

**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 nine month period ended 30 September, 2016
(Unaudited)**



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

for the nine month period ended 30 September 2016

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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 30 September 2016 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 September 2016, the condensed consolidated statements of income and comprehensive income for the three and nine month periods then ended, the condensed consolidated statements of changes in equity and cash flows for the nine month period then ended, and notes to the condensed consolidated interim financial information.

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

Scope of review

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

Conclusion

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



Report on Other legal and Regulatory Requirements

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the accounting records. We further report that nothing has come to our attention indicating any contravention during the nine month period ended 30 September 2016, of the Companies Law No. 1 of 2016 and the 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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License No. 138 - A
of KPMG Safi Al-Mutawa & Partners
Member firm of KPMG International

Nayef M. Al Bazie
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Kuwait: 3 November, 2016



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

Condensed consolidated statement of income (unaudited)
for the three and nine month periods ended 30 September 2016

	Note	Three month period ended 30 September		Nine month period ended 30 September	
		2016 KD '000	2015 KD '000	2016 KD '000	2015 KD '000
Sales		133,465	142,667	399,982	447,127
Cost of sales		(131,804)	(140,219)	(393,572)	(443,539)
Gross profit		1,661	2,448	6,410	3,588
Net interest relating to oil marketing operations	3	(898)	(692)	(2,810)	(2,062)
Net results of oil marketing operations		763	1,756	3,600	1,526
Share of results of joint venture and associates	7 & 8	1,403	1,767	4,194	4,399
Dividend income	6	-	5	1,015	1,228
General and administrative expenses		(377)	(269)	(1,099)	(1,083)
Staff costs		(1,175)	(782)	(3,372)	(2,636)
Depreciation		(609)	(342)	(1,748)	(1,097)
Operating profit		5	2,135	2,590	2,337
Unrealized gain / (loss) from investments at fair value through statement of income		1,567	(2,333)	1,383	(1,768)
Net other income	9	(127)	347	34	1,046
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		1,445	149	4,007	1,615
Contribution to KFAS		(14)	(1)	(40)	(16)
NLST and Zakat		-	-	-	-
Profit for the period		1,431	148	3,967	1,599
Earnings per share (fils)	4	9.89	1.02	27.43	11.06

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 and nine month periods ended 30 September 2016

	Three month period ended 30 September		Nine month period ended 30 September	
	2016 KD '000	2015 KD '000	2016 KD '000	2015 KD '000
Profit for the period	1,431	148	3,967	1,599
Other comprehensive (loss) / income				
<u>Items that may be reclassified subsequently to statement of income</u>				
Changes in fair value of investments available for sale	-	(32)	(4)	(54)
Foreign currency translation adjustments	(93)	101	(419)	1,656
Movement in share of associates' hedging reserve	-	-	-	(1)
Other comprehensive (loss) / income for the period	(93)	69	(423)	1,601
Total comprehensive income for the period	1,338	217	3,544	3,200

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



**Independent Petroleum Group Company K.S.C.P.
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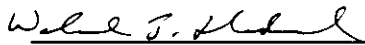
**Condensed consolidated statement of financial position (unaudited)
as at 30 September 2016**

