	66,084	429,822	175,344	161,518
Plant and machinery	2,604 718	94,670	135,259	(14 831)	561,079	3,380,895	1,573,121	181,670	2,524	(53 476)	362,624	2,066,463	1,031,597	1,314,432
Buildings and facilities	595,239	24,525	17,010	(16,416)	102,863	723,221	241,591	33,089	(119)	(8,136)	43,501	309,926	353,648	413,295
Vehicles and transport equipment	38 660	2,824	(2,807)	(2,334)	4,689	41,032	24,650	3,299	(2,432)	(1,916)	3,186	26,787	14,010	14,245
Property under finance leases	2,851	-	1	-	505	3,357	610	115	5	(192)	104	642	2,241	2,715
Construction and general equipment	57,313	2,799	17,618	(809)	12,764	89,685	31,524	6,649	-	(671)	6,522	44,024	25,789	45,661
Assets under construction	264,010	237 984	(183 032)	(6,147)	54,677	367,492	-	7,321	-	(7 173)	(144)	4	264,010	367,488
Land	256,518	3 901	11,046	(10,554)	43,373	304,284	53,786	2,046	-	(519)	10 037	65,350	202,732	238,934
Total fixed assets	4 435,316	371 103	-	(176,268)	871 155	5,501 306	2,365,945	252,599	-	(167,440)	491,914	2,943 018	2,069,371	2,558,288

	Cost						Accumulated depreciation						Net book value	
	Balance at 31 March 2008 US$'000	Additions US$'000	Transfers US$'000	Disposals US$'000	Currency translation US$'000	Balance at 31 March 2009 US$'000	Balance at 31 March 2008 US$'000	Charge for the year US$'000	Transfers US$'000	Disposals US$'000	Currency translation US$'000	Balance at 31 March 2009 US$'000	31 March 2008 US$'000	31 March 2009 US$'000
Tankage, pipelines and jetties	591,340	2,777	14 406	(3 722)	(98,312)	506,489	429,822	17,150	-	(3,697)	(70,920)	372,355	161,518	134,134
Plant and machinery	3,380 895	54,508	191,270	(60 022)	(575 038)	2,991,613	2,066,463	176,030	-	(53 119)	(354,035)	1,835,339	1,314,432	1 156,274
Buildings and facilities	723,221	28,050	18,846	(20,259)	(137 572)	612,286	309,926	30,928	1	(9,818)	(60,241)	270 796	413,295	341,490
Vehicles and transport equipment	41,032	908	698	(8,861)	(6,845)	26,932	26,787	2,603	(1)	(7 653)	(4,156)	17,580	14,245	9,352
Property under finance leases	3,357	1,331	(234)	30	(582)	3 902	642	299	-	30	(237)	734	2,715	3 168
Construction and general equipment	89 685	15	11,350	(265)	(14,765)	86,020	44 024	8 033	-	37	(7 260)	44,884	45 661	41 136
Assets under construction	367 492	231 881	(257,316)	(256)	(56,501)	285,300	4	418	-	-	(658)	(236)	367,488	285 536
Land	304,284	1 881	20 980	(1 307)	(55 680)	270,158	65,350	1,638	-	(537)	(11,206)	55,245	238,934	214,913
Total fixed assets	5 501,306	321 351	-	(94,662)	(945,295)	4,782,700	2,943,018	237,149	-	(74 757)	(508,713)	2,596,697	2,558,288	2,186,003

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Notes to financial statements
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11. Investments in and loans to associates

The movement during the year was as follows:

	2009 US$'000	2008 US$'000
At beginning of year	43,385	33,902
Share of profit of associated companies	5,149	2,380
Dividends received	(2,760)	(2,461)
Advance to, net	341	2,891
Currency translation differences	(7,045)	6,673
At end of year	39,070	43,385

The principal investments in associated companies at 31 March 2009 were as follows

Incorporated in Italy	. De Co and Continentale Italiana (both 25% held); Energas S p.A. (33% held), Dicomi Srl, Meritrans S.p.A, Marcs Srl, Petrol Fuel S.p.A., Logistica Transporti GKappa S.p.A and BK Transporti (each 50% held)
Incorporated in Luxembourg	· Transport Becker SARL

Aggregated amounts relating to the above associates are as follows

	2009 US$'000	2008 US$'000
Total assets	279,662	322,204
Total liabilities	(188,848)	(215,885)
Revenues	381,345	442,846
Profit	10,934	2,793

12. Other non-current assets

	2009 US$'000	2008 US$'000
Intangible assets other than goodwill (see below)	184,165	220,726
Investments in and loans to joint ventures and consortia	57,238	44,398
Investments in other companies	7,580	7,580
Deferred charges	15,471	17,867
Dealer loans	4,312	5,625
Government receivables	28,990	35,400
Other	21,006	15,630
	318,762	**347,226**

Other non-current assets include cost related to the development of a refinery in China

Intangible assets other than goodwill

Movements in the net book value of intangible assets other thangoodwill during the year were as follows.

