

**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 2018
(Unaudited)**



**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 2018*

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

**The Board of Directors of
Independent Petroleum Group Company K.S.C.P.
State of Kuwait**

Introduction

We have reviewed the accompanying 30 September 2018 condensed consolidated interim financial information of Independent Petroleum Group Company K.S.C.P. ("the Parent Company") and its subsidiaries (together referred to as "the Group"), which comprises the condensed consolidated statement of financial position as at 30 September 2018, 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, to the best of our knowledge and belief, that nothing has come to our attention indicating any contravention during the nine month period ended 30 September 2018, of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, as amended, or of the Parent Company's Memorandum and Articles of Association, that might have had a material effect on the Group's activities or on its consolidated financial position.

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

Dr. Shuaib A. Shuaib
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RSM Albazie & Co.

Kuwait: 31 October 2018



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

Condensed consolidated statement of income (unaudited)
for the three month and nine month period ended 30 September 2018

	Notes	Three month period ended 30 September		Nine month period ended 30 September	
		2018	2017	2018	2017
		KD '000	KD '000	KD '000	KD '000
Sales		197,717	143,898	584,034	415,751
Cost of sales		(195,748)	(142,622)	(574,347)	(409,925)
Gross profit		1,969	1,276	9,687	5,826
Net interest relating to oil marketing operations	3	(1,302)	(900)	(3,250)	(2,593)
Net results of oil marketing operations		667	376	6,437	3,233
Share of results of joint venture and associates	8 & 9	1,722	1,717	4,372	4,366
Dividend income	7	15	12	1,347	12
General and administrative expenses		(311)	(272)	(1,106)	(1,162)
Staff costs		(1,102)	(1,008)	(3,781)	(3,248)
Depreciation		(546)	(603)	(1,722)	(1,818)
Unrealized gain from investments at fair value through statement of income		1,001	1,347	405	4,330
Net other income/ (expenses)	4	70	(110)	126	(577)
Profit for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		1,516	1,459	6,078	5,136
Contribution to KFAS		(15)	(14)	(61)	(51)
NLST and Zakat		(37)	-	(151)	-
Profit for the period		1,464	1,445	5,866	5,085
Earnings per share (fls)	5	8.09	7.99	32.44	31.33

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 period ended 30 September 2018

	Three month period ended 30 September		Nine month period ended 30 September	
	2018 KD '000	2017 KD '000	2018 KD '000	2017 KD '000
Profit for the period	1,464	1,445	5,866	5,085
Other comprehensive income / (loss):				
<u>Items that will not be reclassified subsequently to statement of income</u>				
Changes in fair value of investments at fair value through other comprehensive income	89	-	(459)	-
<u>Items that will be reclassified subsequently to statement of income</u>				
Changes in fair value of investments available for sale	-	56	-	47
Foreign currency translation adjustments	546	(178)	486	(684)
Other comprehensive income / (loss) for the period	635	(122)	27	(637)
Total comprehensive income for the period	2,099	1,323	5,893	4,448

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



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

**Condensed consolidated statement of financial position (unaudited)
as at 30 September 2018**

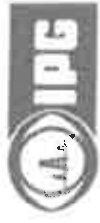
	Notes	30 September 2018 KD '000	31 December 2017 KD '000 (Audited)	30 September 2017 KD '000
ASSETS				
Cash on hand and at banks	6	58,920	41,577	35,217
Trade and other receivables		95,147	64,641	96,168
Inventories		45,445	33,307	7,297
Investments at fair value through statement of income	7	57,530	58,175	56,973
Investments at fair value through other comprehensive income	7	2,292	-	-
Total current assets		259,334	197,700	195,655
Investments available for sale	7	-	27,123	28,342
Investments at fair value through other comprehensive income	7	27,341	-	-
Investment in joint venture	8	4,888	4,706	4,521
Investment in associates	9	31,816	29,210	31,471
Property and equipment	10	33,969	35,469	36,089
Other loans		711	706	707
Total non-current assets		98,725	97,214	101,130
Total assets		358,059	294,914	296,785
LIABILITIES AND EQUITY				
Due to banks		130,986	94,732	126,864
Trade and other payables		111,338	85,315	54,626
Current portion of term loans		1,498	1,603	1,605
Directors' fees payable		-	80	-
Total current liabilities		243,822	181,730	183,095
Non-current portion of term loans		14,620	15,616	16,038
Provision for staff indemnity		1,299	1,161	1,124
Total non-current liabilities		15,919	16,777	17,162
Total liabilities		259,741	198,507	200,257
Equity				
Share capital	11	18,841	18,841	18,841
Share premium		29,665	29,665	29,665
Legal reserve		8,267	8,267	7,613
General reserve		606	606	606
Fair value reserve		25,132	24,854	26,413
Foreign currency translation adjustments		(1,456)	(1,942)	(2,234)
Treasury shares reserve		1,429	1,429	1,429
Treasury shares	12	(2,770)	(2,770)	(2,770)
Retained earnings		18,604	17,457	16,965
Total equity		98,318	96,407	96,528
Total liabilities and equity		358,059	294,914	296,785

