

**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 2019
(Unaudited)**



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

for the nine month period ended 30 September 2019

Index	Page
Independent auditors' report on review of condensed consolidated interim financial information	1 - 2
Condensed consolidated statement of income (unaudited)	3
Condensed consolidated statement of comprehensive income (unaudited)	4
Condensed consolidated statement of financial position (unaudited)	5
Condensed consolidated statement of changes in equity (unaudited)	6 - 7
Condensed consolidated statement of cash flows (unaudited)	8
Notes to the condensed consolidated interim financial information (unaudited)	9 - 20



KPMG Safi Al-Mutawa & Partners
Al Hamra Tower, 25th Floor
Abdulaziz Al Saqr Street
P.O. Box 24, Safat 13001
State of Kuwait
Tel : + 965 2228 7000
Fax + 965 2228 7444



RSM

RSM Albazie & Co.

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

Introduction

We have reviewed the accompanying 30 September 2019 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 2019, 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 30 September 2019 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 2019, 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

State of Kuwait: 3 November 2019

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



**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 periods ended 30 September 2019**

	Notes	Three month period ended 30 September		Nine month period ended 30 September	
		2019	2018	2019	2018
		KD '000	KD '000	KD '000	KD '000
Sales	15	170,424	197,717	521,003	584,034
Cost of sales		(167,894)	(195,748)	(508,570)	(574,347)
Gross profit		2,530	1,969	12,433	9,687
Net interest relating to oil marketing operations	3	(1,030)	(1,297)	(3,460)	(3,234)
Net results of oil marketing operations		1,500	672	8,973	6,453
Share of results of joint venture and associates	9 & 10	884	1,722	3,400	4,372
Dividend income	8	-	15	-	1,347
General and administrative expenses		(299)	(311)	(1,089)	(1,106)
Staff costs		(1,082)	(1,102)	(3,709)	(3,781)
Depreciation		(463)	(546)	(1,417)	(1,722)
Provisions	5	-	-	(4,557)	-
Unrealized gain from investments at fair value through statement of income		167	1,001	4,451	405
Net other income (expenses)	4	32	65	(292)	110
Profit for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		739	1,516	5,760	6,078
Contribution to KFAS		(8)	(15)	(58)	(61)
NLST and Zakat		(18)	(37)	(144)	(151)
Profit for the period		713	1,464	5,558	5,866
Earnings per share (fils)	6	3.94	8.09	30.74	32.44

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 2019

	Three month period ended 30 September		Nine month period ended 30 September	
	2019 KD '000	2018 KD '000	2019 KD '000	2018 KD '000
Profit for the period	713	1,464	5,558	5,866
Other comprehensive (loss) income:				
<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	(65)	89	(79)	(459)
<u>Items that may be reclassified subsequently to statement of income</u>				
Foreign currency translation adjustments	56	546	90	486
Other comprehensive (loss) income for the period	(9)	635	11	27
Total comprehensive income for the period	704	2,099	5,569	5,893

