

**Independent Petroleum Group Company S.A.K. (Closed)
and subsidiaries
State of Kuwait**



**Condensed consolidated interim financial information and independent auditors' review report
for the nine month period ended 30 September 2013
(Unaudited)**



For the nine month period ended 30 September 2013

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 - 17



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

**The Board of Directors of
Independent Petroleum Group Company S.A.K. (Closed)
State of Kuwait**

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Independent Petroleum Group Company S.A.K. (Closed) ("the Parent Company") and its subsidiaries (together the "Group") as at 30 September 2013, and the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard, 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

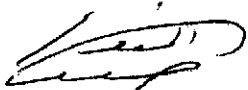
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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

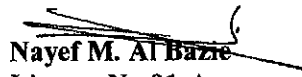
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

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 nine month period ended 30 September 2013, of the Companies Law No. 25 of 2012, as amended, or of the Parent Company's Memorandum of incorporation and Articles of Association, that might have had a material effect on the Group's activities or on its consolidated financial position.



Safi A. Al-Mutawa
License No. 138 - A
of KPMG Safi Al-Mutawa & Partners
Member firm of KPMG International



Nayef M. Al Bazie
License No 91-A
RSM Albazie & Co.

Kuwait: 30 October 2013

**Condensed consolidated statement of income (unaudited)
for the nine month period ended 30 September 2013**

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2013 KD '000	2012 KD '000	2013 KD '000	2012 KD '000
Sales		313,614	345,894	1,020,217	870,194
Cost of sales		(312,065)	(343,488)	(1,013,125)	(863,924)
Gross profit		<u>1,549</u>	<u>2,406</u>	<u>7,092</u>	<u>6,270</u>
Net interest relating to oil marketing operations	3	(1,197)	(1,543)	(3,570)	(102)
Net results of oil marketing operations		<u>352</u>	<u>863</u>	<u>3,522</u>	<u>6,168</u>
Share of results of joint venture and associates	7 & 8	1,203	1,302	3,761	2,700
General and administrative expenses		(415)	(611)	(1,173)	(1,759)
Staff costs		(753)	(892)	(2,854)	(2,827)
Depreciation		(385)	(376)	(1,123)	(1,303)
Operating profit		<u>2</u>	<u>286</u>	<u>2,133</u>	<u>2,979</u>
Dividend income		104	-	879	155
Gain on investments at fair value through statement of income		1,764	1,583	1,853	2,364
Net other expense		(400)	(409)	(471)	(375)
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		<u>1,470</u>	<u>1,460</u>	<u>4,394</u>	<u>5,123</u>
Contribution to KFAS		(14)	(13)	(40)	(46)
NLST and Zakat		-	-	-	-
Profit for the period		<u>1,456</u>	<u>1,447</u>	<u>4,354</u>	<u>5,077</u>
Earnings per share (fils)	4	<u>10.07</u>	<u>10.00</u>	<u>30.10</u>	<u>35.10</u>

The accompanying notes set out on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.



Condensed consolidated statement of comprehensive income (unaudited)
for the nine month period ended 30 September 2013

	Three months ended 30 September		Nine months ended 30 September	
	2013 KD '000	2012 KD '000	2013 KD '000	2012 KD '000
Profit for the period	1,456	1,447	4,354	5,077
Other comprehensive income:				
<u>Items that may be reclassified subsequently to statement of income</u>				
Changes in fair value of investments available for sale	26	-	51	2
Foreign currency translation adjustments	(1,250)	352	338	336
Movement in share of associates' hedging reserve	2	-	56	41
Other comprehensive (loss) / income for the period	<u>(1,222)</u>	<u>352</u>	<u>445</u>	<u>379</u>
Total comprehensive income for the period	<u>234</u>	<u>1,799</u>	<u>4,799</u>	<u>5,456</u>

The accompanying notes set out on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.