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

Walid J. 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 2018**

	Share capital KD '000	Share premium KD '000	Legal reserve KD '000	General reserve KD '000	Fair value reserve KD '000	Foreign currency translation adjustments KD '000	Treasury shares reserve KD '000	Treasury shares KD '000	Retained earnings KD '000	Total KD '000
Balance at 1 January 2018	18,841	29,665	8,267	606	24,854	(1,942)	1,429	(2,770)	17,457	96,407
Adjustment on initial application of IFRS 9 (Note 2 (a))	-	-	-	-	737	-	-	-	705	1,442
Adjusted balance at 1 January 2018	18,841	29,665	8,267	606	25,591	(1,942)	1,429	(2,770)	18,162	97,849
Total comprehensive income for the period	-	-	-	-	-	-	-	-	5,866	5,866
Profit for the period	-	-	-	-	(459)	486	-	-	-	27
Other comprehensive (loss) / income	-	-	-	-	(459)	486	-	-	-	27
Total comprehensive income for the period	-	-	-	-	(459)	486	-	-	5,866	5,893
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	(5,424)	(5,424)
Dividends for 2017 (Note 17)	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2018	18,841	29,665	8,267	606	25,132	(1,456)	1,429	(2,770)	18,604	98,318



**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 2018**

	Share capital KD '000	Share premium KD '000	Legal reserve KD '000	General reserve KD '000	Fair value reserve KD '000	Foreign currency translation adjustments KD '000	Treasury shares reserve KD '000	Treasury shares KD '000	Retained earnings KD '000	Total KD '000
Balance at 1 January 2017	15,225	22,587	7,613	606	26,366	(1,550)	1,429	(2,770)	16,218	85,724
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	-	-	5,085	5,085
Profit for the period	-	-	-	-	47	(684)	-	-	-	(637)
Other comprehensive income / (loss)	-	-	-	-	47	(684)	-	-	-	(637)
Total comprehensive income for the period	-	-	-	-	47	(684)	-	-	5,085	4,448
Transactions with owners, recognised directly in equity										
Increase in share capital	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

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



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

**Condensed consolidated statement of cash flows (unaudited)
for the nine month period ended 30 September 2018**

	Note	2018 KD '000	2017 KD '000
OPERATING ACTIVITIES			
Profit before provisions for contribution to KFAS, NLST and Zakat		6,078	5,136
<i>Adjustments for:</i>			
Depreciation		1,722	1,818
Interest expense		3,931	2,907
Dividend income		(1,347)	(12)
Unrealised gain from investments at fair value through statement of income		(405)	(4,330)
Share of results from joint venture and associates		(4,372)	(4,366)
Interest income		(697)	(330)
Provision for staff indemnity		321	163
		<u>5,231</u>	<u>986</u>
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivables		(30,490)	(28,631)
Inventories		(12,138)	21,707
Trade and other payables		25,569	8,143
Cash (used in) / generated from operations		<u>(11,828)</u>	<u>2,205</u>
Interest received		681	314
Payment to KFAS		(65)	(51)
Payment of staff indemnity		(183)	(1,769)
Directors' fees paid		(80)	(80)
Net cash (used in) / generated from operating activities		<u>(11,475)</u>	<u>619</u>
INVESTING ACTIVITIES			
Dividends received		3,064	741
Purchase of property and equipment		(17)	(30)
Net cash generated from investing activities		<u>3,047</u>	<u>711</u>
FINANCING ACTIVITIES			
Proceeds from issue of shares		-	10,694
Increase / (decrease) in due to banks		36,254	(4,369)
Repayment of term loans		(1,101)	(1,448)
Dividends paid		(5,424)	(4,338)
Interest paid		(3,624)	(2,844)
Net cash generated from / (used in) financing activities		<u>26,105</u>	<u>(2,305)</u>
Effect of foreign currency translation		(334)	1,301
Net change in cash and cash equivalents		<u>17,343</u>	<u>326</u>
Cash and cash equivalents at beginning of the period		41,577	34,891
Cash and cash equivalents at end of the period	6	<u>58,920</u>	<u>35,217</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 2018**

1. Incorporation and activities

Independent Petroleum Group K.S.C.P. (the "Parent Company") was established on 11 September 1976 as a Kuwaiti shareholding company under commercial registration No. 24496. The shares of the Parent Company were listed on the Boursa Kuwait on 10 December 1995.

