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 31 March 2018 (Unaudited)

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

for the three month period ended 31 March 2018

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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 2018 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 2018, the condensed consolidated statements of income and comprehensive income for the three month period then ended, the condensed consolidated statements of 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 review of 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 2018, of the Companies Law No. 1 of 2016, as amended, 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.

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Kuwait:8 May 2018

Condensed consolidated statement of income (unaudited)
for the three month period ended 31 March 2018

	Notes	Three month period ended 31 March 2018 KD '000	2017 KD '000
Sales		161,703	144,671
Cost of sales		(157,789)	(142,802)
Gross profit		3,914	1,869
Net interest relating to oil marketing operations	3	(928)	(861)
Net results of oil marketing operations		2,986	1,008
Share of results of joint venture and associates	8 & 9	1,177	1,410
Dividend income	7	1,330	-
General and administrative expenses		(368)	(452)
Staff costs		(1,407)	(1,104)
Depreciation		(600)	(608)
Unrealized (loss) / gain from investments at fair value through statement of income		(672)	1,926
Net other expenses	4	(192)	(439)
Profit for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		2,254	1,741
Contribution to KFAS		(23)	(17)
NLST and Zakat		(56)	-
Profit for the period		2,175	1,724
Earnings per share (fils)	5	12.03	11.58

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

Condensed consolidated statement of comprehensive income (unaudited)
for the three month period ended 31 March 2018

	Three month period ended 31 March	
	2018	2017
	KD '000	KD '000
Profit for the period	2,175	1,724
Other comprehensive loss:		
Items that will not be reclassified subsequently to statement of income		
Changes in fair value of investments at fair value through other comprehensive income	38	-
Items that may be reclassified subsequently to statement of income		
Changes in fair value of investments available for sale	-	(5)
Foreign currency translation adjustments	(691)	(165)
Other comprehensive loss for the period	(653)	(170)
Total comprehensive income for the period	1,522	1,554

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

Condensed consolidated statement of financial position (unaudited)
as at 31 March 2018

	Notes	31 March 2018 KD '000	31 December 2017 KD '000 (Audited)	31 March 2017 KD '000
ASSETS				
Cash on hand and at banks	6	55,819	41,577	33,045
Trade and other receivables		79,442	64,641	64,409
Inventories		21,258	33,307	10,851
Investments at fair value through statement of income	7	55,718	58,175	55,044
Investments at fair value through other comprehensive income	7	2,408	-	-
Total current assets		214,645	197,700	163,349
Investments available for sale	7	-	27,123	28,527
Investments at fair value through other comprehensive income	7	27,434	-	-
Investment in joint venture	8	4,814	4,706	4,790
Investment in associates	9	30,050	29,210	29,274
Property and equipment	10	34,645	35,469	37,585
Other loans		701	706	713
Total non-current assets		97,644	97,214	100,889
Total assets		312,289	294,914	264,238
LIABILITIES AND EQUITY				
Due to banks		124,813	94,732	105,347
Trade and other payables		75,445	85,315	50,140
Current portion of term loans		1,592	1,603	1,619
Directors' fees payable		-	80	80
Total current liabilities		201,850	181,730	157,186
Non-current portion of term loan		15,114	15,616	16,986
Provision for staff indemnity		1,378	1,161	2,788
Total non-current liabilities		16,492	16,777	19,774
Total liabilities		218,342	198,507	176,960
Equity				
Share capital	11	18,841	18,841	15,225
Share premium		29,665	29,665	22,587
Legal reserve		8,267	8,267	7,613
General reserve		606	606	606
Fair value reserve		25,629	24,854	26,361
Foreign currency translation adjustments		(2,633)	(1,942)	(1,715)
Treasury shares reserve		1,429	1,429	1,429
Treasury shares	12	(2,770)	(2,770)	(2,770)
Retained earnings		14,913	17,457	17,942
Total equity		93,947	96,407	87,278
Total liabilities and equity		312,289	294,914	264,238

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 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 2018

