

**Al Soor Fuel Marketing Company K.S.C.P.
and its Subsidiary**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
(UNAUDITED)**

30 JUNE 2018

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL SOOR FUEL MARKETING COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Soor Fuel Marketing Company K.S.C.P. (the "Parent Company") and its subsidiary (collectively the "Group") as at 30 June 2018 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended and the related interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

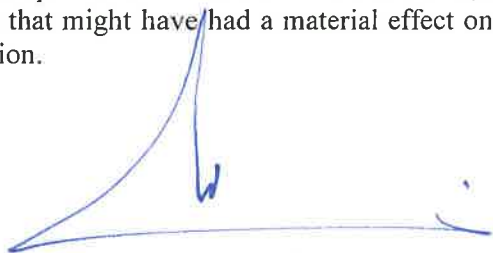
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six month period ended 30 June 2018 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO. 207-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

12 August 2018
Kuwait

Al Soor Fuel Marketing Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

For the period ended 30 June 2018

	Notes	Three months ended 30 June		Six months ended 30 June	
		2018	Restated*	2018	Restated*
		KD	KD	KD	KD
Sales		38,328,290	37,571,454	76,575,752	74,541,195
Cost of sales	9	(35,168,887)	(34,450,912)	(70,226,641)	(68,324,844)
Operating expenses		(2,272,190)	(2,067,194)	(4,542,943)	(4,137,791)
Gross profit		887,213	1,053,348	1,806,168	2,078,560
Other income		835,321	688,576	1,814,753	1,466,833
Rental income		102,130	71,945	169,060	134,285
Net investment income	3	319,453	66,748	391,966	229,780
Administrative expenses		(658,529)	(612,503)	(1,347,283)	(1,352,990)
Share of results of associates		-	(44,298)	-	(63,000)
Provision for impairment of receivables		(223,838)	-	(316,725)	-
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), PROVISION FOR NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		1,261,750	1,223,816	2,517,939	2,493,468
Contribution to KFAS		(11,355)	(10,995)	(22,661)	(22,514)
NLST		(31,544)	(30,543)	(62,949)	(62,540)
Zakat		(12,617)	(12,217)	(25,179)	(25,016)
PROFIT FOR THE PERIOD		1,206,234	1,170,061	2,407,150	2,383,398
BASIC AND DILUTED EARNINGS PER SHARE	4	3.01 fils	2.92 fils	6.00 fils	5.94 fils

* Certain amounts shown here do not correspond to the interim condensed consolidated information statements as at 30 June 2017 and reflect adjustments made as detailed in Note 13.

Al Soor Fuel Marketing Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 30 June 2018

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2018</i>	<i>Restated*</i>	<i>2018</i>	<i>Restated*</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	1,206,234	1,170,061	2,407,150	2,383,398
Other comprehensive (loss) income for the period:				
<i>Items that will not be reclassified subsequently to interim condensed consolidated statement of income:</i>				
Net fair value (loss) gain on financial assets at fair value through other comprehensive income	(1,601,315)	(569,713)	806,691	1,254,155
Other comprehensive (loss) income for the period	(1,601,315)	(569,713)	806,691	1,254,155
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(395,081)	600,348	3,213,841	3,637,553

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 June 2017 and reflect adjustments made as detailed in Note 13.

Al Soor Fuel Marketing Company K.S.C.P. and its Subsidiary
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (UNAUDITED)**
At 30 June 2018

