QATAR FUEL (WOQOD) Q.S.C.

Consolidated Financial Statements For The Year Ended December 31, 2008 Together With Independent Auditor's Report

WOQOD

INDEPENDENT AUDITORS' REPORT

To The Shareholders
Qatar Fuel (WOQOD) Q.S.C.
Doha - Qatar

Report on the financial statements
We have audited the accompanying consolidated financial statements of Qatar Fuel (WOQOD) Q.S.C. (the "Company") and its subsidiary (together "the Group") which comprise of the consolidated balance sheet as at December 31, 2008, and the consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

The consolidated financial statements of the Company include assets, liabilities and results of operation of the subsidiary company amounting to QR. 693,455,695 (2007: QR. 524,239,745), QR. 365,459,374 (2007: QR. 426,305,116) and QR. 265,811,692 (2007: QR. 41,469,318) respectively which have been audited by other auditors and expressed their unqualified opinion thereon. The audit report of the subsidiary company was furnished to us, and our opinion, insofar as it relates to the amounts included for the subsidiary, is based solely on the report of other auditors.

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

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

Opinion
In our opinion, based on our audit and the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2008, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Legal and Regulatory Requirements
Furthermore, in our opinion the financial statements provide the information required by the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We are also of the opinion that proper books of account were maintained by the Company, and the financial information included in the Annual Report of the Board of Directors is in agreement with the Company's financial statements. To the best of our knowledge and belief and according to the information given to us, no contraventions of the above mentioned Law or the Company's Articles of Association having occurred during the year which might have had a material effect on the business of the Company or on its financial position.

Doha - Qatar
February 19, 2008

Rodl & Partner
Middle East
Saoud Abdulla
License No. (204)

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2008

	Note	December 31, 2008 QR.	2007 QR.
ASSETS			
Current Assets:			
Cash and cash equivalents	6	1,284,388,183	675,477,928
Accounts receivable		1,341,497,405	934,353,819
Due from a related company	7	6,720,381	4,701,564
Inventories	8	137,067,672	90,852,608
Prepayments and other debit balances		71,629,701	35,478,170
Total Current Assets		**2,841,303,342**	**1,740,864,089**
Non-Current Assets:			
Goodwill	9	57,700,022	57,700,022
Available-for-sale investments	10	120,960,000	173,600,000
Property, plant and Equipment	11	1,054,747,963	726,482,866
Total Non-Current Assets		**1,233,407,985**	**957,782,888**
TOTAL ASSETS		**4,074,711,327**	**2,698,646,977**
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and accruals		185,968,519	50,548,383
Due to Qatar Petroleum	12a	1,298,697,572	1,092,575,744
Loan from Qatar Petroleum	12b	--	5,399,445
Total Current Liabilities		**1,484,666,091**	**1,148,523,572**
Non-Current Liabilities:			
Provision for employees' end of service benefits		16,059,753	11,124,817
Total Non-Current Liabilities		**16,059,753**	**11,124,817**
Equity:			
Share capital	13	300,000,000	300,000,000
Legal reserve	14	150,000,000	139,278,173
General reserve		30,078,234	30,078,234
Fair value reserve		64,680,000	117,320,000
Retained earnings		1,598,028,721	913,148,330
Proposed dividends		300.000.000	--
Total Equity Attributable to Equity Holders of the Parent		2,442,786,955	1,499,824,737
Minority Interest		131,198,528	39,173,851
Total Equity		**2,573,985,483**	**1,538,998,588**
Total Liabilities and Equity		**4,074,711,327**	**2,698,646,977**

These financial statements were approved by the Board of Directors on March 5, 2009 and were signed on their behalf by:

H.E. Abdulla Bin Hamad Al-Attiyah
Deputy Prime Minister and
Minister of Energy and Industry
Chairman of WOQOD