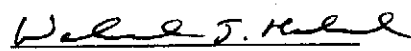
Condensed consolidated statement of financial position (unaudited)
as at 30 September 2013

	Notes	30 September 2013 KD '000	31 December 2012 KD '000 (Audited)	30 September 2012 KD '000
ASSETS				
Current assets				
Cash on hand and at banks	5	36,609	32,456	65,973
Investments at fair value through statement of income	6	44,715	42,627	42,385
Trade and other receivables		193,877	160,526	184,995
Inventories		25,864	66,089	26,761
Total current assets		301,065	301,698	320,114
Non-current assets				
Other loans		1,427	2,149	3,012
Investments available for sale	6	26,435	26,769	24,551
Investment in joint venture	7	3,795	4,068	3,853
Investment in associates	8	22,239	21,155	20,292
Property and equipment	9	18,705	19,387	19,461
Total non-current assets		72,601	73,528	71,169
Total assets		373,666	375,226	391,283
LIABILITIES AND EQUITY				
Current liabilities				
Due to banks		203,789	202,921	226,273
Directors' fees payable		-	100	-
Trade and other payables		79,379	81,201	77,623
Current portion of term loan		1,024	1,018	1,019
Total current liabilities		284,192	285,240	304,915
Non-current liabilities				
Non-current portion of term loan		7,437	8,413	8,425
Provision for staff indemnity		1,805	1,801	1,766
Total non-current liabilities		9,242	10,214	10,191
Total liabilities		293,434	295,454	315,106
Equity				
Share capital	10	15,225	15,225	15,225
Share premium		22,587	22,587	22,587
Legal reserve		7,152	7,152	6,553
General reserve		606	606	606
Fair value reserve		23,890	23,839	21,593
Foreign currency translation adjustments		(1,779)	(2,117)	(2,676)
Share of associates' hedging reserve		(135)	(191)	(222)
Treasury shares reserve		1,429	1,429	1,429
Treasury shares	11	(2,770)	(2,770)	(2,770)
Retained earnings		14,027	14,012	13,852
Total equity		80,232	79,772	76,177
Total liabilities and equity		373,666	375,226	391,283

The accompanying notes set out on pages 9 to 17 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
Executive Managing Director

Independent Petroleum Group Company S.A.K. (Closed)
and subsidiaries
State of Kuwait



Condensed consolidated statement of changes in equity (unaudited)
for the nine month period ended 30 September 2013

	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	Share of associates' hedging reserve KD '000	Treasury shares reserve KD '000	Treasury shares KD '000	Retained earnings KD '000	Total KD '000
Balance at 1 January 2013	15,225	22,587	7,152	606	23,839	(2,117)	(191)	1,429	(2,770)	14,012	79,772
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	4,354	4,354
Profit for the period	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	51	338	56	-	-	-	445
Total comprehensive income for the period	-	-	-	-	51	338	56	-	-	4,354	4,799
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-
Dividends for 2012 (note 16)	-	-	-	-	-	-	-	-	-	(4,339)	(4,339)
Balance at 30 September 2013	15,225	22,587	7,152	606	23,890	(1,779)	(135)	1,429	(2,770)	14,027	80,232

**Independent Petroleum Group Company S.A.K. (Closed)
and subsidiaries
State of Kuwait**



**Condensed consolidated statement of changes in equity (unaudited)
for the nine month period ended 30 September 2013**

	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	Share of associates' hedging reserve KD '000	Treasury shares reserve KD '000	Treasury shares KD '000	Retained earnings KD '000	Total KD '000
Balance at 1 January 2012	15,225	22,587	6,553	606	21,591	(3,012)	(263)	1,429	(2,770)	8,775	70,721
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	5,077	5,077
Profit for the period	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	2	336	41	-	-	-	379
Total comprehensive income for the period	-	-	-	-	2	336	41	-	-	5,077	5,456
Balance at 30 September 2012	15,225	22,587	6,553	606	21,593	(2,676)	(222)	1,429	(2,770)	13,852	76,177

The accompanying notes set out on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of cash flows (unaudited)
for the nine month period ended 30 September 2013