		30 June 2018 KD	(Audited) 31 December 2017 KD	Restated* 30 June 2017 KD
ASSETS				
Non-current assets				
Property and equipment		21,642,833	19,410,690	18,170,985
Intangible assets		12,582,618	12,929,500	13,276,383
Investment properties		4,582,798	4,392,672	4,407,773
Investment in associates		1,927,375	1,927,375	1,964,787
Financial assets at fair value through other comprehensive income	5	23,082,553	21,590,352	21,412,519
		<u>63,818,177</u>	<u>60,250,589</u>	<u>59,232,447</u>
Current assets				
Inventories		694,519	725,189	658,238
Accounts receivable and prepayments		7,402,251	9,795,752	9,983,176
Cash, bank balances and term deposits	6	16,454,870	28,039,213	15,912,821
		<u>24,551,640</u>	<u>38,560,154</u>	<u>26,554,235</u>
TOTAL ASSETS		<u>88,369,817</u>	<u>98,810,743</u>	<u>85,786,682</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		40,470,758	40,470,758	40,470,758
Statutory reserve		4,616,484	4,616,484	4,248,824
Voluntary reserve		4,616,484	4,616,484	4,248,824
Treasury shares	7	(760,279)	(760,279)	(760,279)
Cumulative change in fair values reserve		4,900,791	6,103,229	6,324,944
Retained earnings		13,621,777	11,210,189	10,838,416
TOTAL EQUITY		<u>67,466,015</u>	<u>66,256,865</u>	<u>65,371,487</u>
LIABILITIES				
Non-current liability				
Employees' end of service benefits		790,830	760,442	689,339
Current liabilities				
Accounts payable and accruals		20,112,972	13,971,951	17,975,856
Term loan		-	17,821,485	1,750,000
TOTAL LIABILITIES		<u>20,903,802</u>	<u>32,553,878</u>	<u>20,415,195</u>
TOTAL EQUITY AND LIABILITIES		<u>88,369,817</u>	<u>98,810,743</u>	<u>85,786,682</u>

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 June 2017 and reflect adjustments made as detailed in Note 13.

Turaif Mohammad Baqer Al Awadhi
(Chairman)

Talal Ahmad Al-Khars
(Vice Chairman & CEO)

The attached notes 1 to 13 form part of these interim condensed consolidated financial information.

Al Soor Fuel Marketing Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2018

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Cumulative change in fair value reserve KD	Retained earnings KD	Total KD
Balance at 1 January 2018 (Audited)	40,470,758	4,616,484	4,616,484	(760,279)	6,103,229	11,210,189	66,256,865
Profit for the period	-	-	-	-	-	2,407,150	2,407,150
Other comprehensive income for the period	-	-	-	-	806,691	-	806,691
Total comprehensive income for the period	-	-	-	-	806,691	2,407,150	3,213,841
Net realized gain transferred to retained earnings on disposal of investments at fair value through other comprehensive income	-	-	-	-	(2,009,129)	2,009,129	-
Dividends declared (Note 11)	-	-	-	-	-	(2,004,691)	(2,004,691)
Balance at 30 June 2018	40,470,758	4,616,484	4,616,484	(760,279)	4,900,791	13,621,777	67,466,015
Balance at 1 January 2017 (Audited)	40,470,758	4,248,824	4,248,824	(760,279)	429,074	10,626,717	59,263,918
Transition adjustment on early adoption of IFRS 9	-	-	-	-	4,637,050	(162,343)	4,474,707
Restated balance at 1 January 2017	40,470,758	4,248,824	4,248,824	(760,279)	5,066,124	10,464,374	63,738,625
Profit for the period	-	-	-	-	-	2,383,398	2,383,398
Other comprehensive income for the period	-	-	-	-	1,254,155	-	1,254,155
Total comprehensive income for the period	-	-	-	-	1,254,155	2,383,398	3,637,553
Net realized gain transferred to retained earnings on disposal of investments at fair value through other comprehensive income	-	-	-	-	4,665	(4,665)	-
Dividends declared (Note 11)	-	-	-	-	-	(2,004,691)	(2,004,691)
Balance at 30 June 2017	40,470,758	4,248,824	4,248,824	(760,279)	6,324,944	10,838,416	65,371,487

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 June 2017 and reflect adjustments made as detailed in Note 13.

The attached notes 1 to 13 form part of these interim condensed consolidated financial information.

