

**Independent Petroleum Group Company K.S.C.P.  
and subsidiaries  
State of Kuwait**



**Condensed consolidated interim financial information and  
independent auditors' review report  
for the three month period ended March 31, 2017  
(Unaudited)**



**Independent Petroleum Group Company K.S.C.P.  
and subsidiaries  
State of Kuwait**

*for the three month period ended 31 March 2017*

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

**The Board of Directors of  
Independent Petroleum Group Company K.S.C.P.  
State of Kuwait**

### *Introduction*

We have reviewed the accompanying 31 March 2017 condensed consolidated interim financial information of Independent Petroleum Group Company K.S.C.P. ("the Parent Company") and its subsidiaries (together referred to as "the Group"), which comprises the condensed consolidated statement of financial position as at 31 March 2017, and the related condensed consolidated statements of income and comprehensive income, changes in equity and cash flows for the three month period then ended, and notes to the condensed consolidated interim financial information.

The Parent Company's management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

### **Report on Other legal and Regulatory Requirements**

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the accounting records. We further report that nothing has come to our attention indicating any contravention during the three month period ended 31 March 2017, of the Companies Law No. 1 of 2016 and its Executive Regulations or of the Parent Company's Memorandum and Articles of Association, that might have had a material effect on the Group's activities or on its consolidated financial position.



**Dr. Rasheed Al - Qenae**  
**License No. 130 - A**  
**of KPMG Safi Al-Mutawa & Partners**  
**Member firm of KPMG International**



**Dr. Shuaib A. Shuaib**  
**License No. 33 - A**  
**RSM Albazie & Co.**

**Kuwait: 4 May 2017**



**Independent Petroleum Group Company K.S.C.P.  
and subsidiaries  
State of Kuwait**

**Condensed consolidated statement of income (unaudited)  
for the three month period ended 31 March 2017**

	Notes	Three month period ended 31 March	
		2017 KD '000	2016 KD '000
Sales		144,671	138,114
Cost of sales		(142,802)	(136,115)
<b>Gross profit</b>		<b>1,869</b>	<b>1,999</b>
Net interest relating to oil marketing operations	3	(861)	(965)
<b>Net results of oil marketing operations</b>		<b>1,008</b>	<b>1,034</b>
Share of results of joint venture and associates	7 & 8	1,410	1,493
Dividend income	6	-	1,003
General and administrative expenses		(452)	(368)
Staff costs		(1,104)	(959)
Depreciation		(608)	(559)
Unrealized gain / (loss) from investments at fair value through statement of income		1,926	(444)
Net other (expense) / income	9	(439)	43
<b>Profit for the period</b> before contribution to KFAS , NLST and Zakat		<b>1,741</b>	<b>1,243</b>
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		(17)	(12)
National Labour Support Tax (NLST) and Zakat		-	-
<b>Profit for the period</b>		<b>1,724</b>	<b>1,231</b>
<b>Earnings per share (fils)</b>	4	<b>11.92</b>	<b>8.51</b>

The accompanying notes form an integral part of this condensed consolidated interim financial information.



**Independent Petroleum Group Company K.S.C.P.  
and subsidiaries  
State of Kuwait**

**Condensed consolidated statement of comprehensive income (unaudited)  
for the three month period ended 31 March 2017**

	<b>Three month period ended 31 March</b>	
	<b>2017 KD '000</b>	<b>2016 KD '000</b>
Profit for the period	1,724	1,231
<b>Other comprehensive loss:</b>		
<u>Items that may be reclassified subsequently to statement of income</u>		
Changes in fair value of investments available for sale	(5)	
Foreign currency translation adjustments	(165)	(322)
<b>Other comprehensive loss for the period</b>	<b>(170)</b>	<b>(322)</b>
<b>Total comprehensive income for the period</b>	<b>1,554</b>	<b>909</b>

The accompanying notes form an integral part of this condensed consolidated interim financial information.