	2009 US$'000	2008 US$'000
At beginning of year	220,726	195,596
Additions	36,093	26,203
Disposals	1,076	(52)
Amortisation	(38,806)	(36,469)
Foreign exchange translation	(34,924)	35,448
At end of year	184,165	220,726

The above primarily consists of licences, concessions rights and contributions to dealers investments in respect of the group's retail network together with capitalised software development costs

Investments in joint ventures

Joint venture	Country of business	Principal activities	Ownership interest
OKQ8 AB	Sweden	Marketing of petroleum products	50%
Raffineria di Milazzo S p A	Italy	Refining of petroleum products	50%
Nghi Son Refinery & Petrochemcal Ltd	Vietnam	Refining of petroleum products	35 1%

The group's share of the assets, liabilities, income and expenditure of the significant joint ventures accounted for by the proportional consolidation method are as follows

	OKQ8 AB		Raffineria di Milazzo S.p.A.	
	2009 US$'000	2008 US$'000	2009 US$'000	2008 US$'000
Assets				
Current assets	203,395	365,627	36,485	61,853
Non-current assets	109,180	153,608	279,828	328,740
Liabilities				
Current liabilities	(192,812)	(314,293)	(115,931)	(159,857)
Non-current liabilities	(21,182)	(45,627)	(15,393)	(17,439)
Net assets	98,581	159,315	184,989	213,297
Income statement				
Income	1,044,844	1,027,074	267,695	264,340
Expenses	(1,059,096)	(1,026,942)	(262,355)	(264,132)
Cash flows arising from:				
Operating activities (before working capital changes)	(3,930)	23,477	45,742	50,434
Operating activities (after working capital changes)	10,395	(1,582)	47,889	47,234
Financing activities	(13,178)	39,108	(12,645)	(20,248)
Investing activities	(18,639)	(21,867)	(34,993)	(27,100)

13. Inventories

	2009 US$'000	2008 US$'000
Crude oil and refined products	1,032,061	2,240,114
Spare parts, materials and supplies	35,723	47,333
Excise taxes on inventories	30,820	36,193
	1,098,604	**2,323,640**

At 31st March 2009 individual affiliates performed comparison between inventory value at cost and net realisable value as per IAS2 and recorded a total inventory write-down to market value of $94 million.

14. Other receivables and prepayments

	2009 US$'000	2008 US$'000
VAT and other indirect taxes	48,689	70,410
Exchange and other supply related receivables	36,738	68,986
Prepaid expenses	52,219	66,734
Deposits	80,828	80,181
Other claims	42,179	47,678
Income tax recoverable	49,208	96,062
Other	51,343	51,628
	361,204	**481,679**

15. Related party receivables

	2009 US$'000	2008 US$'000
Owed by parent company - KPC	801	1,546
Owed by KPC group companies	1,949	2,103
	2,750	**3,649**

For the year end the group has not raised any provision for doubtful debts relating to amounts owed by KPC group companies

16. Share capital

	2009 US$'000	2008 US$'000
Authorised, allotted and paid-up:		
10,000 common stock shares of US$1 each	10	10

17. Long term loans

	1 April 2008 US$'000	Additions US$'000	Transfers US$'000	Repayments US$'000	Foreign currency translation US$'000	31 March 2009 US$'000
Current portion						
External - unsecured	90,919	-	53,297	(53,297)	(14,398)	76,521
Long-term portion						
External - unsecured	60,670	-	(53,297)	(1,236)	(6,137)	-
Total	**151,589**	-	-	**(54,533)**	**(20,535)**	**76,521**

The external loans are denominated in Euro and bear various interest rates. However the majority of the loan balance bears interest at a rate of EURIBOR plus a margin specific to each loan Certain of the loan balances include covenants relating to the statutory financial position of the relevant subsidiary.

The repayment terms of total long-term loans subsequent to the balance sheet date are as follows:

	2009 US$'000	2008 US$'000
Due in the second year	-	60,670
Due in the third to fifth years	-	-
	-	60,670

18. Other non-current liabilities

	2009 US$'000	2008 US$'000
Termination indemnity obligations	3,519	4,085
Other	1,679	3,022
	5,198	**7,107**

19. Provisions

	Naples Refinery closure US$'000	Environ-mental US$'000	Restructuring US$'000	Other US$'000	Total US$'000
At 31 March 2008	78,614	103,951	11,838	18,539	212,942
Provisions made during the year	(4,500)	33,738	210	3,180	32,628
Unwinding of discount	7,320	2,338	-	-	9,658
Provisions reversed during the year	-	(7,361)	(484)	(1,599)	(9,444)
Provisions used during the year	-	(7,464)	(7,792)	(1,409)	(16,665)
Foreign currency translation	(12,629)	(17,887)	(1,467)	(3,602)	(35,585)
At 31 March 2009	**68,805**	**107,315**	**2,305**	**15,109**	**193,534**
Current portion of provisions	3,905	7,305	1,030	-	12,240
Non-current portion of provisions	64,900	100,010	1,275	15,109	181,294