Mr. Mohamed Turki Al-Subai
Vice Chairman and
Managing Director

Mr. Khalil Hassan Makki
Finance Manager

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	Year Ended December 31, 2008 QR.	2007 QR.
Revenue	16	7,509,230,086	4,715,546,339
Cost of sales		(5,970,501,169)	(3,927,755,108)
Gross Profit		**1,538,728,917**	**787,791,231**
Depreciation of property, plant and equipment		(48,573,867)	(27,752,626)
General and administrative expenses	17	(307,364,373)	(182,255,177)
Bank charges		(802,059)	(154,336)
Other Income	18	129,938,277	55,222,608
Net profit for the year		**1,311,926,895**	**632,851,700**
Attributable to :			
Equity Holders of the Parent		1,205,602,218	616,263,973
Minority Interest		106,324,677	16,587,727
Total		**1,311,926,895**	**632,851,700**
Basic and Diluted Earnings per Share (Expressed in QR. per share)	**19**	**40.18**	**20.54**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2008

	Share Capital QR.	Legal Reserve QR.	General Reserve QR.	Fair Value Reserve QR.	Proposed Dividends QR.	Retained Earnings QR.	Total Attributable to Equity Holders of the Parent QR.	Minority Interest QR.	Total QR.
Balance - January 1, 2007	300,000,000	81,566,253	30,078,234	45,640,000	150,000,000	374,096,277	981,380,764	35,586,124	1,016,966,888
Net profit for the year	-	-	-	-	-	616,263,973	616,263,973	16,587,727	632,851,700
Transfer to legal reserve	-	61,626,397	-	-	-	(61,626,397)	-	-	-
Prior year adjustment	-	(3,914,477)	-	-	-	(15,585,523)	(19,500,000)	-	(19,500,000)
Dividend paid for 2006	-	-	-	-	(150,000,000)	-	(150,000,000)	-	(150,000,000)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(13,000,000)	(13,000,000)
Movement in fair value	-	-	-	71,680,000	-	-	71,680,000	-	71,680,000
Proposed dividend	-	-	-	-	-	-	-	-	-
Balance – December 31, 2007	**300,000,000**	**139,278,173**	**30,078,234**	**117,320,000**		**913,148,330**	**1,499,824,737**	**39,173,851**	**1,538,998,588**
Net profit for the year	-	-	-	-	-	1,205,602,218	1,205,602,218	106,324,677	1,311,926,895
Legal reserve	-	10,721,827	-	-	-	(10,721,827)	-	-	-
Dividend paid for 2007	-	-	-	-		(210,000,000)	(210,000,000)	-	(210,000,000)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(14,300,000)	(14,300,000)
Movement in fair value	-	-	-	(52,640,000)	-	-	(52,640,000)	-	(52,640,000)
Proposed dividend	-	-	-	-	300.000.000	(300.000.000)	-	-	-
Balance – December 31, 2008	**300,000,000**	**150,000,000**	**30,078,234**	**64,680,000**	**300.000.000**	**1,598,028,721**	**2,442,786,955**	**131,198,528**	**2,573,985,483**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	Year Ended December 31, 2008 QR.	2007 QR.
Cash Flows from Operating Activities :			
Net profit for the year		1,311,926,895	632,851,700
Adjustments for :			
Depreciation of property, plant and equipment	11	48,701,324	27,752,626
Provision for employees' end of service benefits		5,347,449	4,082,537
Interest income		(25,771,275)	(33,853,633)
Profit on sale of property, plant and equipment		(272,457)	-
Prior year adjustment		-	(19,500,000)
		1,339,931,936	**611,333,230**
(Increase) / Decrease in :			
Accounts receivable		(407,143,586)	(159,532,515)
Inventories		(46,215,064)	(17,324,743)
Prepayment and other debit balances		(36,151,531)	(15,616,043)
Due from related company		(2,018,817)	(1,724,529)
Increase /(Decrease) in :			
Accounts payable, accruals and due to Qatar Petroleum		341,541,964	(44,632,053)
Cash Generated by Operation		**1,189,944,903**	**372,503,347**
Payments towards employees end of service benefits		(412,513)	(561,275)
Net Cash Generated by Operating Activities		**1,189,532,390**	**371,942,072**
Cash Flows from Investing Activities :			
Purchase of Property, Plant and Equipment	11	(377,193,964)	(399,100,130)
Proceeds from sale of property		500,000	--
Interest received		25,771,275	33,853,633
Investments		--	(28,000,000)
Net Cash used in Investing Activities		**(350,922,689)**	**(393,246,497)**
Cash Flows from Financing Activities :			
Dividend paid		(210,000,000)	(150,000,000)
Payment of term loan	12b	(5,399,445)	(12,000,000)
Dividend paid to minority interest shareholders		(14,300,000)	(13,000,000)
Net Cash used in Financing Activities		**(229,699,445)**	**(175,000,000)**
Net Increase / (Decrease) in Cash and Cash Equivalents		608,910,255	(196,304,425)
Cash and Cash Equivalents at the beginning of the year		675,477,928	871,782,353
Cash and Cash Equivalents at the end of the year	**6**	**1,284,388,183**	**675,477,928**