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 2019**

		30 September 2019 KD '000	31 December 2018 KD '000 (Audited)	30 September 2018 KD '000
ASSETS				
Cash on hand and at banks	7	47,049	66,061	58,920
Trade and other receivables	5	99,521	77,925	95,147
Inventories		17,110	36,300	45,445
Investments at fair value through statement of income	8	58,553	54,201	57,530
Investments at fair value through other comprehensive income	8	2,411	2,534	2,292
Total current assets		<u>224,644</u>	<u>237,021</u>	<u>259,334</u>
Investments at fair value through other comprehensive income	8	24,209	24,157	27,341
Investment in joint venture	9	4,556	4,984	4,888
Investment in associates	10	28,779	30,060	31,816
Property and equipment	11&5	31,008	33,434	33,969
Other loans		711	710	711
Right to use of asset	2(a)	5,151	-	-
Total non-current assets		<u>94,414</u>	<u>93,345</u>	<u>98,725</u>
Total assets		<u>319,058</u>	<u>330,366</u>	<u>358,059</u>
LIABILITIES AND EQUITY				
Due to banks		122,099	145,100	130,986
Trade and other payables		80,707	73,231	111,338
Current portion of term loans		1,600	1,626	1,498
Directors' fees payable		-	80	-
Total current liabilities		<u>204,406</u>	<u>220,037</u>	<u>243,822</u>
Non-current portion of term loans		12,832	14,073	14,620
Provision for staff indemnity		1,545	1,354	1,299
Lease liabilities	2(a)	5,228	-	-
Total non-current liabilities		<u>19,605</u>	<u>15,427</u>	<u>15,919</u>
Total liabilities		<u>224,011</u>	<u>235,464</u>	<u>259,741</u>
Equity				
Share capital	12	18,841	18,841	18,841
Share premium		29,665	29,665	29,665
Legal reserve		8,912	8,912	8,267
General reserve		606	606	606
Fair value reserve		22,179	22,258	25,132
Foreign currency translation adjustments		(2,191)	(2,281)	(1,456)
Treasury shares reserve		1,429	1,429	1,429
Treasury shares	13	(2,770)	(2,770)	(2,770)
Retained earnings		18,376	18,242	18,604
Total equity		<u>95,047</u>	<u>94,902</u>	<u>98,318</u>
Total liabilities and equity		<u>319,058</u>	<u>330,366</u>	<u>358,059</u>

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

Ali Mohammed Al-Radwan
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 2019**

	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 2019	18,841	29,665	8,912	606	22,258	(2,281)	1,429	(2,770)	18,242	94,902
Total comprehensive (loss) income for the period (Note 8)	-	-	-	-	-	-	-	-	5,558	5,558
Profit for the period	-	-	-	-	-	-	-	-	-	-
Other comprehensive (loss) income	-	-	-	-	(79)	90	-	-	-	11
Total comprehensive (loss) income for the period	-	-	-	-	(79)	90	-	-	5,558	5,569
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	(5,424)	(5,424)
Dividends for 2018 (Note 18)	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2019	18,841	29,665	8,912	606	22,179	(2,191)	1,429	(2,770)	18,376	95,047



**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 2019**

	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	-	-	-	-	737	-	-	-	705	1,442
Adjusted balances 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 (loss) income for the period	-	-	-	-	-	-	-	-	5,866	5,866
Profit for the period	-	-	-	-	-	-	-	-	-	-
Other comprehensive (loss) income	-	-	-	-	(459)	486	-	-	-	27
Total comprehensive (loss) income for the period	-	-	-	-	(459)	486	-	-	5,866	5,893
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Dividends for 2017 (Note 18)	-	-	-	-	-	-	-	-	(5,424)	(5,424)
Balance at 30 September 2019	18,841	29,665	8,267	606	25,132	(1,456)	1,429	(2,770)	18,604	98,318

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 2019**

	Notes	2019 KD '000	2018 KD '000
OPERATING ACTIVITIES			
Profit before provisions for contribution to KFAS, NLST and Zakat		5,760	6,078
<i>Adjustments for:</i>			
Depreciation		1,417	1,722
Provision	5	4,557	-
Interest expense	3	4,330	3,931
Dividend income		-	(1,347)
Unrealised gain from investments at fair value through statement of income		(4,451)	(405)
Share of results from joint venture and associates	9 & 10	(3,400)	(4,372)
Interest income	3	(870)	(697)
Provision for staff indemnity		197	321
		<u>7,540</u>	<u>5,231</u>
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivables		(24,596)	(30,490)
Inventories		19,190	(12,138)
Trade and other payables		7,577	25,569
Cash generated from (used in) operations		<u>9,711</u>	<u>(11,828)</u>
Interest received		870	681
Payment to KFAS		(65)	(65)
Payment of staff indemnity		(6)	(183)
Directors' fees paid		(80)	(80)
Net cash generated from (used in) operating activities		<u>10,430</u>	<u>(11,475)</u>
INVESTING ACTIVITIES			
Dividends received		3,857	3,064
Proceeds of loans to associate		1,334	-
Purchase of property and equipment		(477)	(17)
Net cash generated from investing activities		<u>4,714</u>	<u>3,047</u>
FINANCING ACTIVITIES			
Due to banks		(23,001)	36,254
Repayment of term loans		(1,267)	(1,101)
Dividends paid	18	(5,424)	(5,424)
Interest paid		(4,491)	(3,624)
Net cash (used in) generated from financing activities		<u>(34,183)</u>	<u>26,105</u>
Effect of foreign currency translation		27	(334)
Net change in cash and cash equivalents		<u>(19,012)</u>	<u>17,343</u>
Cash and cash equivalents at beginning of the period		66,061	41,577
Cash and cash equivalents at end of the period	7	<u>47,049</u>	<u>58,920</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 2019**

