

**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, 2017
(Unaudited)**



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

for the nine month period ended 30 September 2017

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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 September 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 September 2017, the condensed consolidated statements of income and comprehensive income for the three month 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

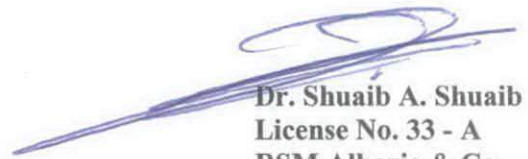
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Report on 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 nine month period ended 30 September 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.

A handwritten signature in blue ink, appearing to read 'Dr. Rasheed M. Al - Qenae', with several vertical lines drawn through the end of the signature.

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

A handwritten signature in blue ink, appearing to read 'Dr. Shuaib A. Shuaib', with a long, sweeping horizontal line drawn through the signature.

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

Kuwait: October 31, 2017



**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 2017**

	Note	Three month period ended 30 September		Nine month period ended 30 September	
		2017 KD '000	2016 KD '000	2017 KD '000	2016 KD '000
Sales		143,898	133,465	415,751	399,982
Cost of sales		(142,622)	(131,804)	(409,925)	(393,572)
Gross profit		1,276	1,661	5,826	6,410
Net interest relating to oil marketing operations	3	(900)	(898)	(2,593)	(2,810)
Net results of oil marketing operations		376	763	3,233	3,600
Share of results of joint venture and associates	7 & 8	1,717	1,403	4,366	4,194
Dividend income	6	12	-	12	1,015
Unrealized gain from investments at fair value through statement of income		1,347	1,567	4,330	1,383
General and administrative expenses		(272)	(377)	(1,162)	(1,099)
Staff costs		(1,008)	(1,175)	(3,248)	(3,372)
Depreciation		(603)	(609)	(1,818)	(1,748)
Net other (expense) / income	9	(110)	(127)	(577)	34
Profit for the period before contribution to KFAS, NLST and Zakat		1,459	1,445	5,136	4,007
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(14)	(14)	(51)	(40)
National Labour Support Tax (NLST) and Zakat		-	-	-	-
Profit for the period		1,445	1,431	5,085	3,967
Earnings per share (fils)	4	7.99	9.61	31.33	26.64

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 2017

	Three month period ended 30 September		Nine month period ended 30 September	
	2017 KD '000	2016 KD '000	2017 KD '000	2016 KD '000
Profit for the period	1,445	1,431	5,085	3,967
Other comprehensive income / (loss)				
<u>Items that may be reclassified subsequently to statement of income</u>				
Changes in fair value of investments available for sale	56	-	47	(4)
Foreign currency translation adjustments	(178)	(93)	(684)	(419)
Other comprehensive loss for the period	<u>(122)</u>	<u>(93)</u>	<u>(637)</u>	<u>(423)</u>
Total comprehensive income for the period	<u>1,323</u>	<u>1,338</u>	<u>4,448</u>	<u>3,544</u>

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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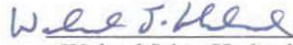
**Condensed consolidated statement of financial position (unaudited)
as at 30 September 2017**

	Note	30 September 2017 KD '000	31 December 2016 KD '000 (Audited)	30 September 2016 KD '000
ASSETS				
Cash on hand and at banks	5	35,217	34,891	31,643
Investments at fair value through statement of income	6	56,973	53,348	52,435
Trade and other receivables		96,168	67,521	69,717
Inventories		7,297	29,004	9,566
Total current assets		195,655	184,764	163,361
Other loans	13	707	716	723
Investments available for sale	6	28,342	28,651	26,597
Investment in joint venture	7	4,521	4,453	4,291
Investment in associates	8	31,471	28,341	27,722
Property and equipment	10	36,089	38,353	38,352
Total non-current assets		101,130	100,514	97,685
Total assets		296,785	285,278	261,046
LIABILITIES AND EQUITY				
Due to banks		126,864	131,233	115,842
Directors' fees payable		-	80	-
Trade and other payables		54,626	46,420	39,571
Current portion of term loan		1,605	1,626	2,561
Total current liabilities		183,095	179,359	157,974
Non-current portion of term loan		16,038	17,465	17,596
Provision for staff indemnity		1,124	2,730	2,676
Total non-current liabilities		17,162	20,195	20,272
Total liabilities		200,257	199,554	178,246
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		26,413	26,366	24,510
Foreign currency translation adjustments		(2,234)	(1,550)	(1,577)
Treasury shares reserve		1,429	1,429	1,429
Treasury shares	12	(2,770)	(2,770)	(2,770)
Retained earnings		16,965	16,218	15,177
Total equity		96,528	85,724	82,800
Total liabilities and equity		296,785	285,278	261,046

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 nine month period ended 30 September 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 income / (loss) for the period	-	-	-	-	-	-	-	-	5,085	5,085
Profit for the period	-	-	-	-	-	-	-	-	-	-
Other comprehensive income / (loss)	-	-	-	-	47	(684)	-	-	-	(637)
Total comprehensive income / (loss) for the period	-	-	-	-	47	(684)	-	-	5,085	4,448
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 September 2017	18,841	29,665	7,613	606	26,413	(2,234)	1,429	(2,770)	16,965	96,528