The accompanying notes form an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

1. Status and Activities

Qatar Fuel (WOQOD) Q.S.C, (the "Company" or "Parent Company") was incorporated in the State of Qatar as a Qatari Shareholding Company under Commercial Registration No 24872. The Company was formed in accordance with Emiri Decree No. 5 year 2002 issued on February 10, 2002. The shares of the Company are publicly traded in Doha Securities Market.

The principal activities of the Company and its subsidiary collectively referred to as "the Group" are sales and distribution of refined petroleum products manufactured by Qatar Petroleum. The group operates only in the State of Qatar.

2. Adoption Of New And Revised International Financial Reporting Standards

Standards and Interpretations Effective in the Current Period:
Three Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 11 – IFRS 2: Group and Treasury Share Transactions which is effective for annual periods beginning on or after March 1, 2007; IFRIC 12 Service Concession Arrangements which is effective for annual periods beginning on or after January 1, 2008 and IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction which is effective for annual periods beginning on or after January 1, 2008.

The adoption of these three Interpretations had no significant effect on the financial statements of the Company for the year ended December 31, 2008.

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

Revised Standards

• IAS 1 (Revised) *Presentation of Financial Statements*	Effective for annual periods beginning on or after January 1, 2009
• IAS 23 (Revised) *Borrowing Costs*	Effective for annual periods beginning on or after January 1, 2009
• IAS 27 (Revised) *Consolidated and Separate Financial Statements*	Effective for annual periods beginning on or after July 1, 2009
• IAS 28 (Revised) *Investments in Associates*	Effective for annual periods beginning on or after July 1, 2009.
• IAS 31 (Revised) *Interests in Joint Ventures*	Effective for annual periods beginning on or after July 1, 2009.
• IAS 32 (Revised) *Financial Instruments: Presentation*	Effective for annual periods beginning on or after January 1, 2009
• IFRS 1 (Revised) *First time adoption*	Effective for annual periods beginning on or after January 1, 2009.
• IFRS 2 (Revised) *Share-based Payments*	Effective for annual periods beginning on or after January 1, 2009.
• IFRS 3 (Revised) *Business Combinations*	Effective for annual periods beginning on or after July 1, 2009.

New Standard

• IFRS 8 *Operating Segments*	Effective for annual periods beginning on or after January 1, 2009.
New Interpretation	
• IFRIC 13 – *Customer loyalty Programmes*	Effective for annual periods beginning on or after July 1, 2008.
• IFRIC 15 - *Agreement for Construction of Real Estate*	Effective for annual periods beginning on or after January 1, 2009.
• IFRIC 16 – *Hedges of Net Investment in Foreign Operations*	Effective for annual periods beginning on or after October 1, 2008.

Management anticipates that the adoption of these Standards and Interpretations, as applicable, in future periods will have no material financial impact on the consolidated financial statements of the Company in the period of initial application, other than certain presentation and disclosure changes

3. Significant Accounting Policies:

a) Statement of Compliance:
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

b) Basis of Preparation:
The financial statements have been prepared on the historical cost basis, except for the measurement at fair value of financial instruments. The principal accounting policies adopted are set out below. For the purpose of the financial statements, the results and financial position of Group are expressed in Qatari Riyals, which is the functional currency of the Group, and presentation currency for the financial statements.

c) Basis of Consolidation:
The consolidated financial statements incorporate the financial statements of the Company and its subsidiary company, Qatar Jet Fuel W.L.L., a company registered in Qatar. The Company owns 60% of the subsidiary company.

A subsidiary is an entity where the Parent Company can exercise control. Control is achieved where the parent company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of the subsidiary company to bring its accounting policies into line with those used by the Group. All intercompany transactions, balances, income and expenses between the subsidiary and the Parent Company are eliminated.