Al Soor Fuel Marketing Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For period ended 30 June 2018

	Notes	Six months ended 30 June	
		2018 KD	Restated* 2017 KD
OPERATING ACTIVITIES			
Profit for the period before KFAS, NLST and Zakat		2,517,939	2,493,468
Non-cash adjustments to reconcile profit for the period to net cash flows:			
Net investment income	3	(391,966)	(229,780)
Share of results of an associate		-	63,000
Depreciation and amortisation		1,006,375	902,144
Provision for employees' end of service benefits		76,648	67,093
Provision for impairment of receivables		316,725	-
		<u>3,525,721</u>	<u>3,295,925</u>
Changes in the working capital:			
Inventories		30,670	(1,984)
Accounts receivable and prepayments		2,076,776	(3,197,919)
Accounts payable and accruals		5,098,324	3,997,805
		<u>10,731,491</u>	<u>4,093,827</u>
Cash flows from operations		<u>10,731,491</u>	<u>4,093,827</u>
Employees' end of service benefits paid		(46,260)	(14,293)
		<u>10,685,231</u>	<u>4,079,534</u>
Net cash flows from operating activities		<u>10,685,231</u>	<u>4,079,534</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(2,873,675)	(1,341,999)
Purchase of investment properties		(208,087)	-
Purchase of financial assets at fair value through other comprehensive income		(3,839,450)	(399,167)
Proceeds from sale of financial assets at fair value through other comprehensive income		3,153,940	598,500
Term deposits placed		9,000,000	-
Term deposits matured		(8,000,000)	-
Interest income received		98,912	107,577
Dividend income received		293,054	122,203
		<u>(2,375,306)</u>	<u>(912,886)</u>
Net cash flows used in investing activities		<u>(2,375,306)</u>	<u>(912,886)</u>
FINANCING ACTIVITIES			
Term loans obtained		-	1,750,000
Repayment of term loan		(17,821,485)	-
Dividends paid		(1,072,783)	(1,025,900)
		<u>(18,894,268)</u>	<u>724,100</u>
Net cash flows (used in) from financing activities		<u>(18,894,268)</u>	<u>724,100</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		<u>(10,584,343)</u>	<u>3,890,748</u>
Cash and cash equivalents at 1 January		19,039,213	4,022,073
CASH AND CASH EQUIVALENTS AT 30 JUNE	6	<u>8,454,870</u>	<u>7,912,821</u>

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 June 2017 and reflect adjustments made as detailed in Note 13.

The attached notes 1 to 13 form part of these interim condensed consolidated financial information.

Al Soor Fuel Marketing Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2018

1 CORPORATE INFORMATION

This interim condensed consolidated financial information of Al Soor Fuel Marketing Company K.S.C.P. (the "Parent Company") and its Subsidiary (collectively the "Group") for the period ended 30 June 2018 were authorised for issue by the Board of Directors of the Parent Company on 12 August 2018.

The Parent Company is a Kuwaiti shareholding company and was incorporated on 20 March 2006 and commenced its operations on 9 May 2006. The Parent Company's shares were listed on the Kuwait Stock Exchange on 30 June 2008.

The Group conducts the following activities as set forth in Article No. 5 of the Parent Company's Articles of Association:

- Acquisition, establishment, leasing, operating, and maintenance of petrol stations;
- Establishing, developing, operating and maintaining customer service centers at petrol stations, to provide all automobile services including the changing of oil, car wash, maintenance workshop services and technical check-ups;
- The ability to fill and store fuel;
- To ship and trade in petroleum products in bulk or retail;
- The purchase, lease, acquisition, and sale of land and real estate in different locations for the purpose of carrying out the above operations.;

The head office of the Parent Company is P.O. Box 28396, Safat 13144, State of Kuwait.

The Parent Company is a subsidiary of Alfa Energy Company K.S.C. (Closed) (the "Ultimate Parent Company").

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34: "Interim Financial Reporting" ("IAS 34").

The interim condensed consolidated financial information is prepared under the historical cost convention modified to include the measurement at fair value of financial assets at fair value through other comprehensive income.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD"), which is also the functional currency of the Parent Company.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the six-month period ended 30 June 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

New standards, interpretations and amendments adopted by the Parent Company

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018 as below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes previous revenue guidances. It established a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group has applied IFRS 15 using the modified retrospective application. The Group concluded that it has no impact from the application of IFRS 15.