**Independent Petroleum Group Company K.S.C.P.  
and subsidiaries  
State of Kuwait**

**Condensed consolidated statement of financial position (unaudited)  
as at 31 March 2017**

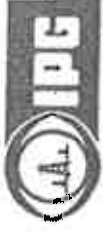
	Notes	31 March 2017 KD '000	31 December 2016 KD '000 (Audited)	31 March 2016 KD '000
<b>ASSETS</b>				
Cash on hand and at banks	5	33,045	34,891	32,651
Investments at fair value through statement of income	6	55,044	53,348	50,694
Trade and other receivables		64,409	67,521	94,581
Inventories		10,851	29,004	21,329
<b>Total current assets</b>		<u>163,349</u>	<u>184,764</u>	<u>199,255</u>
Other loans		713	716	1,247
Investments available for sale	6	28,527	28,651	26,643
Investment in joint venture	7	4,790	4,453	4,291
Investment in associates	8	29,274	28,341	30,327
Property and equipment	10	37,585	38,353	39,323
<b>Total non-current assets</b>		<u>100,889</u>	<u>100,514</u>	<u>101,831</u>
<b>Total assets</b>		<u>264,238</u>	<u>285,278</u>	<u>301,086</u>
<b>LIABILITIES AND EQUITY</b>				
Due to banks		105,347	131,233	159,698
Directors' fees payable		80	80	-
Trade and other payables		50,140	46,420	37,340
Current portion of term loan		1,619	1,626	2,928
<b>Total current liabilities</b>		<u>157,186</u>	<u>179,359</u>	<u>199,966</u>
Non-current portion of term loan		16,986	17,465	18,720
Provision for staff indemnity		2,788	2,730	2,235
<b>Total non-current liabilities</b>		<u>19,774</u>	<u>20,195</u>	<u>20,955</u>
<b>Total liabilities</b>		<u>176,960</u>	<u>199,554</u>	<u>220,921</u>
<b>Equity</b>				
Share capital	11	15,225	15,225	15,225
Share premium		22,587	22,587	22,587
Legal reserve		7,613	7,613	7,613
General reserve		606	606	606
Fair value reserve		26,361	26,366	24,514
Foreign currency translation adjustments		(1,715)	(1,550)	(1,480)
Treasury shares reserve		1,429	1,429	1,429
Treasury shares	12	(2,770)	(2,770)	(2,770)
Retained earnings		17,942	16,218	12,441
<b>Total equity</b>		<u>87,278</u>	<u>85,724</u>	<u>80,165</u>
<b>Total liabilities and equity</b>		<u>264,238</u>	<u>285,278</u>	<u>301,086</u>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Khalaf Ahmad Al-Khalaf  
Chairman

Ghazi Fahad Al-Nafisi  
Vice Chairman

*Waleed T. Hadeed*  
Waleed Jaber Hadeed  
Chief Executive Officer



**Independent Petroleum Group Company K.S.C.P.  
and subsidiaries  
State of Kuwait**

**Condensed consolidated statement of changes in equity (unaudited)  
for the three month period ended 31 March 2017**

	Share capital KD '000	Share premium KD '000	Legal reserve KD '000	General reserve KD '000	Fair value reserve KD '000	Foreign currency translation adjustments KD '000	Treasury shares reserve KD '000	Treasury shares KD '000	Retained earnings KD '000	Total KD '000
Balance at 1 January 2017	15,225	22,587	7,613	606	26,366	(1,550)	1,429	(2,770)	16,218	85,724
<b>Total comprehensive (loss) / income for the period</b>	-	-	-	-	-	-	-	-	1,724	1,724
Profit for the period	-	-	-	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	(5)	(165)	-	-	-	(170)
<b>Total comprehensive (loss) / income for the period</b>	-	-	-	-	(5)	(165)	-	-	1,724	1,554
<b>Balance at 31 March 2017</b>	<u>15,225</u>	<u>22,587</u>	<u>7,613</u>	<u>606</u>	<u>26,361</u>	<u>(1,715)</u>	<u>1,429</u>	<u>(2,770)</u>	<u>17,942</u>	<u>87,278</u>





**Independent Petroleum Group Company K.S.C.P.  
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**Condensed consolidated statement of changes in equity (unaudited)  
for the three month period ended 31 March 2017**

	Share capital KD '000	Share premium KD '000	Legal reserve KD '000	General reserve KD '000	Fair value reserve KD '000	Foreign currency translation adjustments KD '000	Treasury shares reserve KD '000	Treasury shares KD '000	Retained earnings KD '000	Total KD '000
Balance at 1 January 2016	15,225	22,587	7,613	606	24,514	(1,158)	1,429	(2,770)	14,826	82,872
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	-	-	1,231	1,231
Profit for the period	-	-	-	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	-	(322)	-	-	-	(322)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(322)	-	-	1,231	909
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	(3,616)	(3,616)
Dividends for 2015 (note 17)	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2016	15,225	22,587	7,613	606	24,514	(1,480)	1,429	(2,770)	12,441	80,165

The accompanying notes form an integral part of this condensed consolidated interim financial information.