Minority interest in the net assets of consolidated subsidiary is identified separately from the Parent Company's equity therein. Minority interest consists of the amount of the interest at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

d)Investment:
Available for Sale
After initial recognition, investments classified as "available for sale" are remeasured at fair value. The unrealized gains and losses on remeasurement to fair value are reported as a separate component of equity until the investment is sold, collected or otherwise disposed of, or the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the statement of income for the year

e) Revenue Recognition:
Revenue from the sale of goods is recognized when all the following conditions are satisfied:

• The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
• The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
• The amount of revenue can be measured reliably;
• It is probable that the economic benefits associated with the transaction will flow to the entity; and
• The costs incurred or to be incurred in respect of the transaction can be measured reliably.
- Investment income represents dividend income, realized profits on the sale of investments and unrealized profit / (loss) on investments held for trading.
- Dividend income is recognized when the rights to receive the payments have been established.

Interest income is recognized on a time accrual basis, by reference to the principal amount outstanding and the interest rate applicable.

f) Related Parties:
A related party is one with which the Group has, in common, partners or management, but is neither an investment, a subsidiary nor an associate. Related parties also include key management personnel of the Group. Transactions with related parties are performed at prices as discussed in Note 19.

g) Property, Plant and Equipment
Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to write off the cost of assets, other than capital work in progress and land over their estimated useful lives, using the straight line method. The estimated useful lives of the assets are as follows:

Buildings and infrastructure	10-20 years
Plant and equipment	10-20 years
Vehicles, office equipment and furniture	5-10 years
Petrol Stations	5-20 years
Vessels (excluding dry docking components)	20 years

Land is not depreciated.

Dry docking components are amortized over the period to the next dry dock (approximately 5 years).

h) Cash and Cash Equivalents:
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, bank balances and short term deposits with banks maturing within 90 days.

i) Accounts Payable and Accruals:
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. The settlement terms of the accounts payable are 30 to 60 days.

j) Operating Lease:
The land on which the subsidiary company's refueling facilities are located is leased under an operating lease from the government. Lease rentals are charged in the statement of income on a straight-line basis over the period of lease.

k) Inventories
Refined Petroleum Products
Petroleum Product inventories are recorded at the lower of cost and net realizable value. Cost is determined by the first-in first-out basis.

Maintenance Materials and Parts
Maintenance materials and parts inventories are stated at cost with appropriate adjustments for provisions against deterioration, obsolescence or other loss in value. Costs are determined by the first-in first-out basis.

l) Foreign Currencies:
Transactions in foreign currencies are recorded in Qatari Riyals at the rates of exchange ruling at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated to Qatari Riyals at the rates of exchange of those currencies ruling at that date. Gains or losses arising thereon are included in the statement of income

m)Provisions:
Provisions are recognized when the Group has an obligation either legal or constructive arising from a past event and the costs to settle the obligation are both probable and can be reliably measured

n)Financial Instruments:
Financial Assets:
The Group's principal financial assets are Cash and cash equivalents, investments, due from a related company and accounts receivable. All financial assets, except for investments, are stated at their nominal values, as reduced by appropriate allowances for estimated irrecoverable amounts, if any.

Financial Liabilities:
Significant financial liabilities include accounts payable and due to Qatar Petroleum. All financial liabilities are stated at their nominal values.

o) Government Grants:
Non-monetary government grants are recorded at nominal value.

p) Accounts Receivable and Prepayments:
Accounts receivable and prepayments are stated net of provision for amounts estimated to be doubtful of recovery. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

q)Impairment:
The carrying amounts of the Group's assets are reviewed at each balance sheet date, to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss, being the excess of the carrying amount over the recoverable amount, is recognized. Impairment losses, if any, are recognized in the statement of income.

r) Employees' End of Service Benefits and Pension Contributions:
Employees' end of service benefits represent terminal gratuity and are provided for services rendered based on entitlements stipulated in the employees' contracts of employment and their length of service, subject to the completion of a minimum service period.

