

Company Registration No. 1734259

**Kuwait Petroleum International
Limited**

Report and Financial Statements

31 March 2007

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Kuwait Petroleum International Limited

Report and financial statements 2007

| Contents | Page |
|---|-------------|
| Officers and professional advisers | 1 |
| Directors' report | 2 |
| Statement of directors' responsibilities | 4 |
| Independent auditors' report | 5 |
| Profit and loss account | 7 |
| Balance sheet | 8 |
| Notes to the accounts | 9 |

Kuwait Petroleum International Limited

Report and financial statements 2007

Officers and professional advisers

Directors

A Al-Houti (resigned 1/11/07)
H Esmail (appointed 1/11/07)
Y Al-Yateem
A I Behbehani
G Smith (resigned 19/9/07)
A Saunders (appointed 19/9/07)

Secretary

A Thomson

Registered Office

Dukes Court
Duke Street
Woking
Surrey
GU21 5BH

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Kuwait Petroleum International Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2007

Principal activity and review of the business

The principal activity of the company during the year was the provision of promotional administrative and advisory services to subsidiary undertakings of its ultimate parent company Kuwait Petroleum Corporation. The costs incurred by the company in providing such services are charged to fellow subsidiary undertakings at a mark up.

The loss for the year after taxation, amounted to £5 685,309 (2006 – loss of £3 939 000)

The company incurred a loss in the current year due to additional payments totalling £6.3 million to 2 defined benefit pension schemes of which it is an employer. These costs have, in contrast to other administrative expenses, not been charged on at a mark up to other companies within the Kuwait Petroleum Corporation organisation.

No dividend was declared during the year. In the prior year, the directors declared a dividend of £20,000 per ordinary share, which was paid to ordinary shareholders on 6 June 2006.

The balance sheet of the company shows that it has moved from a net asset position to a net liability position during the year due to the loss incurred.

The company is operating at a satisfactory level of profitability, after excluding the impact of the additional pension payments referred to above and the directors do not believe that the scale of the company's operations will change significantly in the forthcoming year.

The company also operates a branch in Kuwait.

Principal Risks and Uncertainties

The directors do not believe the company has any significant exposure to price, credit, liquidity or cash flow risk. Although it has a significant debtor balance, the majority is made up of monies owed by other group related undertakings and therefore the directors feel there is no risk of the balances not being settled.

Directors and their interests

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

A Al-Houti (resigned 1/11/07)
H Esmail (appointed 1/11/07)
Y Al-Yateem
A I Behbehani
G Smith (resigned 19/9/07)
A Saunders (appointed 19/9/07)

The directors had no interest in the share capital of the company or any other group undertakings.

Kuwait Petroleum International Limited

Directors' report

Information to auditors

Each of the directors in office at the time when the directors' report is approved confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware and that they have taken all the steps that they ought to have taken as directors in order to make themselves 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.

Auditors

A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

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



A Thomson
Secretary

31 January 2008

Dukes Court
Dukes Street
Woking
Surrey
GU21 5BH

Kuwait Petroleum International Limited

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Independent auditors' report to the members of Kuwait Petroleum International Limited

We have audited the financial statements of Kuwait Petroleum International Limited for the year ended 31 March 2007 which comprise the profit and loss account, balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also 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 the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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.

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 2007 and of its loss 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

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

31 January 2008

Kuwait Petroleum International Limited

Profit and loss account Year ended 31 March 2007

| | Note | 2007 £'000 | 2006 £'000 |
|--|------|-----------------------|-----------------------|
| Turnover | 2 | 24,166 | 22,108 |
| Administrative expenses | 5 | (29,437) | (25,528) |
| Operating loss | | <u>(5,271)</u> | <u>(3,420)</u> |
| Interest receivable and similar income | 3 | 38 | 40 |
| Interest payable and similar charges | 4 | (452) | (165) |
| Loss on ordinary activities before taxation | 5 | <u>(5 685)</u> | <u>(3,545)</u> |
| Tax on (loss) on ordinary activities | 6 | - | (394) |
| Loss on ordinary activities after taxation | | <u><u>(5 685)</u></u> | <u><u>(3 939)</u></u> |

All operations of the company continued throughout both years. No operations were acquired or discontinued.

There are no recognised gains or losses for the year other than the results for the year shown above, consequently no statement of total recognised gains and losses is presented.