		30 September 2016	31 December 2015	30 September 2015
	Note	KD '000	KD '000 (Audited)	KD '000
ASSETS				
Cash on hand and at banks	5	31,643	39,127	39,208
Investments at fair value through statement of income	6	52,435	51,427	49,393
Trade and other receivables		69,717	52,123	70,412
Inventories		9,566	25,999	20,177
Total current assets		<u>163,361</u>	<u>168,676</u>	<u>179,190</u>
Other loans	13	723	729	1,120
Investments available for sale	6	26,597	26,790	22,449
Investment in joint venture	7	4,291	4,070	4,003
Investment in associates	8	27,722	29,244	29,597
Property and equipment	10	38,352	39,548	26,267
Total non-current assets		<u>97,685</u>	<u>100,381</u>	<u>83,436</u>
Total assets		<u>261,046</u>	<u>269,057</u>	<u>262,626</u>
LIABILITIES AND EQUITY				
Due to banks		115,842	134,101	145,419
Directors' fees payable		-	80	-
Trade and other payables		39,571	27,484	30,812
Current portion of term loan		2,561	3,095	1,094
Total current liabilities		<u>157,974</u>	<u>164,760</u>	<u>177,325</u>
Non-current portion of term loan		17,596	19,244	5,759
Provision for staff indemnity		2,676	2,181	2,153
Total non-current liabilities		<u>20,272</u>	<u>21,425</u>	<u>7,912</u>
Total liabilities		<u>178,246</u>	<u>186,185</u>	<u>185,237</u>
Equity				
Share capital	11	15,225	15,225	15,225
Share premium		22,587	22,587	22,587
Legal reserve		7,613	7,613	7,613
General reserve		606	606	606
Fair value reserve		24,510	24,514	19,530
Foreign currency translation adjustments		(1,577)	(1,158)	565
Share of associates' hedging reserve		-	-	(31)
Treasury shares reserve		1,429	1,429	1,429
Treasury shares	12	(2,770)	(2,770)	(2,770)
Retained earnings		15,177	14,826	12,635
Total equity		<u>82,800</u>	<u>82,872</u>	<u>77,389</u>
Total liabilities and equity		<u>261,046</u>	<u>269,057</u>	<u>262,626</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.
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**Condensed consolidated statement of changes in equity (unaudited)
for the nine month period ended 30 September 2016**

	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 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	-	-	-	-	-	-	-	-	-	3,967	3,967
Profit for the period	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	(4)	(419)	-	-	-	-	(423)
Total comprehensive (loss) / income for the period	-	-	-	-	(4)	(419)	-	-	-	3,967	3,544
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-	(3,616)	(3,616)
Dividends for 2015 (note 17)	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2016	<u>15,225</u>	<u>22,587</u>	<u>7,613</u>	<u>606</u>	<u>24,510</u>	<u>(1,577)</u>	<u>-</u>	<u>1,429</u>	<u>(2,770)</u>	<u>15,177</u>	<u>82,800</u>



**Independent Petroleum Group Company K.S.C.P.
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**Condensed consolidated statement of changes in equity (unaudited)
for the nine month period ended 30 September 2016**

	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 2015	15,225	22,587	7,613	606	19,584	(1,091)	(30)	1,429	(2,770)	14,652	77,805
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	-	-	-	1,599	1,599
Profit for the period	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive (loss) / income	-	-	-	-	(54)	1,656	(1)	-	-	-	1,601
Total comprehensive (loss) / income for the period	-	-	-	-	(54)	1,656	(1)	-	-	1,599	3,200
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-
Dividends for 2014 (note 17)	-	-	-	-	-	-	-	-	-	(3,616)	(3,616)
Balance at 30 September 2015	15,225	22,587	7,613	606	19,530	565	(31)	1,429	(2,770)	12,635	77,389

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



**Independent Petroleum Group Company K.S.C.P.
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**Condensed consolidated statement of cash flows (unaudited)
for the nine month period ended 30 September 2016**