Under Law No. 24 of 2002 on Retirement and Pensions, contributions by the Company to a Government fund scheme for Qatari employees are calculated as a percentage of the Qatari employees' salaries and the obligations are limited to these contributions, which are expensed when due.

s) Borrowing Costs:
Borrowing costs directly attributable to the construction of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the construction of those assets until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognized as expenses in the year they are incurred.

t) Capital Work-in-Progress:
All expenditures and costs incurred on the Capital Assets are capitalized and are initially recorded as capital work-in-progress. These costs are transferred to property, plant and equipment when these assets are ready for their intended use

u) Goodwill:
Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

4. Financial Risk Management :

4.1Financial risk factors
The activities of the Company expose it to some financial risks; market risk (including currency risk and fair value interest rate risk) , credit risk and liquidity risk. The Company's management seeks to minimize potential adverse effects on the financial performance of the Company by formulating policies risk management areas.

a) Market risk
i) Foreign exchange risk
The Company operates locally and is also exposed to foreign exchange risk arising from its procurement by foreign currency. These transactions, however , represent only a small portion of the Company's overall transactions. The Company does not use derivative financial instruments to hedge foreign exchange risk exposures.

The Company has the following net exposures denominated in foreign currencies:

	GB Pounds (In Qatari Riyals)	Total (In Qatari Riyals)
At 31 December 2008		
Assets	--	--
Liabilities	(2,422,328)	(2,422,328)
Net balance sheet position	**(2,422,328)**	**(2,422,328)**
At 31 December 2007		
Assets	--	--
Liabilities	(106,133)	(106,133)
Net balance sheet position	**(106,133)**	**(106,133)**

ii) Interest Rate Risk Sensitivity:
The majority of the Company's financial assets and liabilities are non-interest bearing. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents is invested at short-term market interest rates
The Company's interest-bearing financial assets and liabilities expose it to risks of variability in cash flows associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position.

	Interest Bearing QR.	Non-Interest Bearing QR.	Total QR.
At 31 December 2008			
ASSETS:			
Trade and other receivables	--	1,348,217,786	1,348,217,786
Cash at Bank	1,272,762,420	11,625,763	1,284,388,183
Total assets	**1,272,762,420**	**1,359,843,549**	**2,632,605,969**
LIABILITIES:			
Trade and other payables	--	1,484,666,091	1,484,666,091
Provision for employees' end of service benefits	--	16,059,753	16,059,753
Total liabilities	**--**	**1,500,725,844**	**1,500,725,844**
Total Interest Rate Sensitivity Gap	**1,272,762,420**		
At 31 December 2007			
ASSETS:			
Trade and other receivables	--	939,055,383	939,055,383
Cash at Bank	220,783,293	454,694,635	675,477,928
Total assets	**220,783,293**	**1,393,750,018**	**1,614,533,311**
	--		
LIABILITIES:			
Trade and other payables	--	1,148,523,572	1,148,523,572
Provision for employees' end of service benefits	--	11,124,817	11,124,817
Total liabilities	**--**	**1,159,648,389**	**1,159,648,389**
Total Interest Rate Sensitivity Gap	**220,783,293**		

The above table provides an indication of the exposure to interest in relation to the company's financial assets. The impact on the income statement for the year ended 31 December 2008 due to a change between an effective interest rate as against an assumption interest rate is immaterial.

4.2 Capital risk management
Capital is monitored 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 (including trade and other payables and amount due to related parties) less cash and cash equivalents. Total capital is calculated as equity plus net debt. Gearing has improved on account of significant profits made the year ended 31 December 2008.

	December 31, 2008 QR.	2007 QR.
Due to related party	1,298,697,572	1,097,975,189
Trade and other payables	185,968,519	50,548,383
Total payables	1,484,666,091	1,148,523,572
Less: cash and cash equivalents\Net debit	(1,284,388,183)	(675,477,928)
Net debt	200,277,908	473,045,644
Total equity	**2,573,985,483**	**1,538,998,588**
Total capital	**2,774,263,391**	**2,012,044,232**
Gearing ratio	**7%**	**24%**

4.3 Fair Value of Financial Instruments:
Fair value is the amount for which an asset can be exchanged or a liability settled, between knowledgeable and willing parties at arms length. Since the accompanying financial statements have been prepared under the historical cost convention, except for certain investments, the carrying value of the Company's financial instruments as recorded could therefore be different from the fair value. However, in management's opinion, the fair values of the Company's financial assets and liabilities are not considered significantly different from their book values.

4.4 Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets, which potentially subject the Company to concentrations of credit risk, consist principally of trade receivables and bank balances with banks. All risk in trade receivables are concentrated in the airline industry, petrol stations and contracting companies. Most of the debts are secured. The Company provides to large number of customers.