**Independent Petroleum Group Company K.S.C.P.  
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State of Kuwait**

**Condensed consolidated statement of cash flows (unaudited)  
for the three month period ended 31 March 2017**

	Note	Three month period ended 31 March	
		2017 KD '000	2016 KD '000
<b>OPERATING ACTIVITIES</b>			
Pro fit before provisions for contribution to KFAS, NLST and Zakat			
<i>Adjustments for:</i>			
Depreciation		1,741	1,243
Interest expense		608	559
Dividend income		910	1,025
Unrealised (gain) / loss from investments at fair value through statement of income		-	(1,003)
Share of results from joint venture and associates		(1,926)	444
Interest income		(1,410)	(1,493)
Provision for staff indemnity		(54)	(65)
		58	54
		(73)	764
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivables			
Inventories		3,139	(42,453)
Trade and other payables		18,153	4,670
		3,724	9,857
<b>Cash generated from / (used in) operations</b>		<b>24,943</b>	<b>(27,162)</b>
Interest received		27	60
Payment to KFAS		-	(39)
Directors' fees paid		-	(80)
<b>Net cash generated from / (used in) from operating activities</b>		<b>24,970</b>	<b>(27,221)</b>
<b>INVESTING ACTIVITIES</b>			
Dividends received		-	1,003
Increase in other loans		-	(518)
Purchase of property and equipment		(9)	(463)
<b>Net cash (used in) / generated from investing activities</b>		<b>(9)</b>	<b>22</b>
<b>FINANCING ACTIVITIES</b>			
Due to banks		(25,886)	25,597
Term loans		(486)	(691)
Dividends paid		-	(3,616)
Interest paid		(931)	(999)
<b>Net cash (used in) / generated from financing activities</b>		<b>(27,303)</b>	<b>20,291</b>
Effect of foreign currency translation		496	432
<b>Net decrease in cash and cash equivalents</b>		<b>(1,846)</b>	<b>(6,476)</b>
Cash and cash equivalents at beginning of the period		34,891	38,897
<b>Cash and cash equivalents at end of the period</b>	5	<b>33,045</b>	<b>32,421</b>

The accompanying notes form an integral part of this condensed consolidated interim financial information.



**Independent Petroleum Group Company K.S.C.P.  
and subsidiaries  
State of Kuwait**

**Notes to the condensed consolidated interim financial information (unaudited)  
for the three month period ended 31 March 2017**

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**1. Incorporation and activities**

Independent Petroleum Group K.S.C.P. (the "Parent Company") was established on 11 September 1976 as a Kuwaiti Shareholding Company, under commercial registration No. 24496. The Parent Company was listed on the Boursa Kuwait on 10 December 1995.

The objectives of the Parent Company and its subsidiaries (the "Group") are as follows:

Benefit from national scientific and business expertise in petroleum and petrochemical industry to achieve the following objectives:

- a) Provide economic, technical and specialist advisory services to oil and petrochemicals producing and consuming governments and companies, in areas of marketing, refining, production, investment, financial affairs, planning, maritime transport, organization, training and other areas related to oil and petrochemicals;
- b) Conduct marketing researches, and gather and publish information about the oil and petrochemicals industry;
- c) Provide specialist services to the oil and petrochemicals consuming and producing governments to expedite communications and maintain consistent relationships among them;
- d) Initiate and carry out marketing operations and industrial projects for its own account or the account of oil and petrochemicals consuming and producing governments or in collaboration and participation with them in all areas of oil and petrochemical industry;
- e) Acquire facilities, tools, equipment and all other instruments used in oil and petrochemicals industry including manufacturing plants, transport means and others, for its own account or in participation with oil and petrochemicals producing and consuming governments and companies all over the world; and
- f) Act as agents and representatives for oil and petrochemicals producing and consuming governments and companies, and carry out all other operations required by company's activities, interests and objectives including sale, purchase and acquisition in all areas related to oil and petrochemicals.