	Note	Nine month period ended 30 September	
		2016 KD '000	2015 KD '000
OPERATING ACTIVITIES			
Profit before provisions for contribution to KFAS, NLST and Zakat		4,007	1,615
<i>Adjustments for:</i>			
Depreciation		1,748	1,097
Interest expense	3	2,940	2,139
Dividend income		(1,015)	(1,228)
Unrealised gain / (loss) from investments at fair value through statement of income		(1,383)	1,768
Share of results from joint venture and associates	7 & 8	(4,194)	(4,399)
Interest income		(427)	(92)
Provision for staff indemnity		506	172
		<u>2,182</u>	<u>1,072</u>
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivables		(17,577)	42,062
Inventories		16,433	4,078
Trade and other payables		12,085	(28,395)
Cash generated from operations		<u>13,123</u>	<u>18,817</u>
Interest received		410	58
Payment to KFAS		(39)	(38)
Payment of staff indemnity		(11)	(3)
Directors' fees paid		(80)	(80)
Net cash generated from operating activities		<u>13,403</u>	<u>18,754</u>
INVESTING ACTIVITIES			
Proceeds of loan to associates		1,190	-
Dividends received		5,072	3,718
Decrease in other loans		6	-
Purchase of property and equipment		(830)	(4,716)
Net cash generated from / (used in) investing activities		<u>5,438</u>	<u>(998)</u>
FINANCING ACTIVITIES			
Decrease in due to banks		(18,259)	(1,591)
Repayment of term loans		(2,182)	(583)
Dividends paid		(3,616)	(3,616)
Interest paid		(2,939)	(2,018)
Net cash used in financing activities		<u>(26,996)</u>	<u>(7,808)</u>
Effect of foreign currency translation		673	(2,299)
Net (decrease) / increase in cash and cash equivalents		<u>(7,482)</u>	<u>7,649</u>
Cash and cash equivalents at beginning of the period		38,897	31,331
Cash and cash equivalents at end of the period	5	<u>31,415</u>	<u>38,980</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 nine month period ended 30 September 2016**

1. Incorporation and activities

Independent Petroleum Group Company K.S.C.P. ("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 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.

This condensed consolidated interim financial information for the nine month period ended 30 September 2016 was authorized for issue by the Chairman on behalf of the Board of Directors on 3 November 2016



**Independent Petroleum Group Company K.S.C.P.
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**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2016**

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 2015, except for the implementation of the following amendments to standards which are effective from 1 January 2016.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments are not expected to have any impact on the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a conflict between the requirements of IAS 28 'Investments in Associates and Joint Ventures' and IFRS 10 'Consolidated Financial Statements' and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendments were initially effective for annual periods beginning on or after 1 January 2016, however in December 2015, the effective date for this amendment has been deferred indefinitely. Earlier application of the amendment is permitted.



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**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2016**

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify;

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are not expected to have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are not expected to have any impact on the Group.

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 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2015.

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.



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**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2016**

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 2015.

3. Net interest relating to oil marketing operations

	Three month period ended 30 September		Nine month period ended 30 September	
	2016 KD '000	2015 KD '000	2016 KD '000	2015 KD '000
Interest income	34	17	130	77
Interest expense	(932)	(709)	(2,940)	(2,139)
	<u>(898)</u>	<u>(692)</u>	<u>(2,810)</u>	<u>(2,062)</u>

4. Earnings per share

Earnings per share are 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 September		Nine month period ended 30 September	
	2016 KD '000	2015 KD '000	2016 KD '000	2015 KD '000
Profit for the period	<u>1,431</u>	<u>148</u>	<u>3,967</u>	<u>1,599</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of issued shares outstanding during the period	152,250,000	152,250,000	152,250,000	152,250,000
Weighted average number of treasury shares outstanding during the period	<u>(7,620,000)</u>	<u>(7,620,000)</u>	<u>(7,620,000)</u>	<u>(7,620,000)</u>
Weighted average number of shares outstanding during the period	<u>144,630,000</u>	<u>144,630,000</u>	<u>144,630,000</u>	<u>144,630,000</u>
Earnings per share (fils)	<u>9.89</u>	<u>1.02</u>	<u>27.43</u>	<u>11.06</u>



**Independent Petroleum Group Company K.S.C.P.
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**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2016**