	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 2018	18,841	29,665	8,267	606	24,854	(1,942)	1,429	(2,770)	17,457	96,407
Adjustment on initial application of IFRS 9 (Note 2 (a))	-	-	-	-	737	-	-	-	705	1,442
Adjusted balance at 1 January 2018	18,841	29,665	8,267	606	25,591	(1,942)	1,429	(2,770)	18,162	97,849
Total comprehensive income / (loss) for the period										
Profit for the period	-	-	-	-	-	-	-	-	2,175	2,175
Total other comprehensive income / (loss)	-	-	-	-	38	(691)	-	-	-	(653)
Total comprehensive income / (loss) for the period	-	-	-	-	38	(691)	-	-	2,175	1,522
Transactions with owners, recognised directly in equity										
Dividends for 2017 (Note 17)	-	-	-	-	-	-	-	-	(5,424)	(5,424)
Balance at 31 March 2018	18,841	29,665	8,267	606	25,629	(2,633)	1,429	(2,770)	14,913	93,947

Condensed consolidated statement of changes in equity (unaudited)
for the three month period ended 31 March 2018

	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
Total comprehensive (loss) / income for the period										
Profit for the period	-	-	-	-	-	-	-	-	1,724	1,724
Total other comprehensive loss	-	-	-	-	(5)	(165)	-	-	-	(170)
Total comprehensive (loss) / income for the period	-	-	-	-	(5)	(165)	-	-	1,724	1,554
Balance at 31 March 2017	15,225	22,587	7,613	606	26,361	(1,715)	1,429	(2,770)	17,942	87,278

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

Condensed consolidated statement of cash flows (unaudited)
for the three month period ended 31 March 2018

	Notes	Three month period ended 31 March 2018 KD '000	2017 KD '000
OPERATING ACTIVITIES			
Profit before provisions for contribution to KFAS, NLST and Zakat		2,254	1,741
Adjustments for:			
Depreciation		600	608
Interest expense		1,110	910
Dividend income		(1,330)	-
Unrealised loss / (gain) from investments at fair value through statement of income		672	(1,926)
Share of results from joint venture and associates	8 & 9	(1,177)	(1,410)
Interest income		(187)	(54)
Provision for staff indemnity		223	58
		2,165	(73)
Changes in operating assets and liabilities:			
Trade and other receivables		(14,795)	3,139
Inventories		12,049	18,153
Trade and other payables		(10,118)	3,724
Cash (used in) / generated from operations		(10,699)	24,943
Interest received		180	27
Payment to KFAS		(65)	-
Directors' fees paid		(80)	-
Payment of staff indemnity		(6)	-
Net cash (used in) / generated from operating activities		(10,670)	24,970
INVESTING ACTIVITIES			
Dividends received		1,330	-
Purchase of property and equipment		(2)	(9)
Net cash generated from / (used in) investing activities		1,328	(9)
FINANCING ACTIVITIES			
Due to banks		30,081	(25,886)
Term loans		(513)	(486)
Dividends paid	17	(5,424)	-
Interest paid		(875)	(931)
Net cash generated from / (used in) financing activities		23,269	(27,303)
Effect of foreign currency translation		315	496
Net increase / (decrease) in cash and cash equivalents		14,242	(1,846)
Cash and cash equivalents at beginning of the period		41,577	34,891
Cash and cash equivalents at end of the period	6	55,819	33,045

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

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 shares of the Parent Company were listed on the Kuwait Stock Exchange on 10 December 1995.

The objectives of the Parent Company and its wholly owned 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 2018 was authorized for issue by the Chairman on behalf of the Board of Directors on 8 May 2018.

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 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 2018 are not necessarily indicative of the results that may be expected for the year ending 31 December 2018. For further information, refer to the annual consolidated financial statements and notes thereto for the year ended 31 December 2017.

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 2017,except for the changes described below arising from the adoption of IFRS 9 *"Financial Instruments"* and IFRS 15 *"Revenue from Contracts with Customers"* effective from 1 January 2018.

Changes in accounting policies

Adoption of IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. IFRS 15 requires identification of the performance obligations for the transfer of goods and services in each contract with customers. The Group recognised revenue upon satisfaction of the performance obligations for the amounts that reflect the consideration to which Group expects to be entitled in exchange for those goods and services. Under IFRS 15, revenue from the sale of crude oil, petroleum products and other merchandise is recognised when a customer obtains control of those products, which normally is when title passes at point of delivery, based on the contractual terms of the agreements. Each such sale normally represents a single performance obligation. The Group satisfies its performance obligations at a point in time. The management concluded that IFRS 15 has no impact on the Group's consolidated financial statements.