	Note	Nine months ended 30 September	
		2013 KD '000	2012 KD '000
OPERATING ACTIVITIES			
Profit before provisions for contribution to KFAS, NLST and Zakat		4,394	5,123
<i>Adjustments for:</i>			
Depreciation		1,123	1,303
Interest expense		3,593	4,218
Dividend income		(879)	(155)
Gain on investments at fair value through statement of income		(1,853)	(2,364)
Share of results from joint venture and associates		(3,761)	(2,700)
Interest income		(70)	(4,202)
Provision for staff indemnity		327	153
		<u>2,874</u>	<u>1,376</u>
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivables		(33,390)	21,485
Inventories		40,225	52,582
Trade and other payables		(997)	(67,896)
Cash generated from operations		<u>8,712</u>	<u>7,547</u>
Interest received		109	4,448
Payment to KFAS		(54)	-
Directors' fees paid		(100)	-
Payment of staff indemnity		(323)	(407)
Net cash generated from operating activities		<u>8,344</u>	<u>11,588</u>
INVESTING ACTIVITIES			
Investments available for sale		536	-
Investment in associates		-	(2,076)
Dividends received		3,785	2,662
Time deposits		432	(446)
Other loans		-	182
Proceeds from sale of property and equipment		-	1,038
Purchase of property and equipment		(9)	(23)
Net cash generated from investing activities		<u>4,744</u>	<u>1,337</u>
FINANCING ACTIVITIES			
Due to banks		868	30,264
Term loans		(970)	(652)
Dividends paid		(4,339)	-
Interest paid		(3,682)	(3,682)
Net cash (used in) / generated from financing activities		<u>(8,123)</u>	<u>25,930</u>
Effect of foreign currency translation		(380)	(467)
Net increase in cash and cash equivalents		<u>4,585</u>	<u>38,388</u>
Cash and cash equivalents at beginning of the period		<u>31,314</u>	<u>26,374</u>
Cash and cash equivalents at end of the period	5	<u>35,899</u>	<u>64,762</u>

The accompanying notes set out on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.



**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2013**

1. Incorporation and activities

Independent Petroleum Group Company S.A.K. (Closed) ("the Parent Company") was incorporated on 11 September 1976 as a Closed Kuwaiti Shareholding Company. The Parent Company was listed on the Kuwait Stock Exchange on 10 December 1995.

The main activities of the Parent Company and its subsidiaries (together referred to as "the Group") are the trading of crude oil and petroleum products, strategic investments and joint ventures in petroleum storage facilities, terminal and distribution facilities and other activities related to the petroleum industry and consulting services in the petroleum and petrochemicals fields, ownership of vessels, ship-chartering and other ancillary services.

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

The Companies Law issued on 26 November 2012 by Decree Law No. 25 of 2012 (the "Companies Law"), cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the Decree). The Executive Regulation of the new amended law was issued on 29 September 2013 and was published in the official Gazette on 6 October 2013. As per article three of the executive regulation, the companies have one year till 5 October 2014, from the date of publishing the executive regulation to comply with the new amended law.

This condensed consolidated interim financial information for the nine month period ended 30 September 2013 was authorized for issue by the Chairman on behalf of the Board of Directors on 30 October 2013.

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 2012, except for the implementation of the following standards which are effective 1 January 2013:

IAS 1 Presentation of items of other comprehensive income

The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories

- i. Items that will not be reclassified, subsequently to consolidated statement of income.
- ii. Items that may be reclassified to consolidated statement of income when specific conditions are met.

**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2013**

IAS 28 Investments in Associates and Joint Ventures.

As a consequence of the new IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates has been renamed to IAS 28 Investments in Associates and Joint Ventures which describes the application of the equity method to investments in joint ventures in addition to associates.

IFRS 7 Financial Instruments Disclosures

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

IFRS 10 Consolidated Financial Statements

The new Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. It introduces a single consolidation model that identifies control as the basis for consolidation for all types of entities, where control is based on whether an investor has power over the investee, exposure/rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns.

IFRS 11 Joint Arrangements

The Group shall determine the type of joint arrangement in which it is involved. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. Joint operators shall account for their share of assets, liabilities, revenue and expenses.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers. The Group shall apply equity method of accounting in accordance with IAS 28 - Investment in Associates and Joint Ventures (2011), unlike IAS 31, the use of 'proportionate consolidation' is not permitted.