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 2019 was authorized for issue by the Chief Executive Officer on behalf of the Board of Directors on 3 November 2019. The Board of Directors, in their meeting held on 9 October 2019, assigned the Chief Executive Officer as one of the authorities to approve the Interim Condensed Consolidated Interim Financial Information on their behalf.



**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 2019**

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 2019 are not necessarily indicative of the results that may be expected for the year ending 31 December 2019. For further information, refer to the annual consolidated financial statements and notes thereto for the year ended 31 December 2018.

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 2018, except for the changes in accounting policies due to adoption of IFRS 16 as described below effective from 1 January 2019.

Changes in accounting policies

Adoption of IFRS 16 leases

The Group has initially adopted IFRS 16 – Leases from 1 January 2019.

IFRS 16 – Leases

On adoption of IFRS 16, the Group recognized "lease liabilities" and the associated "right-of-use asset" in relation to leases that were previously classified as operating lease under IAS 17 "Leases". The Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short term leases and leases of low-value assets. The right-of-use assets and lease liabilities recorded as at 1 January 2019 amounted to KD 7.9 million, with no impact on retained earnings. The group discounted lease payments using its incremental borrowing rate at 1 January 2019 of 4%.



**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 2019**

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019 and accordingly, the comparative information is not restated. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest method. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The carrying value of right-of-use assets and lease liabilities as at 30 September 2019 amounted to KD 5,151 thousand and KD 5,228 thousand respectively. Depreciation charge for right-of-use assets for the period amounting to KD 2,736 thousand and the interest expense on lease liabilities for the period amounting to KD 201 thousand are included in cost of sales in the condensed consolidated interim statement of income. There were no additions to right-of-use assets during the period.

The accounting policies of the Group upon adoption of IFRS 16 are as follows:

a) Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the borrowing rate implicit in the lease is not readily determinable. The carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the fixed lease payments or a change in the assessment to purchase the underlying asset.



**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 2019**

c) Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

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 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16, 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	
	2019 KD '000	2018 KD '000	2019 KD '000	2018 KD '000
Interest income	268	186	870	697
Interest expense	(1,298)	(1,483)	(4,330)	(3,931)
	<u>(1,030)</u>	<u>(1,297)</u>	<u>(3,460)</u>	<u>(3,234)</u>

4. Net other income (expenses)

	Three month period ended 30 September		Nine month period ended 30 September	
	2019 KD '000	2018 KD '000	2019 KD '000	2018 KD '000
Net foreign currency exchange gain (loss)	<u>32</u>	<u>65</u>	<u>(292)</u>	<u>110</u>



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

**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2019**

5. Provisions

The provision of KD 1.55 million (30 September 2018: Nil) represents provision for impairment of one of the vessels owned by the D&K Holdings L.L.C, a wholly owned subsidiary of the Parent Company and provision of KD 3 million (30 September 2018: Nil) towards expected adverse market conditions consequent to the prevailing economic and political situation in the region.