IFRS 9- Financial Instruments

The Group has adopted IFRS 9 *Financial Instruments* effective from 1 January 2018. IFRS 9 sets out the requirements for recognising and measuring financial assets and financial liabilities, impairment of financial assets and hedge accounting. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.*

The Group has not restated comparative information for 2017 as permitted by the transitional provisions of the standard. Therefore, the information presented for 2017 does not reflect the requirements of IFRS 9 and is not comparable to the information presented for 2018. Differences in the carrying amount of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018 are disclosed below.

The key changes to the Group's accounting policies resulting from the adoption of IFRS 9 are summarised below:

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 retains the existing requirements in IAS 39 for the classification and measurement of financial assets and liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The classification of financial assets and liabilities under IFRS 9 is generally based on the business model in which a financial asset and liability is managed and its contractual cash flow characteristics.

The Group classifies its financial assets upon initial recognition into the following categories:

- Financial assets carried at amortised cost;
- Financial assets carried at fair value through other comprehensive income (FVOCI); and
- Financial assets carried at fair value through profit or loss (FVTPL)

Financial assets carried at amortised cost

A financial asset is carried at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows ; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest rate method. Any gain or loss on de-recognition is recognised in the consolidated statement of income. As a result, the Group determines that financial assets, such as trade and other receivables, cash at banks and other loans, are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at fair value through other comprehensive income (FVOCI)

Upon initial recognition, the Group makes an irrevocable election to classify its equity investments as equity investments at FVOCI if they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognized in other comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognized in other comprehensive income are transferred to retained earnings on de-recognition and are not recognized in the consolidated statement of income. Dividend income on equity investments at FVOCI is recognized in the consolidated statement of income unless its clearly represent a recovery of part of the cost of the investment in which case it is recognized in other comprehensive income. At the date of initial application of IFRS 9, the Group owns investments in unquoted equity securities. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9.

Based on facts and circumstances that existed at the date of initial application, the Group determined that its certain of its investments in equity instruments were not held for trading purposes and were held for strategic purposes. Accordingly, the management elected to designate these investments as equity instruments as FVOCI.

Financial assets carried at fair value through profit or loss (FVTPL)

Financial assets in this category are those assets which have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument at FVTPL that otherwise meet the requirements to be measured at amortised cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. Financial assets with contractual cashflows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL. Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value are recognised in the consolidated statement of income. Dividend income from equity investments measured at FVTPL is recognised in the consolidated statement of income when the right to the payment has been established.

Financial liabilities

For financial liabilities, the Group concluded no impact on accounting for financial liabilities under IFRS 9 as compared to requirements of IAS 39.
The following table illustrates the classification and measurement of financial assets under IFRS 9 and IAS 39:

1 January 2018	**Original measurement and classification under IAS 39**	**New classification and measurement under IFRS 9**
Cash on hand and at banks	Loans and receivables, carried at amortised cost	Financial assets carried at amortised cost
Trade and other receivables	Loans and receivables, carried at amortised cost	Financial assets carried at amortised cost
Managed portfolios	Investments at fair value through statement of income, carried at fair value	Investments at fair value through statement of income, carried at fair value
Securities	Investments at fair value through statement of income, carried at fair value	Investments at fair value through other comprehensive income, carried at fair value
Quoted securities	Investments available for sale, carried at fair value.	Investments at fair value through statement of income, carried at fair value
Unquoted securities	Investments available for sale, carried at cost and fair value	Investments at fair value through other comprehensive income, carried at fair value.

Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the accounting of impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that entity expects to receive on all its financial assets, except for FVOCI, discounted using effective interest rate. The Group has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses. The calculation factors into all credit enhancements such guarantees, historical credit loss experience, forward-looking factors specific to the debtors and the economic environment. The adoption of the ECL requirements of IFRS 9 has not resulted in any significant impact on the Group's consolidated financial statements.