The objectives of the Parent Company and its wholly owned subsidiaries (the "Group") are as follows:

Benefit from national scientific and business expertise in petroleum and petrochemical industry to achieve the following objectives:

- a) Provide economic, technical and specialist advisory services to oil and petrochemicals producing and consuming governments and companies, in areas of marketing, refining, production, investment, financial affairs, planning, maritime transport, organization, training and other areas related to oil and petrochemicals;
- b) Conduct marketing researches, and gather and publish information about the oil and petrochemicals industry;
- c) Provide specialist services to the oil and petrochemicals consuming and producing governments to expedite communications and maintain consistent relationships among them;
- d) Initiate and carry out marketing operations and industrial projects for its own account or the account of oil and petrochemicals consuming and producing governments or in collaboration and participation with them in all areas of oil and petrochemical industry;
- e) Acquire facilities, tools, equipment and all other instruments used in oil and petrochemicals industry including manufacturing plants, transport means and others, for its own account or in participation with oil and petrochemicals producing and consuming governments and companies all over the world; and
- f) Act as agents and representatives for oil and petrochemicals producing and consuming governments and companies, and carry out all other operations required by company's activities, interests and objectives including sale, purchase and acquisition in all areas related to oil and petrochemicals.

The Parent Company may have interest or to participate in any manner with entities that carry on similar business or that may assist it with achieving its objectives in the State of Kuwait or abroad, and it may buy these entities or acquire them as subsidiaries.

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

The condensed consolidated interim financial information for the nine month period ended 30 September 2018 was authorized for issue by the Chairman on behalf of the Board of Directors on 31 October 2018.



**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 2018**

2. Basis of preparation

a) Statement of compliance

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The condensed consolidated interim financial information does not include all the information and notes required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of 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 2018 are not necessarily indicative of the results that may be expected for the year ending 31 December 2018. For further information, refer to the annual consolidated financial statements and notes thereto for the year ended 31 December 2017.

The accounting policies used in the preparation of the condensed consolidated interim financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2017, except for the changes described below arising from the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" effective from 1 January 2018.

Changes in accounting policies

IFRS 15 Revenue from Contracts with Customers

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



**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 2018**

IFRS 9- Financial Instruments

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

Financial Instruments: Recognition and Measurement.

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

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

i. Classification and measurement of financial assets and financial liabilities

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

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

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

Financial assets carried at amortised cost

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

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



**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 2018**

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

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

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

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

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

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

Financial liabilities

For financial liabilities, the Group concluded no impact on accounting for financial liabilities under IFRS 9 as compared to the requirements of IAS 39.



**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 2018**

The following table illustrates the classification and measurement of financial assets under IFRS 9 and IAS 39:

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

Impairment of financial assets

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



**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 2018**

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

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

b) Judgments and estimates

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and key source of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2017, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in note 2(a).

3. Net interest relating to oil marketing operations

	Three month period ended 30 September		Nine month period ended 30 September	
	2018 KD '000	2017 KD '000	2018 KD '000	2017 KD '000
Interest income	181	202	681	314
Interest expense	(1,483)	(1,102)	(3,931)	(2,907)
	(1,302)	(900)	(3,250)	(2,593)



**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 2018**

4. Net other income / (expenses)

	Three month period ended 30 September		Nine month period ended 30 September	
	2018	2017	2018	2017
	KD '000	KD '000	KD '000	KD '000
Net foreign exchange gain / (loss)	65	(115)	110	(593)
Interest income related to project	5	5	16	16
	<u>70</u>	<u>(110)</u>	<u>126</u>	<u>(577)</u>

