

**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 six month period ended 30 June, 2017
(Unaudited)**



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

for the six month period ended 30 June 2017

Index	Page
Independent auditors' report on review of condensed consolidated interim financial information	1 - 2
Condensed consolidated statement of income (unaudited)	3
Condensed consolidated statement of comprehensive income (unaudited)	4
Condensed consolidated statement of financial position (unaudited)	5
Condensed consolidated statement of changes in equity (unaudited)	6 - 7
Condensed consolidated statement of cash flows (unaudited)	8
Notes to the condensed consolidated interim financial information (unaudited)	9 - 18



KPMG Safi Al-Mutawa & Partners
Al Hamra Tower, 25th Floor
Abdulaziz Al Saqr Street
P.O. Box 24, Safat 13001
State of Kuwait

Telephone : + 965 2228 7000
Fax : + 965 2228 7444



RSM

RSM Albazie & Co.

Arraya Tower 2, Floors 41&42
Abdulaziz Hamad Alsaqar St., Sharq
P.O. Box 2115, Safat 13022 State of Kuwait

T +965 22961000

F +965 22412761

www.rsm.global/kuwait

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 30 June 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 30 June 2017, the condensed consolidated statements of income and comprehensive income for the three month and six month periods then ended, the condensed consolidated statements of changes in equity and cash flows for the six 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 six month period ended 30 June 2017, 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.



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: 27 July 2017



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

Condensed consolidated statement of income (unaudited)
for the three month and six month period ended 30 June 2017

	Notes	Three month period ended 30 June		Six month period ended 30 June	
		2017 KD '000	2016 KD '000	2017 KD '000	2016 KD '000
Sales		127,182	128,403	271,853	266,517
Cost of sales		(124,501)	(125,653)	(267,303)	(261,768)
Gross profit		2,681	2,750	4,550	4,749
Net interest relating to oil marketing operations	3	(832)	(947)	(1,693)	(1,912)
Net results of oil marketing operations		1,849	1,803	2,857	2,837
Share of results of joint venture and associates	7 & 8	1,239	1,298	2,649	2,791
Dividend income	6	-	12	-	1,015
Unrealized gain / (loss) from investments at fair value through statement of income		1,057	260	2,983	(184)
General and administrative expenses		(438)	(354)	(890)	(722)
Staff costs		(1,136)	(1,238)	(2,240)	(2,197)
Depreciation		(607)	(580)	(1,215)	(1,139)
Net other (expense) / income	9	(28)	118	(467)	161
Profit for the period before contribution to KFAS, NLST and Zakat		1,936	1,319	3,677	2,562
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(20)	(14)	(37)	(26)
National Labour Support Tax (NLST) and Zakat		-	-	-	-
Profit for the period		1,916	1,305	3,640	2,536
Earnings per share (fils)	4	12.21	8.77	23.81	17.03

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 and six month period ended 30 June 2017

	Three month period ended 30 June		Six month period ended 30 June	
	2017 KD '000	2016 KD '000	2017 KD '000	2016 KD '000
Profit for the period	1,916	1,305	3,640	2,536
Other comprehensive loss				
<u>Items that may be reclassified subsequently to statement of income</u>				
Changes in fair value of investments available for sale	(4)	(4)	(9)	(4)
Foreign currency translation adjustments	(341)	(4)	(506)	(326)
Other comprehensive loss for the period	(345)	(8)	(515)	(330)
Total comprehensive income for the period	1,571	1,297	3,125	2,206