5. Cash on hand and at banks

	30 September 2016 KD '000	31 December 2015 KD '000 (Audited)	30 September 2015 KD '000
Cash on hand and at banks	15,119	17,475	22,282
Call accounts and time deposits	16,296	21,422	16,698
Cash and cash equivalents	<u>31,415</u>	<u>38,897</u>	<u>38,980</u>
Time deposits with maturity exceeding three months	228	230	228
	<u>31,643</u>	<u>39,127</u>	<u>39,208</u>

6. Investments

	30 September 2016 KD '000	31 December 2015 KD '000 (Audited)	30 September 2015 KD '000
Investments at fair value through statement of income:			
Held for trading:			
Managed portfolios	50,900	49,933	48,337
Securities	1,535	1,494	1,056
	<u>52,435</u>	<u>51,427</u>	<u>49,393</u>
Investments available for sale:			
Quoted securities	182	190	196
Unquoted securities	26,415	26,600	22,253
	<u>26,597</u>	<u>26,790</u>	<u>22,449</u>

Investments at fair value through statement of income with a carrying amount of KD 50.90 million (31 December 2015: KD 49.93 million and 30 September 2015: KD 48.34 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 2015: KD 1.14 million and 30 September 2015: KD 1.14 million).

During the period ended 30 September 2016, the Group received a dividend of KD 1 million (30 September 2015: KD 1 million) from Vopak Horizon Fujairah Limited (VHFL) and Nil (30 September 2015: KD 217 thousands) from Asia Petroleum Limited (APL).

**Independent Petroleum Group Company K.S.C.P.
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**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2016**

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 September		Nine month period ended 30 September	
	2016	2015	2016	2015
	KD '000	KD '000	KD '000	KD '000
Share of results from Uniterminals Ltd, Lebanon	196	436	733	467

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 months period ended 30 September 2016 (2015: Nine months period ended 30 September 2015).

8. Investment in associates

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

	Three month period ended 30 September		Nine month period ended 30 September	
	2016	2015	2016	2015
	KD '000	KD '000	KD '000	KD '000
<i>Share of results from:</i>				
Horizon Singapore Terminals Private Ltd	427	416	1,223	1,251
Arab Tank Terminals L.L.C.	50	131	302	387
Inpetro SARL	52	231	115	729
Horizon Djibouti Holdings Ltd.	395	351	916	890
Horizon Tangiers Terminals SA.	283	202	905	675
	<u>1,207</u>	<u>1,331</u>	<u>3,461</u>	<u>3,932</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 months period ended 30 September 2016 (2015: Nine months period ended 30 September 2015).



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9. Net other income

	Three month period ended 30 September		Nine month period ended 30 September	
	2016 KD '000	2015 KD '000	2016 KD '000	2015 KD '000
Net foreign exchange (loss) / gain	(133)	337	(263)	1,020
Interest income related to project	6	10	297	26
	<u>(127)</u>	<u>347</u>	<u>34</u>	<u>1,046</u>

10. Property and equipment

Property and equipment at 30 September 2016 include KD 37.14 million (31 December 2015: KD 38.28 million and 30 September 2015: KD 15.729 million) related to ships owned by one of the subsidiaries, D&K Holdings L.L.C. Term loan fully relates to the financing of these vessels which are mortgaged against the term loan.

11. Share capital

The authorised, issued and fully paid share capital consists of 152,250,000 shares of 100 fils each (31 December 2015: 152,250,000 shares of 100 fils each and 30 September 2015: 152,250,000 shares of 100 fils each).