Refinery closure

The group has provided for the clean-up costs associated with closure of a refinery in Italy. Allowance has been made for the net effect of inflation and discounting The costs are expected to be incurred over the next eight years

Environmental

The provision in the current year mainly relates to an Environmental Damage lawsuit received in July 2008 by the Environment Ministry in respect of alleged environmental damage on one of the group's industrial sites in

Italy. The Board was made aware of the contingent liability last year, but at the time of the 2007/08 Financial Statement issuing a formal request was not yet received and the group therefore was not able to reliably estimate any potential liability as of 31 March 2008. Accordingly, no amount in relation to this matter was included neither in provisions nor in contingent liability

While no quantified claim has yet been received from the Ministry which initiated the lawsuit, data from local government and other official parties involved in the process enables the group to make a reasonable estimate of the likely cost The estimate is based on an assumption of a final settlement by means of a transaction, but it is of course recognised that this may not prove to be the eventual outcome should the group decide to opt for the litigation.

As with all provisions of this nature this one will be reviewed annually going forward and adjusted in the light of events The element in the provision which is quantified by a process of discounting is expected to be unwound each year

The group has provided for costs associated with environmental clean-up, principally relating to Belgium and Italy. In Belgium, costs are expected to be incurred in the next one to four years and have not been discounted as the net effect of interest and inflation is not considered to be material There is a related non-current government receivable (see note 12) which relates to contributions to clean-up costs received from a scheme funded by fuel levies set up by the Belgian government In Italy, in respect of logistic facilities, the costs are mainly expected to be incurred over the next 22 years and have been adjusted for inflation and discounting whereas in respect of refining activities the costs are expected within 2 years and have not been discounted as the related effect was not significant.

Restructuring

This provision includes costs associated with business restructuring in respect of the group's operations in France and Italy as well as the relocation of certain group management and head office functions These provisions have not been discounted as the net effect of interest and inflation is not considered to be material

Other

The group has provided for the cost of closure of certain service stations in Sweden which are no longer considered economically viable. Provisions have also been made in respect of various claims incurred in the normal course of business and principally relate to tax, legal and regulatory disputes in a number of different affiliates, all of which are being vigorously contested by the group All claims are expected to be settled within one to five years and may carry interest. The provisions have not been discounted as the net effect of interest and inflation rates is not expected to be material

20. Trade and other payables

	2009 US$'000	2008 US$'000
Trade payables	1,222,045	2,031,481
VAT and other indirect taxes	555,222	581,390
Personnel costs	57,382	67,335
Interest payable	807	6,148
Exchange and other supply related payables	25,086	58,022
Accruals and other expenses payable	138,999	174,913
Total	**1,999,541**	**2,919,289**

21. Related party payables

	2009 US$'000	2008 US$'000
Owed to parent company – KPC		
- dividend payable	100,000	-
- trade payable	90,179	5,541
Total	**190,179**	**5,541**

Amounts owed to parent company do not bear interest (2008: nil%)

22. Short term bank borrowings

Short term bank borrowings are unsecured, are denominated in the currency of the country in which the borrowing occurs, and bear interest at applicable market rates. Bank overdrafts are repayable on demand

The movement during the year was as follows:

	At 1 April 2008 US$'000	Net movements US$'000	Foreign currency translation US$'000	At 31 March 2009 US$'000
Short-term bank overdrafts	66,948	(54,139)	22,851	35,660
Short-term bank loans	263,134	59,744	(52,166)	270,712
Total	**330,082**	**5,605**	**(29,315)**	**306,372**

23. Consolidated cash flow statement

(a) Reconciliation of consolidated profit for the year to cash generated by operations

	2009 US$'000	2008 US$'000
(Loss)/profit for the year	(454,459)	482,736
Adjustments for.		
- depreciation	237,149	252,599
- amortisation	38,806	36,519
- impairment of non-current assets	-	-
- gain on disposal of fixed assets	(4,364)	(380)
- share of operating profit of associated companies	(5,149)	(2,380)
- finance cost, net	33,651	15,670
- taxation	(85,952)	133,224
(Increase) in other non-current assets	(40,602)	(10,349)
Increase / decrease in provisions	6,519	(8,744)
(Decrease) / Increase in other non-current liabilities	(5,088)	883
Operating cash (outflows)/ inflows before changes in working capital	(279,489)	899,778
Decrease / (increase) in inventories	888,971	(562,164)
Decrease in trade and other receivables, prepayments and related party receivables	536,333	92,815
(Decrease) / Increase in trade and other payables and related party payables	(389,974)	64,112
Decrease / (increase) in working capital	1,035,330	(405,237)
Cash generated by operations	755,841	494,541