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 30 June 2017**

	Notes	30 June 2017 KD '000	31 December 2016 KD '000 (Audited)	30 June 2016 KD '000
ASSETS				
Cash on hand and at banks	5	51,209	34,891	24,458
Investments at fair value through statement of income	6	55,790	53,348	50,938
Trade and other receivables		85,148	67,521	72,826
Inventories		13,950	29,004	14,150
Total current assets		<u>206,097</u>	<u>184,764</u>	<u>162,372</u>
Other loans		709	716	1,550
Investments available for sale	6	28,368	28,651	26,631
Investment in joint venture	7	5,016	4,453	4,341
Investment in associates	8	30,089	28,341	27,728
Property and equipment	10	36,795	38,353	38,958
Total non-current assets		<u>100,977</u>	<u>100,514</u>	<u>99,208</u>
Total assets		<u>307,074</u>	<u>285,278</u>	<u>261,580</u>
LIABILITIES AND EQUITY				
Due to banks		137,764	131,233	109,312
Directors' fees payable		-	80	-
Trade and other payables		54,596	46,420	47,238
Current portion of term loan		1,610	1,626	2,777
Total current liabilities		<u>193,970</u>	<u>179,359</u>	<u>159,327</u>
Non-current portion of term loan		16,489	17,465	18,298
Provision for staff indemnity		1,410	2,730	2,493
Total non-current liabilities		<u>17,899</u>	<u>20,195</u>	<u>20,791</u>
Total liabilities		<u>211,869</u>	<u>199,554</u>	<u>180,118</u>
Equity				
Share capital	11	18,841	15,225	15,225
Share premium		29,665	22,587	22,587
Legal reserve		7,613	7,613	7,613
General reserve		606	606	606
Fair value reserve		26,357	26,366	24,510
Foreign currency translation adjustments		(2,056)	(1,550)	(1,484)
Treasury shares reserve		1,429	1,429	1,429
Treasury shares	12	(2,770)	(2,770)	(2,770)
Retained earnings		15,520	16,218	13,746
Total equity		<u>95,205</u>	<u>85,724</u>	<u>81,462</u>
Total liabilities and equity		<u>307,074</u>	<u>285,278</u>	<u>261,580</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 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 six month period ended 30 June 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
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	-	-	3,640	3,640
Profit for the period	-	-	-	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	(9)	(506)	-	-	-	(515)
Total comprehensive (loss) / income for the period	-	-	-	-	(9)	(506)	-	-	3,640	3,125
Transactions with owners, recognised directly in equity										
Increase in share capital (Note 11)	3,616	7,078	-	-	-	-	-	-	-	10,694
Dividends for 2016 (Note 17)	-	-	-	-	-	-	-	-	(4,338)	(4,338)
Balance at 30 June 2017	18,841	29,665	7,613	606	26,357	(2,056)	1,429	(2,770)	15,520	95,205



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

**Condensed consolidated statement of changes in equity (unaudited)
for the six month period ended 30 June 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	-	-	-	-	-	-	-	-	2,536	2,536
Profit for the period	-	-	-	-	(4)	(326)	-	-	-	(330)
Total other comprehensive loss	-	-	-	-	(4)	(326)	-	-	-	(330)
Total comprehensive (loss) / income for the period	-	-	-	-	(4)	(326)	-	-	2,536	(330)
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Dividends for 2015 (Note 17)	-	-	-	-	-	-	-	-	(3,616)	(3,616)
Balance at 30 June 2016	<u>15,225</u>	<u>22,587</u>	<u>7,613</u>	<u>606</u>	<u>24,510</u>	<u>(1,484)</u>	<u>1,429</u>	<u>(2,770)</u>	<u>13,746</u>	<u>81,462</u>

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 cash flows (unaudited)
for the six month period ended 30 June 2017**

	Note	2017 KD '000	2016 KD '000
OPERATING ACTIVITIES			
Profit before provisions for contribution to KFAS, NLST and Zakat		3,677	2,562
<i>Adjustments for:</i>			
Depreciation		1,215	1,139
Interest expense		1,805	2,008
Dividend income		-	(1,015)
Unrealised (gain) / loss from investments at fair value through statement of income		(2,983)	184
Share of results from joint venture and associates		(2,649)	(2,791)
Interest income		(123)	(387)
Provision for staff indemnity		115	318
		<u>1,057</u>	<u>2,018</u>
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivables		(17,616)	(20,665)
Inventories		15,054	11,849
Trade and other payables		8,214	19,857
Cash generated from operations		<u>6,709</u>	<u>13,059</u>
Interest received		112	349
Payment to KFAS		(51)	(39)
Payment of staff indemnity		(1,435)	(6)
Directors' fees paid		(80)	(80)
Net cash generated from operating activities		<u>5,255</u>	<u>13,283</u>
INVESTING ACTIVITIES			
Proceeds of loan to associates		-	1,190
Dividends received		-	3,421
Increase in other loans		-	(821)
Purchase of property and equipment		(27)	(779)
Net cash (used in) / generated from investing activities		<u>(27)</u>	<u>3,011</u>
FINANCING ACTIVITIES			
Proceeds from issue of shares	11	10,694	-
Decrease in due to banks		6,531	(24,789)
Repayment of term loans		(992)	(1,264)
Dividends paid		(4,338)	(3,616)
Interest paid		(1,829)	(2,098)
Net cash generated from / (used in) financing activities		<u>10,066</u>	<u>(31,767)</u>
Effect of foreign currency translation		1,024	804
Net change in cash and cash equivalents		<u>16,318</u>	<u>(14,669)</u>
Cash and cash equivalents at beginning of the period		34,891	38,897
Cash and cash equivalents at end of the period	5	<u>51,209</u>	<u>24,228</u>

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 six month period ended 30 June 2017**