The following table summarise the impact of IFRS 9 on the Group's financial statements, as discussed above, as at 1 January 2018:

	Balances previously reported 31 December 2017 KD'000	Impact of adoption of IFRS 9 1 January 2018 KD'000	Restated balances 1 January 2018 KD'000
Current assets			
Investments at fair value through statement of income	58,175	(1,411)	56,764
Investments at fair value through other comprehensive income	-	2,370	2,370
	58,175	959	59,134
Non-current assets			
Investments available for sale	27,123	(27,123)	-
Investments at fair value through other comprehensive income	-	27,606	27,606
	27,123	483	27,606
Equity			
Fair value reserve	24,854	737	25,591
Retained earnings	17,457	705	18,162
	42,311	1,442	43,753

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 2017, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in note 2(a).

3. Net interest relating to oil marketing operations

	Three month period ended 31 March	
	2018	**2017**
	KD '000	**KD '000**
Interest income	182	49
Interest expense	(1,110)	(910)
	(928)	(861)

4. Net other expenses

	Three month period ended 31 March	
	2018	**2017**
	KD '000	**KD '000**
Net foreign exchange loss	(197)	(444)
Interest income related to project	5	5
	(192)	(439)

5. 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:

	Three month period ended 31 March	
	2018	**2017**
	KD '000	**KD '000**
Profit for the period	2,175	1,724
Weighted average number of issued shares outstanding during the period	188,407,500	156,503,824
Weighted average number of treasury shares outstanding during the period	(7,620,000)	(7,620,000)
Weighted average number of shares outstanding during the period	180,787,500	1s48,883,824
Earnings per share (fils)	12.03	11.58

6. Cash on hand and at banks

	31 March 2018 KD '000	31 December 2017 KD '000 (Audited)	31 March 2017 KD '000
Cash on hand and at banks	36,552	23,816	12,800
Call accounts and time deposits	19,267	17,761	20,245
Cash and cash equivalents	55,819	41,577	33,045

7. Investments

	31 March 2018 KD '000	31 December 2017 KD '000 (Audited)	31 March 2017 KD '000
Investments at fair value through statement of income			
Managed portfolios	55,518	56,542	53,557
Quoted securities	200	-	-
Securities	-	1,633	1,487
	55,718	58,175	55,044

	31 March 2018 KD '000	31 December 2017 KD '000 (Audited)	31 March 2017 KD '000
Investments at fair value through other comprehensive income			
Unquoted securities	27,434	-	-
Securities	2,408	-	-
	29,842	-	-

	31 March 2018 KD '000	31 December 2017 KD '000 (Audited)	31 March 2017 KD '000
Investments available for sale			
Unquoted securities	-	26,901	28,343
Quoted securities	-	222	184
	-	27,123	28,527

Investments at fair value through statement of income with a carrying amount of KD 55.52 million (31 December 2017: KD 56.54 million and 31 March 2017: KD 53.56 million) are pledged as collateral against amounts due to banks.

Unquoted securities includes Group's investment in Vopak Horizon Fujairah Limited (VHFL) and Asia Petroleum Limited (APL) amounted to KD 25.60 million and KD 1.8 million respectively. At the reporting date, the Group determined that carrying value of above unquoted securities approximates to their fair value.

On the date of initial application of IFRS 9, the Group has fair valued its investment in APL, previously carried at cost under IAS 39, and consequently recognised a fair value gain of KD 705 thousand (2017: nil) in opening retained earnings as at 1 January 2018. The fair value was determined based on discounted cash flows using a rate based on the risk free rate of 2.79% (31 December 2017: nil) and the risk premium of 12.6% (31 December 2017: nil) specific to the investment.

Furthermore, on the date of initial application of IFRS 9, the Group reclassified its investment in Weinig International AG (Security) as investments at fair value through other comprehensive income. Under IAS 39, the above said investment was designated as fair value through statement of income. As a result, the Group recognised fair value gain of KD 737 thousand (2017: nil) under fair value reserve on 1 January 2018.

During the period ended 31 March 2018, the Group received a dividend of KD 1.33 Million (31 March 2017: nil) from VHFL.