The Parent Company may have interest or to participate in any manner with entities that carry on similar business or that may assist it with achieving its objectives in the State of Kuwait or abroad, and it may buy these entities or acquire them as subsidiaries.

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

The condensed consolidated interim financial information for the three month ended 31 March 2017 was authorized for issue by the Chairman on behalf of the Board of Directors on 4 May 2017.



**Independent Petroleum Group Company K.S.C.P.  
and subsidiaries  
State of Kuwait**

**Notes to the condensed consolidated interim financial information (unaudited)  
for the three month period ended 31 March 2017**

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**2. Basis of preparation**

a) Statement of compliance

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The accounting policies used in the preparation of the condensed consolidated interim financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2016.

The condensed consolidated interim financial information does not include all the information and notes required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying condensed consolidated interim financial information. Operating results for the three month period ended 31 March 2017 are not necessarily indicative of the results that may be expected for the year ending 31 December 2017. For further information, refer to the annual consolidated financial statements and notes thereto for the year ended 31 December 2016.

b) Judgments and estimates

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and key source of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2016.

**3. Net interest relating to oil marketing operations**

	<b>Three month period ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>KD '000</b>	<b>KD '000</b>
Interest income	49	60
Interest expense	(910)	(1,025)
	<u>(861)</u>	<u>(965)</u>



**Independent Petroleum Group Company K.S.C.P.  
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**Notes to the condensed consolidated interim financial information (unaudited)  
for the three month period ended 31 March 2017**

**4. Earnings per share**

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

	<b>Three month period ended 31 March</b>	
	<b>2017 KD '000</b>	<b>2016 KD '000</b>
Profit for the period	<u>1,724</u>	<u>1,231</u>
	<b>Shares</b>	<b>Shares</b>
Weighted average number of issued shares outstanding during the period	152,250,000	152,250,000
Weighted average number of treasury shares outstanding during the period	<u>(7,620,000)</u>	<u>(7,620,000)</u>
Weighted average number of shares outstanding during the period	<u>144,630,000</u>	<u>144,630,000</u>
Earnings per share (fils)	<u>11.92</u>	<u>8.51</u>

**5. Cash on hand and at banks**

	<b>31 March 2017 KD '000</b>	<b>31 December 2016 KD '000 (Audited)</b>	<b>31 March 2016 KD '000</b>
Cash on hand and at banks	12,800	9,356	22,210
Call accounts and time deposits	<u>20,245</u>	<u>25,535</u>	<u>10,211</u>
Cash and cash equivalents	33,045	34,891	32,421
Time deposits with maturity exceeding three months	-	-	230
	<u>33,045</u>	<u>34,891</u>	<u>32,651</u>



**Independent Petroleum Group Company K.S.C.P.  
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**Notes to the condensed consolidated interim financial information (unaudited)  
for the three month period ended 31 March 2017**

**6. Investments**

	31 March 2017 KD '000	31 December 2016 KD '000 (Audited)	31 March 2016 KD '000
<b>Investments at fair value through statement of income:</b>			
<b>Held for trading:</b>			
Managed portfolios	53,557	51,894	49,136
Securities	1,487	1,454	1,558
	<u>55,044</u>	<u>53,348</u>	<u>50,694</u>
<b>Investments available for sale:</b>			
Quoted securities	184	192	187
Unquoted securities	28,343	28,459	26,456
	<u>28,527</u>	<u>28,651</u>	<u>26,643</u>

Investments at fair value through statement of income with a carrying amount of KD 53.56 million (31 December 2016: KD 51.89 million and 31 March 2016: KD 49.14 million) are pledged as collateral against amounts due to banks.

The unquoted securities include an investment of 12.5% in Asia Petroleum Ltd. carried at cost of KD 1.14 million (31 December 2016: KD 1.14 million and 31 March 2016: KD 1.14 million).