(b) Analysis of changes in cash and cash equivalents during the year

	Cash US$'000	Bank overdrafts US$'000	Total US$'000
Balance at 1 April 2007	316,089	-	316,089
Net decrease in cash and cash equivalents	(67,012)	(56,183)	(123,195)
Effect of foreign currency translation	35,456	(10,765)	24,691
Balance at 31 March 2008	284,533	(66,948)	217,585
Net increase in cash and cash equivalents	234,583	54,139	288,722
Effect of foreign currency translation	(42,956)	(22,851)	(65,807)
Balance at 31 March 2009	476,160	(35,660)	440,500

The cash and cash equivalent balances shown above exclude marketable securities of US$ 77,000 and US$ 92,000 at 31 March 2009 and 2008 respectively.

24. Financial commitments and contingent liabilities

Capital commitments

	2009 US$'000	2008 US$'000
Amounts contracted for	110,350	132,088

These commitments relate almost entirely to tangible assets

Operating Lease commitments

The minimum rental commitments under operating leases fall due as follows

	2009 US$'000	2008 US$'000
Within 1 year	111,166	115,975
Between 2 and 5 years	245,220	278,409
After 5 years	185,162	216,610
Total operating lease obligations	541,548	610,994

Contingent liabilities

The group had contingent liabilities of approximately US$ 51 1 million at 31 March 2009 (2008 US$59 1 million). These principally relate to a variety of tax, legal and regulatory disputes, all of which are being vigorously contested by the group and can be summarised as follows·

	2009 US$'000	2008 US$'000
Environmental	10,488	16,144
Tax disputes / claims	15,734	19,390
Legal matters	22,042	20,068
Warranties and guarantees	2,813	3,487
	51,077	59,089

During the current year one of the group's affiliates progressed discussions with the local authorities for soil remediation at one of their refining facilities. It is not possible to reliably estimate the ultimate obligation as neither the technology to be used nor the timing of the remediation is currently known. Accordingly, no amount in relation to this matter is included in the figures shown above

During the prior year the group was been made aware that one of its industrial sites in Italy could be the subject of a claim by the Environment Ministry in respect of alleged environmental damage At that time a formal request had not been received and the group therefore believes that it was not possible to reliably estimate any potential liability as of 31 March 2008 Accordingly, no amount in relation to this matter is included in the figures shown above During 2008-09 a provision has been made as commented in note 19

One of the group's joint ventures is subject to claims for alleged breaches of duty to the workers of its contractors in previous years, resulting in exposure to certain industrial diseases At present legal proceedings are at a preliminary stage and it is not possible to reliably estimate the potential liabilities, if any Accordingly, no amount in relation to this matter is included in the figures shown above.

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25. Pension and retirement benefits schemes

As described in note 1, the group operates pension arrangements for its employees in most countries The total pension charge of the group for the year was US$ 38 9 million (2008: US$52 0 million)

Defined benefit schemes

The principal defined benefit schemes operate in the United Kingdom, Sweden, The Netherlands, Belgium and Italy Provisions for pension obligations are established for benefits payable in the form of retirement, disability and surviving dependent pensions. The benefits offered vary according to the legal, fiscal and economic conditions of each country Benefits are dependent on years of service and the respective employee's compensation

Further details in respect of these schemes are given below:

United Kingdom

There are two defined benefit schemes which operate in the United Kingdom which are now closed to the majority of the employees Current membership stands at 119 (2008 128) The assets of the schemes are held in separately administered trust funds The pensions charge for the year amounted to US$3.9 million (2008. US$8 5 million)

The latest actuarial update took place as at 31 March 2009 and this showed that both funds were in deficit The main assumptions used in the actuarial valuations were an expected return on assets of 4 9% per annum (2008: 6 9%), an annual salary increase of 4 2 % (2008 5.1%) and a discount rate of 6 8% (2008 6 4%) The rate of inflation assumed is 2 7 %.

Contributions expected to be paid to the plans during the annual period beginning after the balance sheet date amount to US$5 4 million

Plan Assets		31 March 2009	
Asset Category		Percentage of Plan Assets	Expected Return on Plan Assets
1	Equity Securities	41 6%	7 7%
2	Debt Securities	52 3%	4 1%
3	Real Estate	1 5%	7 2%
4	Other	4.6%	1.0%
	Total	100.0%	5.5%

The expected return on asset assumption has been derived by considering best estimates for the main asset classes. The overall expected rate of return on plan assets is determined by taking the weighted average of the expected rates of return of the individual asset classes, weighted in line with their distribution in the fund Equities: Set equal to price inflation plus 5% p.a (resulting in 7 9%) Corporate Bonds: Set equal to the yield on the iBoxx over 15 year AA non-gilt index (4 8%) Gilts. Set equal to the yield on the FT Actuaries over 15 year gilt index (4 2%). Property: Set equal to equity returns less 0 5% p.a (7 4%) Cash Set equal to the bank base rate (1 0%)