8. 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:

	Three month period ended 31 March	
	2018	**2017**
	KD '000	**KD '000**
Share of results from Uniterminals Ltd, Lebanon	140	357

9. Investment in associates

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

	Three month period ended 31 March	
	2018 KD '000	2017 KD '000
Horizon Singapore Terminals Private Ltd	356	291
Arab Tank Terminals L.L.C.	(2)	1
Inpetro SARL	57	183
Horizon Djibouti Holdings Ltd.	334	336
Horizon Tangiers Terminals SA.	292	242
	1,037	1,053

10. Property and equipment

Property and equipment at 31 March 2018 includes KD 33.45 million (31 December 2017: KD 34.25 million and 31 March 2017: KD 36.33 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 188,407,500 shares of 100 fils each (31 December 2017: 188,407,500 shares of 100 fils each and 31 March 2017: 152,250,000 shares of 100 fils each).

12. Treasury shares

	31 March 2018	31 December 2017	31 March 2017
Number of shares	7,620,000	7,620,000	7,620,000
Percentage of issued shares	4.0%	4.0%	5.0%
Market value (KD Million)	2.89	3.04	3.12
Cost (KD Million)	2.77	2.77	2.77

The Parent Company has allotted certain amount to the treasury shares balance from the available retained earnings. 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	
	2018	**2017**
	KD '000	**KD '000**
a) Revenues and expenses:		
Sales	11,858	29,172
Storage expense	1,163	1,125
b) Key management compensation		
Salaries and other short-term benefits	224	216
Termination benefits	106	21

c) Due from / to related parties:

	31 March 2018 KD '000	**31 December 2017 KD '000 (Audited)**	**31 March 2017 KD '000**
Due from related parties			
Trade and other receivables	11,858	-	8,599
Other loans	701	706	713
Due to related parties			
Trade and other payables	613	627	699

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:

	Three month period ended 31 March			
	2018		2017	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	161,703	5,137	140,631	2,122
Asia and Far East	-	356	4,040	296
	161,703	5,493	144,671	2,418
Unallocated corporate items		(2,375)		(2,164)

31 March 2018	**Middle East and Africa KD '000**	**Europe KD '000**	**Asia Pacific KD '000**	**Total KD '000**
Segment assets	65,055	-	-	65,055
Unallocated corporate assets	-	-	-	247,234
Total assets	65,055	-	-	312,289
Segment liabilities	9,869	35,527	-	45,396
Unallocated corporate liabilities	-	-	-	172,946
Total liabilities	9,869	35,527	-	218,342
31 December 2017	**KD '000**	**KD '000**	**KD '000**	**KD '000**
Segment assets	64,641	-	-	64,641
Unallocated corporate assets	-	-	-	230,273
Total assets	64,641	-	-	294,914
Segment liabilities	10,460	27,946	17,553	55,959
Unallocated corporate liabilities	-	-	-	142,548
Total liabilities	10,460	27,946	17,553	198,507
31 March 2017	**KD '000**	**KD '000**	**KD '000**	**KD '000**
Segment assets	64,409	-	-	64,409
Unallocated corporate assets	-	-	-	199,829
Total assets	64,409	-	-	264,238
Segment liabilities	2,116	24,224	-	26,340
Unallocated corporate liabilities	-	-	-	150,620
Total liabilities	2,116	24,224	-	176,960

15. Contingent liabilities and commitments

	31 March 2018 KD '000	31 December 2017 KD '000 (Audited)	31 March 2017 KD '000
Letters of guarantee and bid bonds	1,053	1,456	8,443
Letters of credit	66,378	75,738	36,033
	67,431	77,194	44,476
Commitments			
Investments in projects	9,361	9,424	3,212

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).

	Fair value hierarchy			
	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
31 March 2018				
Investments at fair value through other comprehensive income	-	2,408	27,434	29,842
Investments at fair value through statement of income	55,718	-	-	55,718
	55,718	2,408	27,434	85,560
31 December 2017				
Investments available for sale	222	-	26,901	27,123
Investments at fair value through statement of income	56,542	1,633	-	58,175
	56,764	1,633	26,901	85,298
31 March 2017				
Investments available for sale	184	-	28,343	28,527
Investments at fair value through statement of income	53,557	1,487	-	55,044
	53,741	1,487	28,343	83,571

During the period, there were no transfers between the fair value levels.

17. Annual General Assembly

The Shareholders' Annual General Assembly held on 13 February 2018 approved the annual audited consolidated financial statements for the year ended 31 December 2017 and payment of a cash dividend of 30 fils per share for the year ended 31 December 2017.

The Shareholders' Annual General Assembly held on 19 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.