During the period ended 31 March 2017, the Group received a dividend of KD Nil (31 March 2016: KD 1,003 thousands) from Vopak Horizon Fujairah Limited (VHFL).

**7. Investment in joint venture**

The Group has a 50% equity shareholding with equivalent voting power in Uniterminals Ltd, Lebanon. Following are the details of share of results from joint venture recorded during the period:

	<b>Three month period ended 31 March</b>	
	2017 KD '000	2016 KD '000
Share of results from Uniterminals Ltd, Lebanon	357	244
	<u>357</u>	<u>244</u>



**Independent Petroleum Group Company K.S.C.P.  
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**Notes to the condensed consolidated interim financial information (unaudited)  
for the three month period ended 31 March 2017**

**8. Investment in associates**

Following are the details of share of results from associates recorded during the period:

	Three month period ended 31 March	
	2017 KD '000	2016 KD '000
<i>Share of results from:</i>		
Horizon Singapore Terminals Private Ltd	291	399
Arab Tank Terminals L.L.C.	1	147
Inpetro SARL	183	188
Horizon Djibouti Holdings Ltd.	336	243
Horizon Tangiers Terminals SA.	242	272
	<u>1,053</u>	<u>1,249</u>

**9. Net other (expense) / income**

	Three month period ended 31 March	
	2017 KD '000	2016 KD '000
Net foreign exchange (loss) / gain	(444)	38
Interest income related to project	5	5
	<u>(439)</u>	<u>43</u>

**10. Property and equipment**

Property and equipment at 31 March 2017 include KD 36.33 million (31 December 2016: KD 37.09 million and 31 March 2016: KD 37.64 million) related to ships owned by one of the subsidiaries, D&K Holdings L.L.C. Term loan fully relates to the financing of these vessels which are mortgaged against the term loan.

**11. Share capital**

The authorised, issued and fully paid share capital consists of 152,250,000 shares of 100 fils each (31 December 2016: 152,250,000 shares of 100 fils each and 31 March 2016: 152,250,000 shares of 100 fils each).



**Independent Petroleum Group Company K.S.C.P.  
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**Notes to the condensed consolidated interim financial information (unaudited)  
for the three month period ended 31 March 2017**

**12. Treasury shares**

	31 March 2017	31 December 2016 (Audited)	31 March 2016
Number of shares	7,620,000	7,620,000	7,620,000
Percentage of issued shares	5.0%	5.0%	5.0%
Market value (KD Million)	3.12	2.78	2.36
Cost (KD Million)	2.77	2.77	2.77

The Parent Company has allotted an amount equal to the treasury shares balance from the available retained earnings as of 31 March 2017. Such amount will not be available for distribution during treasury shares holding period.

**13. Related party transactions and balances**

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

	Three month period ended 31 March		
	2017 KD '000	2016 KD '000	
<b>a) Revenues and expenses:</b>			
Sales	29,172	23,644	
Storage expense	1,125	1,319	
<b>b) Key management compensation</b>			
Salaries and other short-term benefits	216	162	
Termination benefits	21	15	
<b>c) Due from / to related parties:</b>			
	31 March 2017 KD '000	31 December 2016 KD '000 (Audited)	31 March 2016 KD '000
<i>Due from related parties</i>			
Trade and other receivables	8,599	8,060	11,067
Other loans	713	716	1,247
<i>Due to related parties</i>			
Trade and other payables	699	673	712





**Independent Petroleum Group Company K.S.C.P.  
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**Notes to the condensed consolidated interim financial information (unaudited)  
for the three month period ended 31 March 2017**

**14. Segment information**

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

	<b>Three month period ended 31 March</b>			
	<b>2017</b>		<b>2016</b>	
	<b>Segment revenues KD '000</b>	<b>Segment results KD '000</b>	<b>Segment revenues KD '000</b>	<b>Segment results KD '000</b>
Africa and Middle East	140,631	2,122	121,034	3,057
Europe	-	-	2,434	16
Asia pacific	4,040	296	14,646	457
	<u>144,671</u>	<u>2,418</u>	<u>138,114</u>	<u>3,530</u>
Unallocated corporate items		<u>(2,164)</u>		<u>(1,886)</u>
	<b>Middle East and Africa KD '000</b>	<b>Europe KD '000</b>	<b>Asia Pacific KD '000</b>	<b>Total KD '000</b>
<b>31 March 2017</b>				
Segment assets	64,409	-	-	64,409
Unallocated corporate assets	-	-	-	199,829
Total assets	<u>64,409</u>	<u>-</u>	<u>-</u>	<u>264,238</u>
Segment liabilities	2,116	24,224	-	26,340
Unallocated corporate liabilities	-	-	-	150,620
Total liabilities	<u>2,116</u>	<u>24,224</u>	<u>-</u>	<u>176,960</u>