IFRS 12 Disclosure of Interests in other entities

The new Standard combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.



Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2013

IFRS 13 Fair Value Measurement

This IFRS

- i. defines fair value
- ii. sets out in a single IFRS a framework for measuring fair value and
- iii. requires disclosures about fair value measurements.

IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value. The Group has included new disclosures (note 15) in the condensed consolidated interim financial information which are required under IFRS 13.

The condensed consolidated interim financial information do not include all of the information and footnotes required for complete 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. Operating results for the nine month period ended 30 September 2013 are not necessarily indicative of the results that may be expected for the year ending 31 December 2013. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2012.

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 audited consolidated financial statements for the year ended 31 December 2012.

3. Net interest relating to oil marketing operations

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	KD '000	KD '000	KD '000	KD '000
Interest income	6	46	23	4,116
Interest expense	(1,203)	(1,589)	(3,593)	(4,218)
	<u>(1,197)</u>	<u>(1,543)</u>	<u>(3,570)</u>	<u>(102)</u>



**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2013**

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 months ended 30 September		Nine months ended 30 September	
	2013 KD '000	2012 KD '000	2013 KD '000	2012 KD '000
Profit for the period	<u>1,456</u>	<u>1,447</u>	<u>4,354</u>	<u>5,077</u>
	Shares	Shares	Shares	Shares
Weighted average number of issued shares outstanding during the period	152,250	152,250	152,250	152,250
Weighted average number of treasury shares outstanding during the period	<u>(7,620)</u>	<u>(7,620)</u>	<u>(7,620)</u>	<u>(7,620)</u>
Weighted average number of shares outstanding during the period	<u>144,630</u>	<u>144,630</u>	<u>144,630</u>	<u>144,630</u>
Earnings per share (fils)	<u>10.07</u>	<u>10.00</u>	<u>30.10</u>	<u>35.10</u>

5. Cash on hand and at banks

	30 September 2013 KD '000	31 December 2012 KD '000 (Audited)	30 September 2012 KD '000
Cash on hand and at banks	11,071	2,975	27,673
Call accounts and time deposits	<u>24,828</u>	<u>28,339</u>	<u>37,089</u>
Cash and cash equivalents	35,899	31,314	64,762
Time deposits with maturity exceeding three months	<u>710</u>	<u>1,142</u>	<u>1,211</u>
	<u>36,609</u>	<u>32,456</u>	<u>65,973</u>



Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2013

6. Investments

	30 September 2013 KD '000	31 December 2012 KD '000 (Audited)	30 September 2012 KD '000
Investments at fair value through statement of income:			
Held for trading:			
Managed portfolios	43,444	41,391	41,189
Securities	1,271	1,236	1,196
	44,715	42,627	42,385
Investments available for sale:			
Quoted securities	214	162	173
Unquoted securities	26,221	26,607	24,378
	26,435	26,769	24,551

Investments at fair value through statement of income with a carrying amount of KD 43,444 thousands (31 December 2012: KD 41,391 thousands and 30 September 2012: KD 41,189 thousands) are pledged as collateral against amounts due to banks.

The unquoted securities also include an investment of 12.5% in Asia Petroleum Ltd. carried at cost of KD 1,137 thousands (31 December 2012: KD 1,137 thousands and 30 September 2012: KD 1,137 thousands).

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 months ended 30 September		Nine months ended 30 September	
	2013 KD '000	2012 KD '000	2013 KD '000	2012 KD '000
Share of results from Uniterminals Ltd, Lebanon	178	396	671	896
	178	396	671	896

The Group's share in the net assets and results of joint venture included in the condensed consolidated interim financial information was based on their respective management accounts for the nine month period ended 30 September 2013 (2012: Nine month period ended 30 September 2012).