Cash is placed with local banks with good credit ratings. Bank balances carrying interest at the prevailing market or fixed interest rates.

Management does not expect any losses of collections from those parties.

4.5 Liquidity Risk
Prudent liquidity management implies maintaining sufficient funding to enable the business of the Company to continue without disruption. In accordance with prudent liquidity risk management, the management of the Company aim to maintain an adequate amount of funding through timely collection of debtors. The Company has no borrowings. All trade and other payables have a contractual maturity of less than 12 months from the balance sheet date.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the process of applying the Company's accounting policies, which are described in Note 4, management has made judgments that have the most significant effect on the amounts recognized in the financial statements and applied certain assumptions, 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, as discussed below:

Inventories
Inventories are stated at the lower of cost and net realizable value. Adjustments to reduce the cost of inventory to its realizable value are made at the product level for estimated obsolescence. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues. Based on the above factors, the Group has arrived at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Property, Plant, Equipment and Investment Property
The cost of property, plant and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. The management has not considered any residual value as it is deemed immaterial.

Allowance for Doubtful Debts
Allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowances for doubtful debts for all customers are based on a variety of factors, including the overall quality and aging of the receivables, continuing credit evaluation of the customers' financial conditions and collateral requirements from customers in certain circumstances.

6. Cash and Cash Equivalents:

	December 31, 2008 QR.	2007 QR.
Cash in hand	284,244	214,912
Bank current and call accounts	1,213,457,474	454,479,723
Fixed deposit accounts	70,646,465	220,783,293
	1,284,388,183	**675,477,928**

Time deposits carry interest at commercial rates.

7. Due from a Related Company:

	December 31, 2008 QR.	2007 QR.
Gulf Helicopters - W.L.L.	6,720,381	4,701,564

8. Inventories:

	December 31, 2008 QR.	2007 QR.
Refined petroleum products	130,154,871	85,845,851
Maintenance materials and parts	7,084,066	5,145,278
	137,238,937	**90,991,129**
Less: Provision for obsolete maintenance Material and parts	(171,265)	(138,521)
Net	**137,067,672**	**90,852,608**

9. Goodwill:

Goodwill represents the excess of the cost of acquisition of the subsidiary company over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition.
The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

10. Available-for Sale Investment:

	Amount QR.
Cost at January 1, 2007	73,920,000
Increase in fair value	71,680,000
Final installment payment for purchase of shares	28,000,000
Value at December 31, 2007	**173,600,000**
Decrease in fair value	(52,640,000)
Value at December 31, 2008	**120,960,000**

11. Property, Plant and Equipment:

	Land and Buildings QR.	Plant and Equipment QR.	Vehicles Office Equipment and Furniture QR.	Petrol Stations QR.	Vessels QR.	Capital Work-in-Progress QR.	Total QR.
At 31 December 2008							
COST:							
Balance at 1 January	47,661,631	120,893,659	131,602,837	389,845	223,966,467	313,318,050	837,832,489
Additions /Transfers	22,000	-	142,536,136	24,391	36,334,707	198,276,730	377,193,964
Disposals	-	-	(355,000)	-	-	-	(355,000)
At December 31, 2008	47,683,631	120,893,659	273,783,973	414,236	260,301,174	511,594,780	1,214,671,453
Accumulated Depreciation:							
Balance at 1 January	10,020,248	48,802,072	48,151,768	92,585	4,282,950	-	111,349,623
Charged during the year	2,383,762	-	34,179,818	20,711	12,117,033	-	48,701,324
Disposals			(127,457)			-	(127,457)
At December 31, 2008	12,404,010	48,802,072	82,204,129	113,296	16,399,983	-	159,923,490
Net Carrying Amount	35,279,621	72,091,587	191,579,844	300,940	243,901,191	511,594,780	1,054,747,963
At 31 December 2007							
COST:							
Balance at 1 January	37,396,582	109,238,336	86,662,068	314,754	36,295,825	168,824,794	438,732,359
Additions /Transfers	10,265,049	11,655,323	9,300,313	75,091	187,670,642	180,133,712	399,100,130
Disposals		31,562,541	4,077,915	-		(35,640,456)	
At December 31, 2007	47,661,631	152,456,200	100,040,296	389,845	223,966,467	313,318,050	837,832,489
Accumulated Depreciation:							
Balance at 1 January	7,963,459	39,791,424	34,082,133	75,333	1,684,648	-	83,596,997
Charged during the year	2,056,789	9,010,648	14,069,635	17,252	2,598,302		27,752,626
Disposals							
At December 31, 2007	10,020,248	48,802,072	48,151,768	92,585	4,282,950	-	111,349,623
Net Carrying Amount	37,641,383	103,654,128	51,888,528	297,260	219,683,517	313,318,050	726,482,866