5. Earnings per share

Earnings per share is computed by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	Three month period ended 30 September		Nine month period ended 30 September	
	2018	2017	2018	2017
Profit for the period (KD '000)	<u>1,464</u>	<u>1,445</u>	<u>5,866</u>	<u>5,085</u>
	Shares	Shares	Shares	Shares
Weighted average number of issued shares outstanding during the period	188,407,500	188,407,500	188,407,500	169,943,101
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>180,787,500</u>	<u>180,787,500</u>	<u>180,787,500</u>	<u>162,323,101</u>
Earnings per share (fils)	<u>8.09</u>	<u>7.99</u>	<u>32.44</u>	<u>31.33</u>

6. Cash on hand and at banks

	30 September 2018 KD '000	31 December 2017 KD '000 (Audited)	30 September 2017 KD '000
Cash on hand and at banks	39,292	23,816	20,953
Call accounts and time deposits	19,628	17,761	14,264
Cash and cash equivalents	<u>58,920</u>	<u>41,577</u>	<u>35,217</u>



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7. Investments

	30 September 2018 KD '000	31 December 2017 KD '000 (Audited)	30 September 2017 KD '000
Investments at fair value through statement of income			
Managed portfolios	57,339	56,542	55,359
Quoted securities	191	-	-
Securities	-	1,633	1,614
	<u>57,530</u>	<u>58,175</u>	<u>56,973</u>
	30 September 2018 KD '000	31 December 2017 KD '000 (Audited)	30 September 2017 KD '000
Investments at fair value through other comprehensive income			
Unquoted securities (Non – current)	27,341	-	-
Unquoted securities (Current)	2,292	-	-
	<u>29,633</u>	<u>-</u>	<u>-</u>
	30 September 2018 KD '000	31 December 2017 KD '000 (Audited)	30 September 2017 KD '000
Investments available for sale			
Unquoted securities	-	26,901	232
Quoted securities	-	222	28,110
	<u>-</u>	<u>27,123</u>	<u>28,342</u>

Investments at fair value through statement of income with a carrying amount of KD 57.34 million (31 December 2017: KD 56.54 million and 30 September 2017: KD 55.36 million) are pledged as collateral against amounts due to banks.

Unquoted securities includes Group's investment in Vopak Horizon Fujairah Limited (VHFL) and Asia Petroleum Limited (APL) amounting to KD 25.49 million and KD 1.85 million respectively. At the reporting date, the Group determined that carrying value of above unquoted securities approximates to their fair value.



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On the date of initial application of IFRS 9, the Group has fair valued its investment in APL, previously carried at cost under IAS 39, and consequently recognised a fair value gain of KD 705 thousand (2017: nil) in opening retained earnings as at 1 January 2018. The fair value was determined based on discounted cash flows using a rate based on the risk free rate of 2.85% (31 December 2017: nil) and the risk premium of 12.6% (31 December 2017: nil) specific to the investment.

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

During the period ended 30 September 2018, the Group received a dividend of KD 1.33 Million (30 September 2017: nil) from VHFL.

8. Investment in joint venture

The Group has a 50% equity shareholding with equivalent voting power in Uniterminals Ltd, Lebanon. Following are the details of share of results from joint venture recorded during the period:

	Three month period ended		Nine month period ended	
	30 September		30 September	
	2018	2017	2018	2017
	KD '000	KD '000	KD '000	KD '000
Share of results from Uniterminals Ltd, Lebanon	566	247	1,052	856

9. Investment in associates

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

	Three month period ended		Nine month period ended	
	30 September		30 September	
	2018	2017	2018	2017
	KD '000	KD '000	KD '000	KD '000
Horizon Singapore Terminals Private Ltd Arab Tank Terminals L.L.C.	300	471	991	1,195
Inpetro SARL	(28)	24	(28)	39
Horizon Djibouti Holdings Ltd.	127	168	286	196
Horizon Tangiers Terminals SA.	422	436	1,149	1,157
	335	371	922	923
	<u>1,156</u>	<u>1,470</u>	<u>3,320</u>	<u>3,510</u>



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10. Property and equipment

Property and equipment at 30 September 2018 includes KD 32.82 million (31 December 2017: KD 34.25 million and 30 September 2017: KD 34.85 million) related to ships owned by one of the subsidiaries, D&K Holdings L.L.C. Term loan fully relates to the financing of these vessels which are mortgaged against the term loan.

11. Share capital

The authorised, issued and fully paid share capital consists of 188,407,500 shares of 100 fils each (31 December 2017: 188,407,500 shares of 100 fils each and 30 September 2017: 188,407,500 shares of 100 fils each).