The Netherlands

This defined benefit scheme operates in the Netherlands and is open to employees within the group's Dutch companies. There are currently 524 scheme members (2008 501). The assets of the scheme are held in a separately administered trust fund The pensions charge for the year amounted to US$14 7 million (2008. US$22 9 million)

The last actuarial update took place as at 31 March 2009 and this showed that the scheme was in deficit The actuarial valuation was carried out assuming an expected return on assets of 4 8% per annum (2008. 4.8%), future salary growth of 3 0% per annum (2008. 3.0%) and a discount rate of 5 8% (2008· 5 5%) The rate of inflation assumed is 2%

Contributions expected to be paid to the plan during the annual period beginning after the balance sheet date amount to US $ 18 5 million

Plan Assets		31 March 2009	
Asset Category		Percentage of Plan Assets	Expected Return on Plan Assets
1	Equity Securities	25.5%	8.7%
2	Debt Securities	71 4%	3 1%
3	Other	3.1%	8 7%
	Total	100 0%	5.8%

The expected return on asset assumption has been derived by considering best estimates for the main asset classes. The overall expected rate of return on plan assets is determined by taking the weighted average of the expected rates of return of the individual asset classes, weighted in line with their distribution in the fund When determining the assumed rate of return on equities, considerations are made about the current environment and assumptions prevailing in the market, such as interest rate, price, earnings forecasts (IBES), and current estimates of long-term growth and inflation and the current economic cycle An estimate of the return on fixed income is based on the assumptions on yield curve and the development of the market profile of Eurozone Treasury notes.

Belgium

Belgium has defined benefit schemes open to members of the group's Belgian companies There are currently 292 scheme members (2008. 262) A portion of the assets of the schemes are held in a separately administered trust fund with the balance being an unfunded obligation which is valued annually The pension charge for the year was US$ 2.3 million (2008 US$4 5 million)

The last actuarial update took place as at 31 March 2009 and this showed that the scheme was in deficit. The valuation assumed an expected return on assets of 4 2 % per annum (2008. 4.2%) and future salary growth of 3 0 % (2008: 3.0%) and a discount rate of 5 8% (2008: 5.5%). The rate of inflation assumed is 2%.

Contributions expected to be paid to the plan during the annual period beginning after the balance sheet date amount to US $ 1 6 million

For the funded part of the scheme, assets are invested by an insurance company The expected return on asset assumption has been derived by considering best estimates for the main asset classes The overall expected rate of return on plan assets is determined by taking the weighted average of the expected rates of return of the individual asset classes, weighted in line with their distribution in the fund It is assumed that 90% of the assets are invested in government bonds by the insurance company

Sweden

The group's joint venture in Sweden has a defined benefit scheme covering 234 scheme members (2008 259) The assets of the scheme are held in a separately administered trust fund The group's share of the pension charge for the year amounted to US$2 6 million (2008: US$2 1 million)

The last actuarial update took place as at 29 February 2009 and this showed the scheme was in deficit The valuation assumed an expected return on assets of 2 6% per annum (2008 5.3%), future salary growth of 1 5% (2008 3 0%) and a discount rate of 1 9% (2008· 4 0%) The rate of inflation assumed is 1%

Contributions expected to be paid to the plan during the annual period beginning after the balance sheet date amount to US$0 7 million

The expected return on plan assets is based on market expectations, at the beginning of the period, for returns over the entire life of the related obligation It reflects changes in the fair value of plan assets held during the period as a result of actual contributions paid into the fund and actual benefits paid out of the fund The plan assets are held approximately 70% government bonds, 18% equities, 11% property and 1% cash.

Italy

Employees in the group's Italian operations are entitled to retirement benefits in the form of termination allowances The number of employees covered by the scheme during the year was 1,167 (2008 1,138) The scheme is unfunded. The total charge for the year amounted to US$5.9 million (2008 US$5 7 million).

The latest actuarial update took place at 31 December 2008 and this showed that the scheme was in deficit The valuation assumed future salary growth of 2 0% (2008 3 0%) and a discount rate of 5 8% (2008 5.4%) The rate of inflation assumed is 2% Contributions expected to be paid to the plan during the annual period beginning after the balance sheet date amount to US$0 9 million.

The following table reconciles the funded status of defined benefit schemes to the amounts recognised in the balance sheet.