6. 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	
	2019 KD '000	2018 KD '000	2019 KD '000	2018 KD '000
Profit for the period	<u>713</u>	<u>1,464</u>	<u>5,558</u>	<u>5,866</u>
Weighted average number of issued shares outstanding during the period	188,407,500	188,407,500	188,407,500	188,407,500
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>180,787,500</u>
Earnings per share (fils)	<u>3.94</u>	<u>8.09</u>	<u>30.74</u>	<u>32.44</u>

7. Cash on hand and at banks

	30 September 2019 KD '000	31 December 2018 KD '000 (Audited)	30 September 2018 KD '000
Cash on hand and at banks	33,552	14,156	39,292
Call accounts and time deposits	<u>13,497</u>	<u>51,905</u>	<u>19,628</u>
Cash and cash equivalents	<u>47,049</u>	<u>66,061</u>	<u>58,920</u>



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

**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2019**

8. Investments

	30 September 2019 KD '000	31 December 2018 KD '000 (Audited)	30 September 2018 KD '000
Investments at fair value through statement of income			
Managed portfolios	58,553	53,981	57,339
Quoted securities	-	220	191
	<u>58,553</u>	<u>54,201</u>	<u>57,530</u>
	30 September 2019 KD '000	31 December 2018 KD '000 (Audited)	30 September 2018 KD '000
Investments at fair value through other comprehensive income			
Unquoted securities (Non – current)	24,209	24,157	27,341
Unquoted securities (Current)	2,411	2,534	2,292
	<u>26,620</u>	<u>26,691</u>	<u>29,633</u>

Investments at fair value through statement of income with a carrying amount of KD 58.55 million (31 December 2018: KD 53.98 million and 30 September 2018: KD 57.34 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 22.47 million and KD 1.74 million respectively. At the reporting date, the Group determined that carrying value of above unquoted securities approximates to their fair value.

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 in the 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 2.79% and the risk premium of 12.6% specific to the investment.

Furthermore, on the date of initial application of IFRS 9, the Group reclassified its investment in Weinig International AG (Security) to 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 under fair value reserve on 1 January 2018

During the period ended 30 September 2019, the Group did not receive dividend income (30 September 2018: KD 1.33 million) from VHFL.



**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 2019**

9. 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	
	2019	2018	2019	2018
	KD '000	KD '000	KD '000	KD '000
Uniterminals Ltd, Lebanon	210	566	659	1,052

10. 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	
	2019	2018	2019	2018
	KD '000	KD '000	KD '000	KD '000
Horizon Singapore Terminals Private Ltd	91	300	576	991
Arab Tank Terminals L.L.C.	(25)	(28)	(151)	(28)
Inpetro SARL	128	127	576	286
Horizon Djibouti Holdings Ltd.	294	422	1,018	1,149
Horizon Tangiers Terminals SA.	186	335	722	922
	<u>674</u>	<u>1,156</u>	<u>2,741</u>	<u>3,320</u>

11. Property and equipment

Property and equipment at 30 September 2019 includes KD 29.79 million (31 December 2018: KD 32.34 million and 30 September 2018: KD 32.82 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.

12. Share capital

The authorised, issued and fully paid share capital consists of 188,407,500 shares of 100 fils each (31 December 2018: 188,407,500 shares of 100 fils each and 30 September 2018: 188,407,500 shares of 100 fils each).



**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 2019**

13. Treasury shares

	30 September 2019	31 December 2018 (Audited)	30 September 2018
Number of shares	7,620,000	7,620,000	7,620,000
Percentage of issued shares	4%	4%	4%
Market value (KD Million)	3.49	3.06	3.20
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 as of 31 December 2018. Such amount will not be available for distribution during treasury shares holding period. Treasury shares are not pledged.