12. Treasury shares

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Number of shares	7,620,000	7,620,000	7,620,000
Percentage of issued shares	5%	5%	5%
Market value (KD Million)	2.63	2.13	2.40
Cost (KD Million)	2.77	2.77	2.77

Based on Capital Markets Authority resolution dated 30 December 2013, the Parent Company has allotted an amount equal to the treasury shares balance from the available retained earnings as of 30 September 2016. 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:



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	Three month period ended 30 September		Nine month period ended 30 September	
	2016 KD '000	2015 KD '000	2016 KD '000	2015 KD '000
a) Revenues and expenses:				
Sales	23,278	31,433	58,920	97,041
Storage expense	1,196	1,436	3,511	4,239
b) Key management compensation				
Salaries and other short-term benefits	210	162	570	493
Termination benefits	140	11	219	42

c) Due from / to related parties:

	30 September 2016 KD '000	31 December 2015 KD '000 (Audited)	30 September 2015 KD '000
<i>Due from related parties</i>			
Trade and other receivables	8,541	7,606	9,490
Other loans	723	729	1,120
<i>Due to related parties</i>			
Trade and other payables	883	498	1,339

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:



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	Three month period ended 30 September			
	2016		2015	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	112,137	1,739	129,945	2,809
Europe	-	-	-	-
Asia and Far East	21,328	427	12,722	719
	<u>133,465</u>	<u>2,166</u>	<u>142,667</u>	<u>3,528</u>
Unallocated corporate items		(2,161)		(1,393)
Operating profit		<u>5</u>		<u>2,135</u>

	Nine month period ended 30 September			
	2016		2015	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	376,220	7,486	418,176	5,543
Europe	2,434	16	-	-
Asia and Far East	21,328	1,307	28,951	1,610
	<u>399,982</u>	<u>8,809</u>	<u>447,127</u>	<u>7,153</u>
Unallocated corporate items		(6,219)		(4,816)
Operating profit		<u>2,590</u>		<u>2,337</u>

30 September 2016	Middle East and Africa KD '000	Europe KD '000	Asia Pacific KD '000	Total KD '000
Segment assets	69,717	-	-	69,717
Unallocated corporate assets	-	-	-	191,329
Total assets	<u>69,717</u>	<u>-</u>	<u>-</u>	<u>261,046</u>
Segment liabilities	10,421	8,706	598	19,725
Unallocated corporate liabilities	-	-	-	158,521
Total liabilities	<u>10,421</u>	<u>8,706</u>	<u>598</u>	<u>178,246</u>



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31 December 2015	Middle East and Africa KD '000	Europe KD '000	Asia Pacific KD '000	Total KD '000
Segment assets	49,743	-	2,380	52,123
Unallocated corporate assets	-	-	-	216,934
Total assets	49,743	-	2,380	269,057
Segment liabilities	17,395	-	988	18,383
Unallocated corporate liabilities	-	-	-	167,802
Total liabilities	17,395	-	988	186,185
	Middle East and Africa KD '000	Europe KD '000	Asia Pacific KD '000	Total KD '000
30 September 2015				
Segment assets	63,776	96	6,540	70,412
Unallocated corporate assets	-	-	-	192,214
Total assets	63,776	96	6,540	262,626
Segment liabilities	9,530	4,943	6,133	20,606
Unallocated corporate liabilities	-	-	-	164,631
Total liabilities	9,530	4,943	6,133	185,237

15. Contingent liabilities and commitments

	30 September 2016 KD '000	31 December 2015 KD '000 (Audited)	30 September 2015 KD '000
Contingent liabilities			
Letters of guarantee and bid bonds	1,979	3,384	1,055
Letters of credit	32,447	34,410	37,729
	34,426	37,794	38,784
Commitments			
Investments in projects	2,614	4,500	3,609

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16. Fair value estimation

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

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

The fair value of managed portfolios under investments at fair value through statement of income amounting to KD 50.90 million (31 December 2015: KD 49.93 million and 30 September 2015: KD 48.34 million) and quoted securities under available-for-sale investments amounting to KD 182 thousands (31 December 2015: KD 190 thousands and 30 September 2015: KD 196 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 2016, there were no transfers between different levels of fair value measurement.

17. Annual general assembly

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.

The Shareholders' Annual General Assembly held on 10 March 2015 approved the annual audited consolidated financial statements for the year ended 31 December 2014 and payment of a cash dividend of 25 fils per share for the year ended 31 December 2014.