Al Soor Fuel Marketing Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2018

3 NET INVESTMENT INCOME

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2018</i> <i>KD</i>	<i>Restated</i> <i>2017</i> <i>KD</i>	<i>2018</i> <i>KD</i>	<i>Restated</i> <i>2017</i> <i>KD</i>
Interest income	48,119	54,248	98,912	107,577
Dividend income	271,334	12,500	293,054	122,203
	<u>319,453</u>	<u>66,748</u>	<u>391,966</u>	<u>229,780</u>

4 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares).

The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding, less treasury shares, during the period is as follows:

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2018</i>	<i>Restated</i> <i>2017</i>	<i>2018</i>	<i>Restated</i> <i>2017</i>
Profit for the period (KD)	<u>1,206,234</u>	<u>1,170,061</u>	<u>2,407,150</u>	<u>2,383,398</u>
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	<u>400,991,834</u>	<u>400,991,834</u>	<u>400,991,834</u>	<u>400,991,834</u>
Basic and diluted earnings per share	<u>3.01 fils</u>	<u>2.92 fils</u>	<u>6.00 fils</u>	<u>5.94 fils</u>

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>30 June</i> <i>2018</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2017</i> <i>KD</i>	<i>Restated</i> <i>30 June</i> <i>2017</i> <i>KD</i>
Local unquoted securities	5,062,093	6,457,161	6,646,241
Managed portfolio (local quoted equity securities)	2,144,820	125,863	1,481,239
Managed portfolio (local unquoted equity securities)	15,875,640	15,007,328	13,285,039
	<u>23,082,553</u>	<u>21,590,352</u>	<u>21,412,519</u>

As at 30 June 2018, financial assets at fair value through other comprehensive income amounting to KD 18,020,460 (31 December 2017: KD 15,133,191 and 30 June 2017: KD 14,766,278) are managed by a related party (Note 9).

As at 30 June 2018, financial assets at fair value through other comprehensive income amounting to KD 19,326,980 (31 December 2017: KD 18,454,810 and 30 June 2017: KD 18,108,024) are in related party entities (Note 9).

Hierarchy for determining and disclosing the fair values of financial instruments by valuation technique are presented in Note 12.

Al Soor Fuel Marketing Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2018

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows include the following interim condensed consolidated statement of financial position amounts:

	30 June 2018 KD	<i>(Audited)</i> 31 December 2017 KD	30 June 2017 KD
Cash	3,564	2,093	69,809
Bank balances	7,451,306	3,987,120	5,843,012
Term deposits	9,000,000	24,050,000	10,000,000
	<u>16,454,870</u>	<u>28,039,213</u>	<u>15,912,821</u>
Term deposits (maturity after 3 months from the placement date)	<u>(8,000,000)</u>	<u>(9,000,000)</u>	<u>(8,000,000)</u>
	<u>8,454,870</u>	<u>19,039,213</u>	<u>7,912,821</u>

Term deposits placed with local banks are denominated in KD and carry an average effective interest rate of 2.22 % (31 December 2017: 1.85 % and 30 June 2017: 1.95%) per annum.

7 TREASURY SHARES

	30 June 2018 KD	<i>(Audited)</i> 31 December 2017 KD	30 June 2017 KD
Number of treasury shares	<u>3,715,747</u>	<u>3,715,747</u>	<u>3,715,747</u>
Percentage of ownership	<u>0.92%</u>	<u>0.92%</u>	<u>0.92%</u>
Market value (KD)	<u>479,331</u>	<u>408,732</u>	<u>445,890</u>

Reserves equivalent to the cost of the treasury shares held are not available for distribution.