	2009 US$'000	2008 US$'000
Present value of funded defined benefit obligations	(570,904)	(732,395)
Fair value of scheme assets	532,187	720,497
Adjustment for limit on net asset	-	(24,219)
Unrecognised actuarial loss	20,172	26,119
Net funded defined benefit scheme (liability) / asset	(18,545)	(9,998)
Present value of unfunded obligations	(43,144)	(57,904)
Unrecognised actuarial (gain) / losses	12,461	(734)
Net unfunded defined benefit scheme liability	(30,683)	(58,638)
Net liability recognised in the balance sheet	(49,228)	(68,636)

Notes to financial statements
Year ended 31 March 2009

This is recorded as follows:

	2009 US$'000	2008 US$'000
Pension assets in respect of funded defined benefit schemes	9,164	7,792
Pension liabilities in respect of unfunded obligations	(45,469)	(58,638)
Pension liabilities in respect of funded defined benefit schemes	(12,923)	(17,790)
Total pension liabilities	(58,392)	(76,428)
Net liability recognised in the balance sheet	(49,228)	(68,636)

Pension expense comprises the following.

	2009 US$'000	2008 US$'000
Current service cost	13,460	19,003
Interest expense on obligations	38,943	34,437
Expected loss on scheme assets	(34,842)	(35,790)
Net actuarial losses recognised	33,618	4,539
Past service cost	(127)	271
Gain on curtailments/settlements	(202)	(520)
Adjustment for limit on net asset	(21,366)	21,832
Total pension expense for the year	29,484	43,772

The actual loss on scheme assets during the year was US$ 50 3 million (2008. US$32 3 million)

The movement in the net liability recognised in the balance sheet was as follows·

	2009 US$'000	2008 US$'000
Net liability at 1 April	(68,636)	(51,916)
Net expense recognised in the income statement	(29,486)	(43,772)
Contributions	36,978	35,951
Currency translation differences	11,524	(9,259)
Other	392	360
Net liability at 31 March	(49,228)	(68,636)

The principal actuarial assumptions with respect to investment growth and salary increases used to determine pension obligations as of 31 March 2009 are set out in the respective country notes above The other key assumption is the retirement benefit increases which are consistent with inflation rates prevailing in the relevant countries

The movements in the gross Defined Benefit Obligations was as follows.

	2009 US$'000	2008 US$'000
Balance at April 1st	(790,299)	(715,930)
Current service cost	(13,461)	(19,003)
Interest Cost	(38,943)	(34,437)
Contributions by plan participants	(2,355)	(2,242)
Actuarial gain/(loss)	36,056	33,430
Benefit Payments	44,540	43,011
Plan curtailments/settlements	23	415
Other	410	120
Currency Translation differences	149,981	(95,663)
Balance at March 31st	(614,048)	(790,299)

The movements in the gross Fair Value of Scheme Asset was as follows:

	2009 US$'000	2008 US$'000
Balance at April 1st	720,497	640,050
Expected return on net assets	35,103	34,928
Actuarial gain/(loss)	(85,141)	(36,695)
Contributions by plan participants	2,355	2,243
Contributions by employer	36,978	35,951
Benefit Payments	(44,827)	(44,328)
Other	-	(430)
Currency Translation differences	(132,778)	88,778
Balance at March 31st	532,187	720,497

Defined contribution schemes

In addition to the defined benefit schemes described above, the group's affiliates in Denmark sponsor defined contribution schemes based on the local practices and regulations The schemes cover full time employees and provide for contributions of 8.9% of salary. The schemes currently cover 1,298 employees (2008· 1,301) The pension charge for the year amounted to US$5 4 million (2008 US$4 8 million).

The group's joint venture in Sweden also has a pension scheme covering 1,143 employees (group share) (2008 1,385) which has been accounted for using defined contribution principles. The group's share of the pension charge for the year amounted to US$ 3 2 million (2008 US$3.2 million) This scheme is a multi employer defined benefit plan which covers a substantial portion of employees within Sweden The fund manager of this scheme has advised companies to adopt defined contribution principles as it has not been able to allocate the underlying assets and liabilities of the scheme to individual companies on a consistent and reasonable basis The scheme is currently in an overall surplus position

26. Financial instruments and risk management

The group operates internationally in commodity-based markets. As a result, it can be affected by changes in *crude oil and petroleum product prices*, exchange rates, and interest rates The group seeks to manage the risks arising from these external factors using a number of methods, some of which involve derivative instruments The group does not use derivatives for speculative purposes

The financial assets and liabilities of the group are

$ million	**2009**	**2008**
Loans and Receivables	**1,869**	**2,518**
Cash	476	285
Trade Receivables	1,154	1,948
Other Receivables	239	286
Financial Liabilities valued at amortised cost	**1,946**	**2,687**
Short Term Borrowings	306	330
Trade and Other Payables	1,520	2,201
Long Term Loans	77	152
Other Non Current Liabilities	43	4

The Group's financial risk management objectives and policies are detailed below and the accounting policies adopted for financial instruments entered into as a result of these policies is detailed in note 1.