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 six month ended 30 June 2017 was authorized for issue by the Chairman on behalf of the Board of Directors on 27 July 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 six month period ended 30 June 2017**

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 six month period ended 30 June 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

	Three month period ended 30 June		Six month period ended 30 June	
	2017	2016	2017	2016
	KD '000	KD '000	KD '000	KD '000
Interest income	63	36	112	96
Interest expense	(895)	(983)	(1,805)	(2,008)
	<u>(832)</u>	<u>(947)</u>	<u>(1,693)</u>	<u>(1,912)</u>



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

**Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 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:

	Three month period ended 30 June		Six month period ended 30 June	
	2017 KD '000	2016 KD '000	2017 KD '000	2016 KD '000
Profit for the period	<u>1,916</u>	<u>1,305</u>	<u>3,640</u>	<u>2,536</u>
	Shares	Shares	Shares	Shares
Weighted average number of issued shares outstanding during the period	164,567,390	156,503,824	160,557,882	156,503,824
Weighted average number of treasury shares outstanding during the period	<u>(7,620,000)</u>	<u>(7,620,000)</u>	<u>(7,620,000)</u>	<u>(7,620,000)</u>
Weighted average number of shares outstanding during the period	<u>156,947,390</u>	<u>148,883,824</u>	<u>152,937,882</u>	<u>148,883,824</u>
Earnings per share (fils)	<u>12.21</u>	<u>8.77</u>	<u>23.81</u>	<u>17.03</u>

The basic earnings per share for the comparative period presented has been restated to reflect the effect of bonus element resulting from issuance of rights issues on 7 June 2017.

5. Cash on hand and at banks

	30 June 2017 KD '000	31 December 2016 KD '000 (Audited)	30 June 2016 KD '000
Cash on hand and at banks	23,928	9,356	7,912
Call accounts and time deposits	<u>27,281</u>	<u>25,535</u>	<u>16,316</u>
Cash and cash equivalents	51,209	34,891	24,228
Time deposits with maturity exceeding three months	-	-	230
	<u>51,209</u>	<u>34,891</u>	<u>24,458</u>

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

**Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2017**

6. Investments

	30 June 2017 KD '000	31 December 2016 KD '000 (Audited)	30 June 2016 KD '000
Investments at fair value through statement of income:			
Held for trading:			
Managed portfolios	54,222	51,894	49,403
Securities	1,568	1,454	1,535
	<u>55,790</u>	<u>53,348</u>	<u>50,938</u>
Investments available for sale:			
Quoted securities	177	192	182
Unquoted securities	28,191	28,459	26,449
	<u>28,368</u>	<u>28,651</u>	<u>26,631</u>

Investments at fair value through statement of income with a carrying amount of KD 54.22 million (31 December 2016: KD 51.89 million and 30 June 2016: KD 49.4 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 30 June 2016: KD 1.14 million).

During the period ended 30 June 2017, the Group received a dividend of KD Nil (30 June 2016: KD 1 million) 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:

	Three month period ended 30 June		Six month period ended 30 June	
	2017 KD '000	2016 KD '000	2017 KD '000	2016 KD '000
Share of results from Uniterminals Ltd, Lebanon	252	293	609	537
	<u>252</u>	<u>293</u>	<u>609</u>	<u>537</u>



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

Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2017

8. Investment in associates

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

	Three month period ended 30 June		Six month period ended 30 June	
	2017	2016	2017	2016
	KD '000	KD '000	KD '000	KD '000
<i>Share of results from:</i>				
Horizon Singapore Terminals Private Ltd	433	397	724	796
Arab Tank Terminals L.L.C.	14	105	15	252
Inpetro SARL	(155)	(125)	28	63
Horizon Djibouti Holdings Ltd.	385	278	721	521
Horizon Tangiers Terminals SA.	310	350	552	622
	<u>987</u>	<u>1,005</u>	<u>2,040</u>	<u>2,254</u>

9. Net other (expense) / income

	Three month period ended 30 June		Six month period ended 30 June	
	2017	2016	2017	2016
	KD '000	KD '000	KD '000	KD '000
Net foreign exchange loss	(34)	(168)	(478)	(130)
Interest income related to project	6	286	11	291
	<u>(28)</u>	<u>118</u>	<u>(467)</u>	<u>161</u>

10. Property and equipment

Property and equipment at 30 June 2017 include KD 35.55 million (31 December 2016: KD 37.09 million and 30 June 2016: KD 37.38 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 amounting to KD 18,840,750 (31 December 2016: 152,250,000 shares of 100 fils each amounting to KD 15,225,000 and 30 June 2016: 152,250,000 shares of 100 fils each amounting to KD 15,225,000).