**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 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	-	-	-	-	-	-	-	-	3,967	3,967
Profit for the period	-	-	-	-	-	-	-	-	3,967	3,967
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	-	-	-	-	-	-	-	-	-	-
Dividends for 2015 (note 17)	-	-	-	-	-	-	-	-	(3,616)	(3,616)
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>1,429</u>	<u>(2,770)</u>	<u>15,177</u>	<u>82,800</u>

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 2017**

	Note	Nine month period ended 30 September	
		2017 KD '000	2016 KD '000
OPERATING ACTIVITIES			
Profit for the period before contribution to KFAS, NLST and Zakat		5,136	4,007
<i>Adjustments for:</i>			
Depreciation		1,818	1,748
Interest expense	3	2,907	2,940
Dividend income		(12)	(1,015)
Unrealised gain from investments at fair value through statement of income		(4,330)	(1,383)
Share of results from joint venture and associates	7 & 8	(4,366)	(4,194)
Interest income		(330)	(427)
Provision for staff indemnity		163	506
		<u>986</u>	<u>2,182</u>
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivables		(28,631)	(17,577)
Inventories		21,707	16,433
Trade and other payables		8,143	12,085
Cash generated from operations		<u>2,205</u>	<u>13,123</u>
Interest received		314	410
Payment to KFAS		(51)	(39)
Payment of staff indemnity		(1,769)	(11)
Directors' fees paid		(80)	(80)
Net cash generated from operating activities		<u>619</u>	<u>13,403</u>
INVESTING ACTIVITIES			
Proceeds of loan to associates		-	1,190
Dividends received		741	5,072
Decrease in other loans		-	6
Purchase of property and equipment		(30)	(830)
Net cash generated from investing activities		<u>711</u>	<u>5,438</u>
FINANCING ACTIVITIES			
Proceeds from issue of shares		10,694	-
Decrease in due to banks		(4,369)	(18,259)
Repayment of term loans		(1,448)	(2,182)
Dividends paid		(4,338)	(3,616)
Interest paid		(2,844)	(2,939)
Net cash used in financing activities		<u>(2,305)</u>	<u>(26,996)</u>
Effect of foreign currency translation		1,301	673
Net change in cash and cash equivalents		<u>326</u>	<u>(7,482)</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>35,217</u>	<u>31,415</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 2017**

1. Incorporation and activities

Independent Petroleum Group Company 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 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 2017 was authorized for issue by the Chairman on behalf of the Board of Directors on October 31, 2017



**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 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 do not include all of the information and notes required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of the 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 nine month period ended 30 September 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 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 were applied to the annual audited consolidated financial statements for the year ended 31 December 2016.

3. Net interest relating to oil marketing operations

	Three month period ended 30 September		Nine month period ended 30 September	
	2017	2016	2017	2016
	KD 000	KD ‘000	KD ‘000	KD ‘000
Interest income	202	34	314	130
Interest expense	(1,102)	(932)	(2,907)	(2,940)
	<u>(900)</u>	<u>(898)</u>	<u>(2,593)</u>	<u>(2,810)</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 2017**

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	
	2017 KD '000	2016 KD '000	2017 KD '000	2016 KD '000
Profit for the period	1,445	1,431	5,085	3,967
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of issued shares outstanding during the period	188,407,500	156,503,824	169,943,101	156,503,824
Weighted average number of treasury shares outstanding during the period	(7,620,000)	(7,620,000)	(7,620,000)	(7,620,000)
Weighted average number of shares outstanding during the period	<u>180,787,500</u>	<u>148,883,824</u>	<u>162,323,101</u>	<u>148,883,824</u>
Earnings per share (fils)	<u>7.99</u>	<u>9.61</u>	<u>31.33</u>	<u>26.64</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 issue on 7 June 2017.

5. Cash on hand and at banks

	30 September 2017 KD '000	31 December 2016 KD '000 (Audited)	30 September 2016 KD '000
Cash on hand and at banks	20,953	9,356	15,119
Call accounts and time deposits	14,264	25,535	16,296
Cash and cash equivalents	35,217	34,891	31,415
Time deposits with maturity exceeding three months	-	-	228
	<u>35,217</u>	<u>34,891</u>	<u>31,643</u>

6. Investments



**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 2017**

	30 September 2017 KD '000	31 December 2016 KD '000 (Audited)	30 September 2016 KD '000
Investments at fair value through statement of income:			
Held for trading:			
Managed portfolios	55,359	51,894	50,900
Securities	1,614	1,454	1,535
	56,973	53,348	52,435
Investments available for sale:			
Quoted securities	232	192	182
Unquoted securities	28,110	28,459	26,415
	28,342	28,651	26,597

Investments at fair value through statement of income with a carrying amount of KD 55.36 million (31 December 2016: KD 51.89 million and 30 September 2016: KD 50.90 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 September 2016: KD 1.14 million).