Kuwait Petroleum International Limited

Balance sheet 31 March 2007

| | Note | 2007 £'000 | 2006 £'000 |
|--|------|-----------------|-----------------|
| Fixed assets | | | |
| Tangible assets | 8 | <u>532</u> | <u>436</u> |
| Current assets | | | |
| Debtors | 9 | 16,793 | 13,172 |
| Cash at bank and in hand | | <u>436</u> | <u>404</u> |
| | | 17,229 | 13,576 |
| Creditors: amounts falling due within one year | 10 | <u>(20,765)</u> | <u>(11,331)</u> |
| Net current (liabilities)/assets | | <u>(3,536)</u> | <u>2,245</u> |
| Total assets less current liabilities, being net (liabilities)/assets | | <u>(3,004)</u> | <u>2,681</u> |
| Capital and reserves | | | |
| Called up equity share capital | 11 | - | - |
| Profit and loss account | 12 | <u>(3,004)</u> | <u>2,681</u> |
| Total equity shareholders' (deficit)/funds | 13 | <u>(3,004)</u> | <u>2,681</u> |

These financial statements were approved by the Board of Directors on 31 January 2008

Signed on behalf of the Board of Directors



A Saunders
Director

31 January 2008

Kuwait Petroleum International Limited

Notes to the financial statements Year ended 31 March 2007

1 Accounting policies

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

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

Turnover

Turnover represents amounts invoiced (exclusive of VAT) in respect of promotional, administrative and advisory services provided to fellow subsidiary undertakings and other group and related group undertakings

Tangible fixed assets

Tangible fixed assets are shown at original historical cost. Depreciation is provided on a straight-line basis on all tangible assets at rates designed to write off costs, less residual values, over their estimated useful lives, as follows

| | |
|--------------------------------|---------------|
| Furniture and office equipment | 3 to 10 years |
| Data processing equipment | 3 to 4 years |
| Building fixtures and fittings | 3 to 10 years |

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the year end

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

Pension costs

The company participates in a group defined benefit scheme. The company accounts for its obligations in respect of the defined benefit scheme on a defined contribution basis, as the net assets of this scheme relating to individual companies cannot be separately identified. The latest actuarial valuation of the defined benefit scheme, prepared in accordance with FRS 17, shows a deficit position. Further details can be found in note 15

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 15

Kuwait Petroleum International Limited

Notes to the financial statements Year ended 31 March 2007

1 Accounting policies (continued)

Taxation

Corporation tax payable is provided on taxable profits at tax rates which have been enacted or substantially enacted at the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted

Leases

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

Cash flow statement

The company's ultimate parent company, Kuwait Petroleum Corporation (note 16), 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

2 Turnover

Turnover is considered by the directors to be from one class of business, all of which originated in the United Kingdom and is analysed by destination as follows

| | 2007 £'000 | 2006 £'000 |
|---------------------------------|---------------|---------------|
| United Kingdom | 1,997 | 1,992 |
| Europe and Netherlands Antilles | 22,169 | 20,116 |
| | <u>24,166</u> | <u>22,108</u> |

3 Interest receivable and similar income

| | 2007 £'000 | 2006 £'000 |
|---|---------------|---------------|
| Interest receivable from group undertakings | 8 | 32 |
| Bank interest receivable | 30 | 8 |
| | <u>38</u> | <u>40</u> |

Kuwait Petroleum International Limited

Notes to the financial statements Year ended 31 March 2007

4. Interest payable and similar charges

| | 2007 £'000 | 2006 £'000 |
|---------------------------------------|---------------|---------------|
| Interest payable to group undertaking | 452 | 165 |
| | <u>452</u> | <u>165</u> |

5. Loss on ordinary activities before taxation

(a) Loss on ordinary activities before taxation is stated after charging

| | 2007 £'000 | 2006 £'000 |
|--|---------------|---------------|
| Depreciation | | |
| - owned assets | 179 | 183 |
| Loss on disposal of fixed assets | 1 | - |
| Foreign exchange loss | 93 | 47 |
| Auditors' remuneration | | |
| - audit of the company's annual accounts | 15 | 15 |
| - other non-audit services | 1 | 1 |
| Operating lease rentals | | |
| - plant and machinery | 5 | 47 |
| - other | 252 | 223 |
| | <u>252</u> | <u>223</u> |