8 CONTINGENCIES AND COMMITMENTS

	30 June 2018 KD	<i>(Audited)</i> 31 December 2017 KD	30 June 2017 KD
Letters of guarantee	<u>5,303,575</u>	<u>5,435,223</u>	<u>8,301,403</u>
Capital commitments	<u>2,240,075</u>	<u>2,587,114</u>	<u>1,659,809</u>

As at the reporting date, the management of the Parent Company does not anticipate any material liabilities to arise from these letters of guarantee.

Al Soor Fuel Marketing Company K.S.C.P. and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 30 June 2018

9 RELATED PARTY TRANSACTIONS (continued)

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
<i>Key management compensation</i>		
Salaries and short-term benefits	164,942	225,262
Employees' end of service benefits	14,543	18,391
	<u>179,485</u>	<u>243,653</u>

10 SEGMENTAL INFORMATION

For management purposes, the Group is organized into business units based on their products and services, and has two reportable operating segments as follows:

- Fuel marketing and other related services – represents the sale of fuel and other related services arising from fuel stations.
- Investment operations – represents investment in managed portfolio, short-term money market placements and real estate.

	<i>Fuel marketing and other related services KD</i>	<i>Investment operations KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>Period ended 30 June 2018</i>				
Segment revenue	78,390,505	561,026	-	78,951,531
Depreciation and amortization	953,665	17,961	34,749	1,006,375
Segment results	2,249,458	561,026	(403,334)	2,407,150
<i>As at 30 June 2018</i>				
Segment assets	49,777,091	38,592,726	-	88,369,817
Segment liabilities	19,854,065	-	1,049,737	20,903,802
	<i>Fuel marketing and other related services KD</i>	<i>Investment operations KD</i>	<i>Unallocated KD</i>	<i>Restated Total KD</i>
<i>Period ended 30 June 2017</i>				
Segment revenue	76,008,028	364,065	-	76,372,093
Depreciation and amortization	848,824	24,411	28,909	902,144
Segment results	2,124,981	301,065	(42,648)	2,383,398
<i>As at 30 June 2017</i>				
Segment assets	49,001,603	36,785,079	-	85,786,682
Segment liabilities	16,312,375	2,392,236	1,710,584	20,415,195

11 ANNUAL GENERAL ASSEMBLY

The Annual General Assembly of the Parent Company for the year ended 31 December 2017 was held on 22 April of 2018. Accordingly, the consolidated financial statements for the year ended 31 December 2017 have been approved by the shareholders of the Parent Company.

The shareholders at the Ordinary Annual General Assembly approved a cash dividend of 5 fils per share for the year ended 31 December 2017 (31 December 2016: distribution of 5 fils per share) and Board of Directors' remuneration of KD 55,000 (31 December 2016: KD 50,000).

Al Soor Fuel Marketing Company K.S.C.P. and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 30 June 2018

12 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and liabilities.

Financial assets consist of cash and cash equivalents, financial assets at fair value through other comprehensive income and accounts receivable and prepayments.

Financial liabilities consist of accounts payable and accruals.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	<i>Level 1</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
30 June 2018			
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>			
Local unquoted securities	-	5,062,093	5,062,093
Managed portfolio (local quoted equity securities)	2,144,820	-	2,144,820
Managed portfolio (local unquoted equity securities)	-	15,875,640	15,875,640
	<u>2,144,820</u>	<u>20,937,733</u>	<u>23,082,553</u>
	<i>Level 1</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
31 December 2017			
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>			
Local unquoted securities	-	6,457,161	6,457,161
Managed portfolio (local quoted equity securities)	125,863	-	125,863
Managed portfolio (local unquoted equity securities)	-	15,007,328	15,007,328
	<u>125,863</u>	<u>21,464,489</u>	<u>21,590,352</u>
	<i>Level 1</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Restated Total</i> <i>KD</i>
30 June 2017			
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>			
Local unquoted securities	-	6,646,241	6,646,241
Managed portfolio (local quoted equity securities)	1,481,239	-	1,481,239
Managed portfolio (local unquoted equity securities)	-	13,285,039	13,285,039
	<u>1,481,239</u>	<u>19,931,280</u>	<u>21,412,519</u>

There were no transfers between level 1 and level 2 fair value measurements and no transfer into and out of level 3 fair value measurements.