**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2013**

8. Investment in associates

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	KD '000	KD '000	KD '000	KD '000
<i>Share of results from:</i>				
Horizon Singapore Terminals Private Ltd Arab Tank Terminals L.L.C.	524	458	1,559	1,350
Inpetro SARL	86	69	187	24
Horizon Djibouti Holdings Ltd.	236	221	537	666
Horizon Tangiers Terminals SA.	71	62	491	(557)
	<u>1,025</u>	<u>906</u>	<u>3,090</u>	<u>1,804</u>

The Group's share in the net assets and results of associate companies included in the condensed consolidated interim financial information was based on their respective management accounts for the nine month period ended 30 September 2013. (2012: Nine month period ended 30 September 2012).

9. Property and equipment

Property and equipment at 30 September 2013 include KD 17,263 thousands (31 December 2012: KD 17,797 thousands and 30 September 2012: KD 17,435 thousands) 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.

10. Share capital

The authorised, issued and fully paid share capital consists of 152,250,000 shares of 100 fils each (31 December 2012: 152,250,000 shares of 100 fils each and 30 September 2012: 152,250,000 shares of 100 fils each).

11. Treasury shares

	30 September	31 December	30 September
	2013	2012	2012
		(Audited)	
Number of shares	7,620,000	7,620,000	7,620,000
Percentage of issued shares	5%	5%	5%
Market value (KD '000)	2,743	2,591	2,553
Cost (KD '000)	2,770	2,770	2,770

Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2013

12. 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 months ended 30 September		Nine months ended 30 September	
	2013 KD '000	2012 KD '000	2013 KD '000	2012 KD '000
a) Revenues and expenses:				
Sales	59,301	83,659	216,994	188,865
Storage expense	1,474	1,222	3,991	3,582
b) Key management compensation				
Salaries and other short-term benefits	159	196	518	586
Termination benefits	15	20	88	60
c) Due from / to related parties:				
		30 September 2013 KD '000	31 December 2012 KD '000 (Audited)	30 September 2012 KD '000
<i>Due from related parties</i>				
Trade and other receivables		24,558	19,022	14,911
Other loans		1,427	2,149	3,012
<i>Due to related parties</i>				
Trade and other payables		578	2,032	1,993

13. 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:



Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2013

	Three months ended 30 September			
	2013		2012	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	303,517	1,023	304,771	1,365
Europe and South America	-	-	-	-
Asia and Far East	10,097	532	41,123	466
	<u>313,614</u>	<u>1,555</u>	<u>345,894</u>	<u>1,831</u>
Unallocated corporate items		(1,553)		(1,545)
Operating profit		<u>2</u>		<u>286</u>

	Nine months ended 30 September			
	2013		2012	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	1,010,120	5,716	775,968	6,329
Europe and South America	-	-	17,006	(54)
Asia and Far East	10,097	1,567	77,220	1,419
	<u>1,020,217</u>	<u>7,283</u>	<u>870,194</u>	<u>7,694</u>
Unallocated corporate items		(5,150)		(4,715)
Operating profit		<u>2,133</u>		<u>2,979</u>

14. Contingent liabilities and commitments

Contingent liabilities

	30 September 2013 KD '000	31 December 2012 KD '000 (Audited)	30 September 2012 KD '000
Letters of guarantee and bid bonds	737	1,859	3,578
Letters of credit	68,055	89,118	83,668
	<u>68,792</u>	<u>90,977</u>	<u>87,246</u>
Commitments			
Investments in projects	<u>14,000</u>	<u>14,000</u>	<u>5,753</u>



**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2013**

15. Fair value estimation

Amended IFRS 7 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 43,444 thousands (31 December 2012: KD 41,391 thousands and 30 September 2012: KD 41,189 thousands) and quoted securities under available-for-sale investments amounting to KD 214 thousands (31 December 2012: KD 162 thousands and 30 September 2012: KD 173 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 30 September 2013, there were no transfers between different levels of fair value measurement.

16. Annual general assembly

The Shareholders' Annual General Assembly held on 24 March 2013 approved the annual audited consolidated financial statements for the year ended 31 December 2012 and payment of a cash dividend of 30 fils per share for the year ended 31 December 2012.

The Shareholders' Annual General Assembly held on 21 March 2012 approved the annual audited consolidated financial statements for the year ended 31 December 2011. No dividends were declared for the year ended 31 December 2011.