Administrative expenses include a £4.4 million charge in respect of a UK pension scheme and £1.9 million in respect of an overseas pension scheme (see note 15) which has not been recharged to other group companies

There is an additional charge borne by Kuwait Petroleum International Limited on behalf of other group undertakings in respect of audit and other non-audit services, which this year totalled £215,914

(b) Staff costs

| | 2007 £'000 | 2006 £'000 |
|---|---------------|---------------|
| Employees including executive directors | | |
| Wages and salaries | 6,552 | 8,094 |
| Social security costs | 2,168 | 1,857 |
| Pension costs (note 15) | 6,967 | 5,206 |
| | <u>15,687</u> | <u>15,157</u> |

Kuwait Petroleum International Limited

Notes to the financial statements Year ended 31 March 2007

5 Loss on ordinary activities before taxation (continued)

Staff costs, including those in respect of executive directors, include a recharge of costs of £6,550,878 (2006 – £4,958,186) for 19 personnel (2006 - 22) employed by a related group undertaking in respect of services provided to the company

The average monthly number of employees during the year was 99 (2006 – 114) including those personnel employed by related group undertakings. All staff are employed in administrative positions

(c) Directors remuneration

| | 2007 £'000 | 2006 £'000 |
|--|---------------|---------------|
| Emoluments (excluding pension contributions) | 614 | 818 |
| | <u>614</u> | <u>818</u> |

The directors' remuneration shown above excluding pension contributions, included the emoluments of the highest paid director, of £ 371,528 (2006 – £329,701). The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 31 March 2007 was £ nil (2006 – £nil)

No directors were members of either the money purchase or the defined benefit pension schemes in either period

6. Tax on loss on ordinary activities

The tax charge comprises

| | 2007 £'000 | 2006 £'000 |
|---|---------------|---------------|
| <i>Deferred Tax</i> | | |
| Deferred tax charge on origination and reversal of timing differences | - | 394 |
| | <u>-</u> | <u>394</u> |
| <i>Current tax</i> | | |
| UK Corporation Tax | - | - |
| | <u>-</u> | <u>-</u> |
| Foreign Tax | | |
| Current tax on income for the year | - | - |
| | <u>-</u> | <u>-</u> |
| Total tax on loss/profit on ordinary activities | <u>-</u> | <u>394</u> |

Kuwait Petroleum International Limited

Notes to the financial statements Year ended 31 March 2007

6 Tax on loss on ordinary activities (continued)

| <i>Factors affecting current tax charge</i> | 2007 £'000 | 2006 £'000 |
|---|-----------------------------|-----------------------------|
| (Loss) on ordinary activities before taxation | (5,685) | (3,545) |
| Corporation tax at 30% | (1,706) | (1,063) |
| Effects of | | |
| Permanent differences | 15 | 52 |
| Depreciation in excess of capital allowances | 54 | (91) |
| Other timing differences | (184) | 22 |
| Unrelieved tax losses arising in the year | 1,821 | 1,080 |
| Total current tax charge | - | - |

The company has a potential net deferred tax asset at 31 March 2007 of £2,942,000 (2006 £1,386,000). This asset has not been recognised as there is insufficient evidence of suitable future taxable profits.

7 Dividends paid or proposed on equity shares

| | 2007 £'000 | 2006 £'000 |
|--|-----------------------------|-----------------------------|
| Interim paid of £ Nil (2006 – £20,000) per £1 ordinary share | - | 2,000 |

Kuwait Petroleum International Limited

Notes to the financial statements Year ended 31 March 2007

8 Tangible fixed assets

| | Furniture and office equipment £'000 | Data processing equipment £'000 | Building fixtures and fittings £'000 | Total £'000 |
|---------------------------------|---|--|---|----------------|
| Cost | | | | |
| At 31 March 2006 | 533 | 569 | 215 | 1,317 |
| Additions | 59 | 208 | 9 | 276 |
| Disposals | (7) | (1) | - | (8) |
| At 31 March 2007 | <u>585</u> | <u>776</u> | <u>224</u> | <u>1,585</u> |
| Accumulated depreciation | | | | |
| At 31 March 2006 | 360 | 360 | 161 | 881 |
| Charge for year | 46 | 105 | 28 | 179 |
| Depreciation on disposals | (7) | - | - | (7) |
| At 31 March 2007 | <u>399</u> | <u>465</u> | <u>189</u> | <u>1,053</u> |
| Net book value | | | | |
| At 31 March 2007 | <u>186</u> | <u>311</u> | <u>35</u> | <u>532</u> |
| At 31 March 2006 | <u>173</u> | <u>209</u> | <u>54</u> | <u>436</u> |