During the period ended 30 September 2017, the Group received a dividend of KD nil (30 September 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 September		Nine month period ended 30 September	
	2017 KD '000	2016 KD '000	2017 KD '000	2016 KD '000
Share of results from Uniterminals Ltd, Lebanon	247	196	856	733



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

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	
	2017	2016	2017	2016
	KD '000	KD '000	KD '000	KD '000
<i>Share of results from:</i>				
Horizon Singapore Terminals Private Ltd	471	427	1,195	1,223
Arab Tank Terminals L.L.C.	24	50	39	302
Inpetro SARL	168	52	196	115
Horizon Djibouti Holdings Ltd.	436	395	1,157	916
Horizon Tangiers Terminals SA.	371	283	923	905
	<u>1,470</u>	<u>1,207</u>	<u>3,510</u>	<u>3,461</u>

9. Net other (expense) / income

	Three month period ended 30 September		Nine month period ended 30 September	
	2017	2016	2017	2016
	KD '000	KD '000	KD '000	KD '000
Net foreign exchange loss	(115)	(133)	(593)	(263)
Interest income related to the project	5	6	16	297
	<u>(110)</u>	<u>(127)</u>	<u>(577)</u>	<u>34</u>

10. Property and equipment

Property and equipment at 30 September 2017 include KD 34.85 million (31 December 2016: KD 37.09 million and 30 September 2016: KD 37.14 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 September 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.
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**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 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 amounted 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 September 2017	31 December 2016 (Audited)	30 September 2016
Number of shares	7,620,000	7,620,000	7,620,000
Percentage of issued shares	4%	5%	5%
Market value (KD Million)	2.63	2.78	2.63
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 September 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 September		Nine month period ended 30 September	
	2017 KD '000	2016 KD '000	2017 KD '000	2016 KD '000
a) Revenues and expenses:				
Sales	24,983	23,278	72,174	58,920
Storage expense	1,173	1,196	3,493	3,511
b) Key management compensation				
Salaries and other short-term benefits	220	210	657	570
Termination benefits	17	140	59	219



**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 2017**

c) Due from / to related parties:

	30 September 2017 KD '000	31 December 2016 KD '000 (Audited)	30 September 2016 KD '000
<i>Due from related parties</i>			
Trade and other receivables	10,236	8,060	8,541
Other loans	707	716	723
<i>Due to related parties</i>			
Trade and other payables	868	673	883

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 September			
	2017		2016	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	134,517	1,602	112,137	1,739
Europe	-	-	-	-
Asia and Far East	9,381	503	21,328	427
	<u>143,898</u>	<u>2,105</u>	<u>133,465</u>	<u>2,166</u>
Unallocated corporate items		<u>(1,883)</u>		<u>(2,161)</u>
	Nine month period ended 30 September			
	2017		2016	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	387,773	6,365	376,220	7,486
Europe	-	-	2,434	16
Asia and Far East	27,978	1,246	21,328	1,307
	<u>415,751</u>	<u>7,611</u>	<u>399,982</u>	<u>8,809</u>
Unallocated corporate items		<u>(6,228)</u>		<u>(6,219)</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 2017**

30 September 2017	Middle East and Africa KD '000	Europe KD '000	Asia Pacific KD '000	Total KD '000
Segment assets	74,448	-	8,962	83,410
Unallocated corporate assets	-	-	-	213,375
Total assets	74,448	-	8,962	296,785
Segment liabilities	2,153	16,530	6,748	25,431
Unallocated corporate liabilities	-	-	-	174,826
Total liabilities	2,153	16,530	6,748	200,257
31 December 2016	Middle East and Africa KD '000	Europe KD '000	Asia Pacific KD '000	Total KD '000
Segment assets	67,521	-	-	67,521
Unallocated corporate assets	-	-	-	217,757
Total assets	67,521	-	-	285,278
Segment liabilities	6,670	16,533	201	23,404
Unallocated corporate liabilities	-	-	-	176,150
Total liabilities	6,670	16,533	201	199,554
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	69,717	-	-	261,046
Segment liabilities	10,421	8,706	598	19,725
Unallocated corporate liabilities	-	-	-	158,521
Total liabilities	10,421	8,706	598	178,246



**Independent Petroleum Group Company K.S.C.P.
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15. Contingent liabilities and commitments

	30 September 2017 KD '000	31 December 2016 KD '000 (Audited)	30 September 2016 KD '000
Contingent liabilities			
Letters of guarantee and bid bonds	608	7,674	1,979
Letters of credit	50,614	21,859	32,447
	51,222	29,533	34,426
Commitments			
Investments in projects	2,657	4,084	2,614
	2,657	4,084	2,614

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 55.36 million (31 December 2016: KD 51.89 million and 30 September 2016: KD 50.90 million) and quoted securities under available-for-sale investments amounting to KD 232 thousands (31 December 2016: KD 192 thousands and 30 September 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.

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

17. Annual general assembly

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

On 19 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.