12. Due to Qatar Petroleum:

	December 31, 2008 QR.	2007 QR.
a) Due to Qatar Petroleum	1,298,697,572	1,092,575,744

The above amount represents the balance of the current account with Qatar Petroleum which consists of normal purchases and service transactions. The outstanding balance is interest free.

	December 31, 2008 QR.	2007 QR.
b) Loan from Qatar Petroleum		
Non-current portion	--	--
Current portion	--	5,399,445
Total	--	5,399,445

The above balance is interest free and is repayable to Qatar Petroleum in February 2008.

13. Share Capital:

	December 31, 2008 QR.	2007 QR.
30,000,000 issued and fully paid shares of QR. 10 each	300,000,000	300,000,000

14. Legal Reserve:

As required by Qatar Commercial Companies' Law No. 5 of 2002, and the company's Articles of Association, a minimum of 10% of the net profit for the year should be transferred to legal reserve each year until this reserve equals 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above mentioned Law.

15. Dividend Proposed:

The Board of Directors has proposed a final distribution dividend of QR. 10 per share totaling QR. 300,000,000 for the year ended December 31, 2008 (2007: total dividend QR. 210,000,000 QR.7 per share). The proposed dividend will be submitted for formal approval at the annual General Assembly Meeting.

16. Revenue:

	Year Ended December 31, 2008 QR.	2007 QR.
Sale of refined products	4,111,460,423	2,668,558,268
Sale of jet fuel	3,258,826,461	1,947,158,485
Transportation and other revenue	138,943,202	99,829,586
	7,509,230,086	**4,715,546,339**

17. General and Administrative Expenses:

	Year Ended December 31, 2008 QR.	2007 QR.
Manpower cost	203,030,847	113,026,076
Rent	6,157,293	5,118,265
Others	67,263,356	64,110,836
Social and Sport Activities Support	30,912,877	--
	307,364,373	**182,255,177**

18. Other Income:

	Year Ended December 31, 2008 QR.	2007 QR.
Interest from banks	31,302,247	33,853,633
Profit on sale of property, plant and equipment	272,457	347,340
Other income	98,363,573	21,021,635
	129,938,277	**55,222,608**

19. Earnings per Share:

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year as follows:

	2008	2007
Profit for the year (in QR.)	1,205,602,218	616,263,973
Weighted average number of shares during the year (in shares)	30,000,000	30,000,000
Basic and diluted earnings per share (in QR. per share)	**40.18**	**20.54**

There were no potentially dilutive shares outstanding at any time during the year. Therefore, the diluted earnings per share equal to the basic earnings per share.

20. Related Party Transactions:

	Year Ended December 31, 2008 QR.	2007 QR.
Purchase from Qatar Petroleum	5,497,837,675	3,668,405,479
Sales to Qatar Petroleum	116,502,685	58,749,314
General and administrative expenses	8,220,980	3,534,584

(i)Sales transactions to Qatar Petroleum are at arm's length

(ii)Purchases from Qatar Petroleum are in accordance to the agreement with Qatar Petroleum

21. Compensation of Key Management Personnel:

The remuneration of key management personnel during the year was as follows:

	December 31, 2008 QR.	2007 QR.
Board of directors' remuneration	10,792,751	10,792,751
Short term benefits	5,701,920	5,701,920
Post-employment benefits	327,026	327,026
	16,821,697	**16,821,697**

22. Capital Commitments:

	December 31, 2008 QR.	2007 QR.
Heavy Fuel Oil Project	325,000,000	325,000,000
Liquefied Petroleum Gas Plant Project	150,000,000	150,000,000
Construction of Petrol Stations	99,329,247	99,329,247
Bitumen Storage Tank	50,000,000	50,000,000
	624,329,247	**624,329,247**

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