12. Treasury shares

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Number of shares	7,620,000	7,620,000	7,620,000
Percentage of issued shares	4%	4%	4%
Market value (KD Million)	3.20	3.04	2.63
Cost (KD Million)	2.77	2.77	2.77

The Parent Company has allotted certain amount to the treasury shares balance from the available retained earnings. Such amount will not be available for distribution during treasury shares holding period.

13. Related party transactions and balances

These represent transactions with related parties in the normal course of business. The related party transactions and balances included in the condensed consolidated interim financial information are as follows:

	Three month period ended 30 September		Nine month period ended 30 September	
	2018	2017	2018	2017
	KD '000	KD '000	KD '000	KD '000
a) Revenues and expenses:				
Sales	<u>34,628</u>	<u>24,983</u>	<u>96,448</u>	<u>72,174</u>
Storage expense	<u>1,184</u>	<u>1,173</u>	<u>3,522</u>	<u>3,493</u>
b) Key management compensation				
Salaries and other short-term benefits	<u>246</u>	<u>220</u>	<u>709</u>	<u>657</u>
Termination benefits	<u>18</u>	<u>17</u>	<u>150</u>	<u>59</u>



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c) Due from / to related parties:

	30 September 2018 KD '000	31 December 2017 KD '000 (Audited)	30 September 2017 KD '000
<i>Due from related parties</i>			
Trade and other receivables	7,357	-	10,236
Other loans	711	706	707
<i>Due to related parties</i>			
Trade and other payables	967	627	868

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			
	2018		2017	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	197,717	2,104	134,517	1,602
Asia and Far East	-	300	9,381	503
	<u>197,717</u>	<u>2,404</u>	<u>143,898</u>	<u>2,105</u>
Unallocated corporate items		<u>(1,959)</u>		<u>(1,883)</u>
	Nine month period ended 30 September			
	2018		2017	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	574,966	11,082	387,773	6,365
Asia and Far East	9,068	1,074	27,978	1,246
	<u>584,034</u>	<u>12,156</u>	<u>415,751</u>	<u>7,611</u>
Unallocated corporate items		<u>(6,609)</u>		<u>(6,228)</u>



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	Middle East and Africa KD '000	Europe KD '000	Asia Pacific KD '000	Total KD '000
30 September 2018				
Segment assets	71,540	-	9,152	80,692
Unallocated corporate assets	-	-	-	277,367
Total assets	71,540	-	9,152	358,059
Segment liabilities	23,654	41,098	14,201	78,953
Unallocated corporate liabilities	-	-	-	180,788
Total liabilities	23,654	41,098	14,201	259,741
31 December 2017	KD '000	KD '000	KD '000	KD '000
Segment assets	64,641	-	-	64,641
Unallocated corporate assets	-	-	-	230,273
Total assets	64,641	-	-	294,914
Segment liabilities	10,460	27,946	17,553	55,959
Unallocated corporate liabilities	-	-	-	142,548
Total liabilities	10,460	27,946	17,553	198,507
30 September 2017	KD '000	KD '000	KD '000	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

15. Contingent liabilities and commitments

	30 September 2018 KD '000	31 December 2017 KD '000 (Audited)	30 September 2017 KD '000
Letters of guarantee and bid bonds	1,132	1,456	608
Letters of credit	118,968	75,738	50,614
	<u>120,100</u>	<u>77,194</u>	<u>51,222</u>
Commitments			
Investments in projects	9,424	9,424	2,657
	<u>9,424</u>	<u>9,424</u>	<u>2,657</u>

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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).

	Fair value hierarchy			Total KD'000
	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	
30 September 2018				
Investments at fair value through other comprehensive income	-	2,292	27,341	29,633
Investments at fair value through statement of income	57,530	-	-	57,530
	<u>57,530</u>	<u>2,292</u>	<u>27,341</u>	<u>87,163</u>
31 December 2017				
Investments available for sale	222	-	26,901	27,123
Investments at fair value through statement of income	56,542	1,633	-	58,175
	<u>56,764</u>	<u>1,633</u>	<u>26,901</u>	<u>85,298</u>
30 September 2017				
Investments available for sale	232	-	28,110	28,342
Investments at fair value through statement of income	55,359	1,614	-	56,973
	<u>55,591</u>	<u>1,614</u>	<u>28,110</u>	<u>85,315</u>

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



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17. Annual General Assembly

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

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