On 6 March 2017, the Board of Directors of the Parent Company approved the plan to float 36,157,500 new shares of 100 fils each at a premium of 200 fils per share through rights issue to the shareholders who are registered with the Parent Company's shareholder register as on 17 May 2017. The proposed plan was approved by the Capital Market Authority ("the CMA") on 29 March 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 six month period ended 30 June 2017**

Subsequent to the approval of CMA, the shareholders approved the above said plan in its extraordinary general assembly meeting dated 19 April 2017. The rights issue of 36,157,500 shares was completed in full on 7 June 2017 and the net proceeds from issuance of new shares amounts to KD 10,694,165. The Parent Company charged the underwriting expenses of KD 153,085 against the share premium in the condensed consolidated statement of changes in equity.

12. Treasury shares

	30 June 2017	31 December 2016 (Audited)	30 June 2016
Number of shares	7,620,000	7,620,000	7,620,000
Percentage of issued shares	4%	5%	5%
Market value (KD Million)	2.74	2.78	2.55
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 30 June 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 30 June		Six month period ended 30 June	
	2017 KD '000	2016 KD '000	2017 KD '000	2016 KD '000
a) Revenues and expenses:				
Sales	18,019	11,998	47,191	35,642
Storage expense	1,195	996	2,320	2,315
b) Key management compensation				
Salaries and other short-term benefits	221	198	437	360
Termination benefits	21	64	42	79



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

**Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2017**

c) Due from / to related parties:

	30 June 2017 KD '000	31 December 2016 KD '000 (Audited)	30 June 2016 KD '000
<i>Due from related parties</i>			
Trade and other receivables	3,852	8,060	4,708
Other loans	709	716	1,550
<i>Due to related parties</i>			
Trade and other payables	695	673	848

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 30 June			
	2017		2016	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	112,625	2,641	121,721	2,690
Europe	-	-	-	-
Asia and Far East	14,557	447	6,682	423
	<u>127,182</u>	<u>3,088</u>	<u>128,403</u>	<u>3,113</u>
Unallocated corporate items		<u>(2,181)</u>		<u>(2,172)</u>



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

**Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2017**

	Six month period ended 30 June			
	2017		2016	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	253,256	4,763	242,755	5,747
Europe	-	-	2,434	16
Asia and Far East	18,597	743	21,328	880
	<u>271,853</u>	<u>5,506</u>	<u>266,517</u>	<u>6,643</u>
Unallocated corporate items		<u>(4,345)</u>		<u>(4,058)</u>
	Middle East and Africa KD '000	Europe KD '000	Asia Pacific KD '000	Total KD '000
30 June 2017				
Segment assets	62,183	-	8,797	70,980
Unallocated corporate assets	-	-	-	236,094
Total assets	<u>62,183</u>	<u>-</u>	<u>8,797</u>	<u>307,074</u>
Segment liabilities	17,406	3,909	8,978	30,293
Unallocated corporate liabilities	-	-	-	181,576
Total liabilities	<u>17,406</u>	<u>3,909</u>	<u>8,978</u>	<u>211,869</u>
	Middle East and Africa KD '000	Europe KD '000	Asia Pacific KD '000	Total KD '000
31 December 2016 (Audited)				
Segment assets	67,521	-	-	67,521
Unallocated corporate assets	-	-	-	217,777
Total assets	<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
Total liabilities	<u>6,670</u>	<u>16,533</u>	<u>201</u>	<u>199,554</u>



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

**Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2017**

30 June 2016	Middle East and Africa KD '000	Europe KD '000	Asia Pacific KD '000	Total KD '000
Segment assets	72,826	-	-	72,826
Unallocated corporate assets	-	-	-	188,754
Total assets	72,826	-	-	261,580
Segment liabilities	23,732	-	7,055	30,787
Unallocated corporate liabilities	-	-	-	149,331
Total liabilities	23,732	-	7,055	180,118

15. Contingent liabilities and commitments

Contingent liabilities

	30 June 2017 KD '000	31 December 2016 KD '000 (Audited)	30 June 2016 KD '000
Letters of guarantee and bid bonds	6,589	7,674	1,428
Letters of credit	50,953	21,859	45,633
	57,542	29,533	47,061
Commitments			
Investments in projects	2,654	4,084	3,211

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 54.22 million (31 December 2016: KD 51.89 million and 30 June 2016: KD 49.4 million) and quoted securities under available-for-sale investments amounting to KD 177 thousands (31 December 2016: KD 192 thousands and 30 June 2016: KD 182 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.



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

Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2017

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 30 June 2017, there were no transfers between different levels of fair value measurement.

17. Annual general assembly

The Shareholders' Annual General Assembly held on 19th 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.