Al Soor Fuel Marketing Company K.S.C.P. and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 30 June 2018

12 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The following table shows a reconciliation of the opening and closing amounts of level 3 financial assets which are recorded at fair value.

30 June 2018	<i>As at 1 January 2018 KD</i>	<i>Loss recorded in other comprehensive income KD</i>	<i>Net purchases, (sales) and settlements KD</i>	<i>As at 30 June 2018 KD</i>
<i>Financial assets at fair value through other comprehensive income</i>				
Local unquoted securities	6,457,161	(704,695)	(690,373)	5,062,093
Managed portfolio (local unquoted equity securities)	15,007,328	(131,688)	1,000,000	15,875,640
	<u>21,464,489</u>	<u>(836,383)</u>	<u>309,627</u>	<u>20,937,733</u>

31 December 2017	<i>As at 1 January 2017 KD</i>	<i>Reclassification due to early adoption of IFRS 9 KD</i>	<i>Gain recorded in other comprehensive income KD</i>	<i>Net purchases, (sales) and settlements KD</i>	<i>Transfer from Level 1* KD</i>	<i>As at 31 December 2017 KD</i>
<i>Financial assets at fair value through other comprehensive income</i>						
Local unquoted securities	-	5,810,911	646,250	-	-	6,457,161
Managed portfolio (local unquoted equity securities)	-	13,270,828	412,473	152,499	1,171,528	15,007,328
	<u>-</u>	<u>19,081,739</u>	<u>1,058,723</u>	<u>152,499</u>	<u>1,171,528</u>	<u>21,464,489</u>

30 June 2017	<i>As at 1 January 2017 KD</i>	<i>Reclassification due to early adoption of IFRS 9 KD</i>	<i>Gain recorded in other comprehensive income KD</i>	<i>Net purchases, (sales) and settlements KD</i>	<i>Restated As at 30 June 2017 KD</i>
<i>Financial assets at fair value through other comprehensive income</i>					
Local unquoted securities	-	5,810,911	835,330	-	6,646,241
Managed portfolio (local unquoted equity securities)	-	13,270,828	(21,890)	36,101	13,285,039
	<u>-</u>	<u>19,081,739</u>	<u>813,440</u>	<u>36,101</u>	<u>19,931,280</u>

* On 29 September 2017, Kuwait Boursa announced delisting of one of the equity securities from the Kuwait stock exchange. Accordingly, the Group transferred the equity investment of KD 1,171,528 from level 1 to level 3.

13 COMPARATIVE INFORMATION

The comparative figures in the interim condensed consolidated statement of financial position, interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flow for the six month period ended 30 June 2017, have been restated as below since the Group early adopted IFRS 9 on the audited consolidated financial statements for the year ended 31 December 2017, with a date of initial application of 1 January 2017. Further, no impact on the consolidated financial statements for the year ended 31 December 2017.

Al Soor Fuel Marketing Company K.S.C.P. and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 30 June 2018

13 COMPARATIVE INFORMATION (continued)

At 30 June 2017

	<i>As previously reported KD</i>	<i>Effect of restatement KD</i>	<i>Restated KD</i>
<i>Consolidated statement of financial position</i>			
Assets			
Financial assets available for sale	17,241,281	(17,241,281)	-
Financial assets at fair value through profit or loss	78,080	(78,080)	-
Financial assets at fair value through other comprehensive income	-	21,412,519	21,412,519
Accounts receivable and prepayments	10,145,519	(162,343)	9,983,176
Equity			
Cumulative change in fair values reserve	2,218,986	4,105,958	6,324,944
Retained earnings	11,013,559	(175,143)	10,838,416
<i>Interim condensed consolidated statement of income</i>			
Net investment income	237,915	(8,135)	229,780
Profit for the period	2,391,533	(8,135)	2,383,398
Basic and diluted earnings per share	5.96 fils	(0.02 fils)	5.94 fils