9 Debtors

| | 2007 £'000 | 2006 £'000 |
|---|---------------|---------------|
| Amounts falling due within one year | | |
| Amounts due from immediate group undertakings | 15,517 | 11,174 |
| Amounts due from other group undertakings | 469 | 437 |
| Other debtors | 700 | 1,191 |
| VAT Receivable | 63 | 40 |
| Prepayments and accrued income | 44 | 330 |
| | <u>16,793</u> | <u>13,172</u> |

Kuwait Petroleum International Limited

Notes to the financial statements Year ended 31 March 2007

10 Creditors amounts falling due within one year

| | 2007 £'000 | 2006 £'000 |
|---|---------------|---------------|
| Trade creditors | 715 | 630 |
| Amounts due to immediate group undertakings | 15,717 | 7,530 |
| Amounts due to other group undertakings | 1,446 | 699 |
| Accruals and deferred income | 2,510 | 2,403 |
| Other creditors | 241 | - |
| Payroll taxes and social security | 136 | 69 |
| | <u>20,765</u> | <u>11,331</u> |

11 Called up share capital

| | 2007 £ | 2006 £ |
|--|------------|------------|
| Authorised, issued and fully paid 100 ordinary shares of £1 each | <u>100</u> | <u>100</u> |

12 Reserves

| | Profit and loss account £'000 |
|----------------------------|--|
| As at 1 April 2006 | 2,681 |
| Retained loss for the year | <u>(5,685)</u> |
| As at 31 March 2007 | <u><u>(3,004)</u></u> |

Kuwait Petroleum International Limited

Notes to the financial statements Year ended 31 March 2007

13 Reconciliation of movements in equity shareholders' (deficit)/funds

| | 2007 £'000 | 2006 £'000 |
|---|----------------|---------------|
| Loss for the financial year | (5 685) | (3 939) |
| Dividends paid | - | (2,000) |
| | <hr/> | <hr/> |
| Net deduction from equity shareholders' funds | (5 685) | (5,939) |
| Opening equity shareholders' funds | 2,681 | 8,620 |
| | <hr/> | <hr/> |
| Closing equity shareholders' (deficit)/ funds | <u>(3,004)</u> | <u>2,681</u> |

14 Leasing commitments

At 31 March 2007, the company had annual commitments under non-cancellable operating leases, which principally relate to company cars as set out below

| | 2007 £'000 | 2006 £'000 |
|----------------------------|---------------|---------------|
| Other leases which expire | | |
| - within one year | 147 | - |
| - within two to five years | 40 | 235 |
| | <hr/> | <hr/> |
| | <u>187</u> | <u>235</u> |

15 Pension costs

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

Directors and employees seconded to the company from other group companies are not included in the above schemes

The total pension cost for the company for the year was £ 6,967 047 (2006 – £5,205 926). Of this £4,464 089 (2006 – £3,169,128) relates to the UK defined benefit scheme and £ nil (2006 – £nil) relates to the UK defined contribution scheme. The remainder of £ 2,502,958 (2006 – £2,036,798) is a recharge from a related group undertaking (see note 5b), representing contributions made to the Executive and Overseas Pension Scheme. The charge in respect of the UK defined benefit plan included a cash contribution of £4 381,875 (2006 - £3,085,000) and the charge in respect to the Executive and Overseas Pension Scheme includes a cash contribution of £1,912 429 (2006 - £1,493 000) which were made in order to improve the funding position of the scheme.

Although the Executive and Overseas pension scheme is a defined benefit scheme the ultimate responsibility for funding this scheme resides with a company exterior to the group headed by Kuwait Petroleum (U.K.) Holdings Limited. The staff to which payments to this pension scheme relate are on secondment to the group and once this secondment ends the group has no contractual responsibility to fund any future deficit in this scheme. The pension costs payable are therefore treated as if the scheme were a defined contribution scheme.