Oil price risk management

The group considers that volatility in oil prices is a regular part of its business environment In its normal trading, it attempts as far as possible to match its purchasing arrangements to its marketing needs in order to minimise risks associated with oil price movements during the period of stock-holding and processing To cover exceptional circumstances, the group has a hydrocarbon risk management policy in place under which it may make use of derivative instruments to hedge oil price related risks At the current and prior year end no derivative instruments were held.

As at 31 March 2009, the notional quantity of such commodity swaps was 450 000 barrels of Crude Brent (2008. KD nil), none of which extended beyond 12 months. The net fair value of these swaps was a liability of USD 2 5 million at 31 March 2009 (2008: Nil)

Foreign exchange risk management

The group primarily conducts and manages its business in Euros but it also holds significant cash balances in other currencies such as GB Pounds, US Dollars, Danish Krona and Swedish Krona

Group companies continuously seek to identify and measure all risks arising from movements in foreign exchange rates Such risks are routinely hedged using a variety of methods, including derivatives such as forward currency contracts and options. Others, as a matter of policy, are not hedged. For example, the local currency value of the group holding company's investments in its subsidiary companies is considered likely to move in a manner which will broadly offset the effects of exchange rate movements between the local currency and the US dollar in the long term. As a result, investments in subsidiary companies' net assets are not hedged Nor does the group attempt to offset the impact of movements in the US dollar on the group's consolidated earnings and financial position arising from the translation of individual subsidiaries' results into US dollars for group reporting purposes

The principal source of foreign currency risk which is hedged routinely relates to the marketing subsidiaries' outstanding product supply accounts payable, which are mainly expressed in US dollars Any (dollar-valued) products inventory that has not been hedged separately through US dollar denominated borrowings is offset first against the dollar accounts payable These exposures, along with other transaction risks related to currency movements between commitment or billing and payment, are fully hedged using derivative instruments such as forward currency contracts or, particularly in the case of uncertain exposures, options. Group subsidiaries are required to conduct all significant foreign currency transactions, including those involving derivative instruments, through the central group treasury service company The majority of the balances at 31 March 2009 relating to forward exchange contracts were in Euro/US$, Pounds Sterling/US$ with smaller amounts in Danish Krona and Swedish Krona

All foreign currency derivative instruments are marked to market at the end of each month. At year end the gross contract amounts of such contracts, none of which extended beyond 12 months, were as follows

	2009 US$'000	2008 US$'000
Forward exchange contracts	534,687	973,238

The impact of a +/- 10% change in foreign exchange rates would not have a material impact on the profit or net assets of the group.

The net fair value of these contracts was a liability of USD 3 17 million as at 31 March 2009 (2008 USD 9 51 million)

Interest rate risk management

The group is exposed to interest rate risk as entities in the group borrow funds at both fixed and floating rates

The group considers that there is a degree of natural hedge between its operating income and its interest rate exposure, related to economic activity in its areas of operation. Accordingly it will not normally try to hedge against interest rate movements All material debt bears interest at floating rates.

In conjunction with the central group treasury, subsidiaries consider whether any abnormal conditions may make it appropriate to manage interest rate movement risk through borrowing at fixed rates over different maturities and through the use of derivative instruments such as forward rate agreements, interest rate swaps, and options on interest rates There were no such instruments in place at either 31 March 2009 or 31 March 2008 The group also earns interest on its cash and short term highly liquid investments

If interest rates had been 1% higher or lower and with all other variables held constant, the group's profit for the year and net assets would decrease / increase by US$ 4 4 million.

Counter-party risk management

The central group treasury service company controls counter-party risks in relation to its cash, short-term deposits and derivative instruments by rigorous screening and credit assessment of all proposed trading counter-parties and limits on total financial exposure with each counter-party individually As a general rule, the group only deals with banks with the highest national or international standing and also limits its credit risk exposure and its daily settlement risk with any single bank to certain specified amounts. Both such exposures are further reduced by having standardised ISDA Master Agreements, including set-off provisions, with each counter-party

Credit risk

Credit risk is the risk that the counterparty to the contract will fail to perform or fail to pay amounts due. The group's principal customers with which it conducts business are located throughout the world The group has a credit policy that governs the management of credit risk, including the establishment of credit limits and specific transaction approvals The group limits credit risk by assessing creditworthiness of potential counterparties before entering into transactions with them and continuing to evaluate their creditworthiness after transactions have been initiated

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the group's customer base and their dispersion across different industries and countries Accordingly, the group has no significant concentration of credit risk Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Specific allowances are made on a case by case basis and vary from one jurisdiction to the other and from one business segment to the other. The maximum exposure to credit risk of financial assets is equal to the carrying amount

An ageing analysis of the group's trade and other receivables at 31 March 2009 is as follows (in US$ million).