14. 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	
	2019 KD '000	2018 KD '000	2019 KD '000	2018 KD '000
a) Revenues and expenses:				
<i>Sales</i>				
Joint venture	42,820	34,628	111,683	96,448
<i>Storage expense</i>				
Associates	1,310	1,184	3,784	3,522
b) Key management compensation				
Salaries and other short-term benefits	<u>248</u>	<u>246</u>	<u>737</u>	<u>709</u>
Termination benefits	<u>33</u>	<u>18</u>	<u>86</u>	<u>150</u>



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

**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2019**

c) Due from / to related parties:

	30 September 2019 KD '000	31 December 2018 KD '000 (Audited)	30 September 2018 KD '000
<i>Due from related parties</i>			
Trade and other receivables	18,264	3,600	7,357
<i>Other loans</i>			
Associate	711	710	711
	30 September 2019 KD '000	31 December 2018 KD '000 (Audited)	30 September 2018 KD '000
<i>Due to related parties</i>			
Trade and other payables			
Associates	713	695	967

15. 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			
	2019		2018	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	170,421	2,293	197,717	2,109
Asia and Far East	3	91	-	300
	<u>170,424</u>	<u>2,384</u>	<u>197,717</u>	<u>2,409</u>
Unallocated corporate items		<u>(1,844)</u>		<u>(1,959)</u>



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

**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2019**

	Nine month period ended 30 September			
	2019		2018	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	513,151	11,856	574,966	11,098
Asia and Far East	7,852	517	9,068	1,074
	<u>521,003</u>	<u>12,373</u>	<u>584,034</u>	<u>12,172</u>
Unallocated corporate items		<u>(6,215)</u>		<u>(6,609)</u>
	Middle East and Africa KD '000	Europe KD '000	Asia Pacific KD '000	Total KD '000
30 September 2019				
Segment assets	70,905	299	9,164	80,368
Unallocated corporate assets	-	-	-	238,690
Total assets	<u>70,905</u>	<u>299</u>	<u>9,164</u>	<u>319,058</u>
Segment liabilities	25,484	20,556	282	46,322
Unallocated corporate liabilities	-	-	-	177,689
Total liabilities	<u>25,484</u>	<u>20,556</u>	<u>282</u>	<u>224,011</u>
31 December 2018 (Audited)				
Segment assets	68,782	-	9,143	77,925
Unallocated corporate assets	-	-	-	252,441
Total assets	<u>68,782</u>	<u>-</u>	<u>9,143</u>	<u>330,366</u>
Segment liabilities	11,263	28,868	-	40,131
Unallocated corporate liabilities	-	-	-	195,333
Total liabilities	<u>11,263</u>	<u>28,868</u>	<u>-</u>	<u>235,464</u>
30 September 2018				
Segment assets	71,540	-	9,152	80,692
Unallocated corporate assets	-	-	-	277,367
Total assets	<u>71,540</u>	<u>-</u>	<u>9,152</u>	<u>358,059</u>
Segment liabilities	23,654	41,098	14,201	78,953
Unallocated corporate liabilities	-	-	-	180,788
Total liabilities	<u>23,654</u>	<u>41,098</u>	<u>14,201</u>	<u>259,741</u>

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

**Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2019**

16. Contingent liabilities and commitments

	30 September 2019 KD '000	31 December 2018 KD '000 (Audited)	30 September 2018 KD '000
Letters of guarantee and bid bonds	1,916	1,387	1,132
Letters of credit	58,880	73,897	118,968
	<u>60,796</u>	<u>75,284</u>	<u>120,100</u>
Commitments			
Investments in projects	<u>3,774</u>	<u>9,166</u>	<u>9,424</u>

17. 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 2019				
Investments at fair value through other comprehensive income	-	2,411	24,209	26,620
Investments at fair value through statement of income	58,553	-	-	58,553
	<u>58,553</u>	<u>2,411</u>	<u>24,209</u>	<u>85,173</u>
31 December 2018 (Audited)				
Investments at fair value through other comprehensive income	-	2,534	24,157	26,691
Investments at fair value through statement of income	54,201	-	-	54,201
	<u>54,201</u>	<u>2,534</u>	<u>24,157</u>	<u>80,892</u>
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>

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



**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 2019**

18. Annual General Assembly

The Shareholders' Annual General Assembly held on 20 February 2019 approved the annual audited consolidated financial statements for the year ended 31 December 2018 and payment of a cash dividend of 30 fils per share for the year ended 31 December 2018.

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.