Kuwait Petroleum International Limited

Notes to the financial statements Year ended 31 March 2007

15 Pension costs (continued)

The Company also accounts for its UK defined benefit scheme as if it were a defined contribution scheme as the company participates in a group pension scheme and the net assets of this scheme relating to individual companies cannot be separately identified

Additional disclosures regarding the UK defined benefit pension scheme, on a consolidated basis, are required under the provisions of FRS 17 "Retirement benefits" and these are set out below

The most recent formal actuarial valuation of the defined benefit scheme took place on 31 March 2006

The actuarial valuation described above has been updated at 31 March 2007 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17 Investments have been valued, for this purpose, at fair value

The major assumptions used for the actuarial valuation were

| | 31 March 2007 % | 31 March 2006 % | 31 March 2005 % |
|---|-----------------------|-----------------------|-----------------------|
| Rate of increase in salaries | 4.80 | 4.50 | 4.50 |
| Rate of increase in pensions in payment | 3.05 | 2.75 | 2.75 |
| Discount rate | 5.40 | 4.90 | 5.40 |
| Inflation assumption | 3.30 | 3.00 | 3.00 |

The fair value of the assets in the scheme the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were

| | 2007 % | 2007 £'000 | 2006 % | 2006 £'000 | 2005 % | 2005 £'000 |
|-------------------------------------|-----------|---------------|-----------|---------------|-----------|---------------|
| Equities | 8.10 | 35,174 | 8.50 | 31,034 | 8.50 | 25,120 |
| Bonds | 5.00 | 22,401 | 4.50 | 20,779 | 5.00 | 13,864 |
| Other | 4.30 | 1,179 | 4.00 | (8) | 4.00 | 100 |
| Total bid value of assets† | | 58,754 | | 51,805 | | 39,084 |
| Present value of scheme liabilities | | (67,138) | | (63,798) | | (54,936) |
| Deficit in the scheme | | (8,384) | | (11,993) | | (15,852) |

(† Prior to 2007 the "fair value of assets was used rather than the bid value This change reflects recent amendments to FRS17 disclosures made by the Accounting Standards Board (ASB)

The group contributions during the accounting period to 31 March 2007 amounted to £5,935,000. The total contribution made includes contributions at the rate of 11.9% of Pensionable Salaries during the year plus lump sum contributions of £4.0 million and £1.08 million into the Scheme on 18 August 2006 and 29 March 2007 respectively. The members contributed to the Scheme at the rate of 4.5% Pensionable Salary until 1 July 2006 and 6.0% thereafter. The Company contribution rate for the coming year is 11.9% until 30 June 2007, and then 19.3% thereafter.

Kuwait Petroleum International Limited

Notes to the financial statements Year ended 31 March 2007

15 Pension costs (continued)

Movement in scheme deficit during the year

| | 2007 £'000 | 2006 £'000 |
|--------------------------------|----------------|-----------------|
| At beginning of year | (11,993) | (15,852) |
| Current service cost | (1,052) | (1,105) |
| Contributions | 5,935 | 3,850 |
| Curtailment gains | - | - |
| Net finance credit / (charges) | 656 | 198 |
| Actuarial gain/(loss) | (1,930) | 916 |
| At end of year | <u>(8,384)</u> | <u>(11,993)</u> |

15. Pension costs (continued)

History of experience gains and losses

| | 2007 £'000 | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|---------------|
| Difference between the expected and actual return on scheme assets | | | |
| Amount, £'000 | (1,630) | 6,292 | 1,203 |
| Percentage of scheme assets | (3) | 12 | 3 |
| Experience gains and losses on scheme liabilities | | | |
| Amount, £'000 | (35) | (743) | 1,352 |
| Percentage of the present value of scheme liabilities | - | 1 | 3 |
| Total actuarial (gain) / loss in the statement of total recognised gains and losses | | | |
| Amount, £'000 | (1,930) | (916) | (375) |
| Percentage of the present value of scheme liabilities | (3) | (1) | (1) |

16 Ultimate parent company

The ultimate parent company and controlling party and parent company of the largest group of undertakings for which group accounts are drawn up, and of which the company is a member, is Kuwait Petroleum Corporation, incorporated in Kuwait. The immediate parent company and parent company of the smallest such group is Kuwait Petroleum (U.K. Holdings) Limited whose principal place of business is at Dukes Court, Duke Street, Woking, Surrey, GU21 5BH. Copies of the consolidated accounts of Kuwait Petroleum (U.K. Holdings) Limited can be obtained from Companies House, Crown Way, Mandy, Cardiff CF4 3UZ.

17 Related parties

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