Trade and Other Receivables $ Million	Current Amount	Overdue < 30 Days	Overdue 31 – 60 Days	Overdue 61 – 90 Days	Overdue > 90 Days	Total
At 31 March 2009	1,779	30	24	6	30	1,869
At 31 March 2008	2,403	59	29	4	23	2,518

Allowance for doubtful receivables as at 31 March 2009 amounted to US$ 42 million (2008· US$ 44 million)

Loans to joint ventures

Unsecured loans have been made to joint ventures and consortia in line with the group's ownership percentage. These are reported in Other Non-Current Assets as Investments in and loans to joint ventures and consortia These loans are considered fully recoverable from the joint venture in due course.

Liquidity risk

The group has established a financial framework to ensure that it is able to maintain an appropriate level of liquidity and financial capacity in order to meet its financial and trading obligations. In that respect group Treasury have established with various banks uncommitted credit facilities for an aggregate amount of US$ 200 million. The ultimate parent company KPC is also considered likely to provide financial support to the group as a lender of last resource in the case of any unexpected difficulty.

An analysis of non-derivative financial liabilities by maturity date, on an undiscounted basis and including an estimate of future contractual interest payments on long term loans, is as follows·

$ Million	Due in 1 year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Effects of discount and interest (*)	Total carrying value
At 31 March 2009	1,945	1	-	-	-	1,946
At 31 March 2008	2,627	62	1	-	(3)	2 687

(*) Effects of discounting and future interest payments is shown separately

All derivative financial liabilities are due within one year.

Fair values of financial assets and liabilities

At 31 March 2009 and 31 March 2008 the carrying amounts of cash and short-term deposits, accounts receivable, accounts payable and accrued expenses, and short-term borrowings approximated their fair values due to the short-term maturities of these assets and liabilities

The fair values of marketable securities, other long-term financial assets and long-term borrowings are not materially different from the carrying amounts

Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to stake holders through the optimisation of the debt and equity balance. The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 17 and 22, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, capital contribution, reserves and retained earnings

There were no changes in the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio This ratio is calculated as net debt divided by total capital Net debt is calculated as total borrowings less cash and cash equivalents

The gearing ratios at 31 March 2009 and at 31 March 2008 were as follows

	2009 US$'000	2008 US$'000
Total Borrowings	382,893	481,671
Less: cash and cash equivalents	(476,160)	(284,533)
Net debt	(93,267)	197,138
Total Equity	2,857,932	4,179,895
Total Capital	2,764,665	4,377,033
Gearing Ratio	-3.37%	4 50%

27. Principal subsidiary companies

The principal subsidiary companies included in the consolidation are detailed below All subsidiaries are 100% owned (directly or indirectly) by the company unless otherwise indicated 'KP' represents Kuwait Petroleum

Country of registration	Name of company	Nature of business
Netherlands Antilles	KPC International NV*	Holding company
Aruba	KPC Finance (Aruba) A E C *	Finance
Netherlands	KP (Nederland) BV	Refining and marketing petroleum products
	KP Europoort BV	Refining
	KP Research and Technology BV	Research and technology
	KP Europe BV	Holding company
	KP Finance BV	Holding company
	KP Benelux BV	Administrative
England	KP (UK Holdings) Limited	Holding company
	KP International Aviation Company (UK) Limited	Supply of aviation fuel
	KP International Aviation Company Limited	Marketing and administrative
	KP International Limited	Administrative and advisory services
	KP International Treasury Services Limited	Group treasury services
	KP International Lubricants (UK) Limited	Marketing petroleum products
	International Diesel Service Limited	Marketing and refining of petroleum products
Isle of Man	Woodstock Insurance Company Limited	Insurance
Jersey	Bluebox Limited*	Property management
Italy	Conqord S p A	Marketing petroleum products
	KP Italia S p A	Marketing and refining of petroleum products
	Kuwait Raffinazione e Chimica S p A	Petroleum products terminal operations
Thailand	KP Aviation (Thailand) Limited	Supply of aviation fuel in Thailand
Denmark	KP (Danmark) A/S	Refining and marketing petroleum products
Hong Kong	KP Aviation (Hong Kong) Limited	Supply of aviation fuel in Hong Kong
Belgium	KP (Belgium) SA	Marketing petroleum products
Luxembourg	KP (Luxembourg) SA	Marketing petroleum products
Germany	KP Grundeigentumsgesellschaft GmbH("KP Grund")	Marketing petroleum products
Spain	KP Espana SA	Marketing petroleum products
France	KP France SA	Marketing petroleum products
	KP Holding France	Holding company
	KP Aviation France	Supply of aviation fuel
Czech Republic	KP Czech	International Diesel Services
Poland	KP Polska	International Diesel Services
Australia	KP Aviation (Australia)	Supply of aviation fuel
Ireland	KP Ireland	International Diesel Services
Austria	KP Austria	International Diesel Services
Hong Kong	KP China Holdings	Holding company
Hong Kong	Hong Kong Nansha Investment Company	Refining and marketing petroleum products

* owned directly by the company