**Independent Petroleum Group Company K.S.C.P.  
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**Notes to the condensed consolidated interim financial information (unaudited)  
for the three month period ended 31 March 2017**

	Middle East and Africa KD '000	Europe KD '000	Asia Pacific KD '000	Total KD '000
<b>31 December 2016</b>				
Segment assets	67,521	-	-	67,521
Unallocated corporate assets	-	-	-	217,757
<b>Total assets</b>	<u>67,521</u>	<u>-</u>	<u>-</u>	<u>285,278</u>
Segment liabilities	6,670	16,533	201	23,404
Unallocated corporate liabilities	-	-	-	176,150
<b>Total liabilities</b>	<u>6,670</u>	<u>16,533</u>	<u>201</u>	<u>199,554</u>
	Middle East and Africa KD '000	Europe KD '000	Asia Pacific KD '000	Total KD '000
<b>31 March 2016</b>				
Segment assets	94,581	-	-	94,581
Unallocated corporate assets	-	-	-	206,505
<b>Total assets</b>	<u>94,581</u>	<u>-</u>	<u>-</u>	<u>301,086</u>
Segment liabilities	15,875	-	6,421	22,296
Unallocated corporate liabilities	-	-	-	198,625
<b>Total liabilities</b>	<u>15,875</u>	<u>-</u>	<u>6,421</u>	<u>220,921</u>

**15. Contingent liabilities and commitments**

**Contingent liabilities**

	31 March 2017 KD '000	31 December 2016 KD '000 (Audited)	31 March 2016 KD '000
Letters of guarantee and bid bonds	8,443	7,674	5,532
Letters of credit	36,033	21,859	33,337
	<u>44,476</u>	<u>29,533</u>	<u>38,869</u>
<b>Commitments</b>			
Investments in projects	3,212	4,084	3,422
	<u>3,212</u>	<u>4,084</u>	<u>3,422</u>



**Independent Petroleum Group Company K.S.C.P.  
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**Notes to the condensed consolidated interim financial information (unaudited)  
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**16. Fair value estimation**

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of managed portfolios under investments at fair value through statement of income amounting to KD 53.56 million (31 December 2016: KD 51.89 million and 31 March 2016: KD 49.14 million) and quoted securities under available-for-sale investments amounting to KD 184 thousands (31 December 2016: KD 192 thousands and 31 March 2016: KD 187 thousands) are determined only based on Level 1 fair value measurement which is the quoted market prices prevailing at the reporting date. The fair value of securities under held for trading category is determined based on Level 2 fair value measurement inputs.

The fair value of investment in VHFL, classified as investments available for sale is determined based on Level 3 fair value measurement which is based on the discounted cash flow method of valuation.

During the period ended 31 March 2017, there were no transfers between different levels of fair value measurement.

**17. Annual general assembly**

The Shareholders' Annual General Assembly held on 19<sup>th</sup> April 2017 approved the annual audited consolidated financial statements for the year ended 31 December 2016 and payment of a cash dividend of 30 fils per share for the year ended 31 December 2016.

On 19th April 2017, the Shareholders at the Extra Ordinary General Assembly meeting of the Parent Company approved to amend the Articles of Association by increasing the authorized share capital from KD 15,225,000 to KD 18,840,750, through a rights issue, by issuing 36,157,500 shares at 300 fils per share (par value of 100 fils per share and a share premium of 200 fils per share).

The Shareholders' Annual General Assembly held on 22 March 2016 approved the annual audited consolidated financial statements for the year ended 31 December 2015 and payment of a cash dividend of 25 fils per share for the year ended 31 December 2015.