

**AL KOUT INDUSTRIAL PROJECTS COMPANY K.P.S.C.
AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
AND INDEPENDENT AUDITORS' REVIEW REPORT**

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2016 (UNAUDITED)

AL KOUT INDUSTRIAL PROJECTS COMPANY K.P.S.C. AND ITS SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
AND INDEPENDENT AUDITORS' REVIEW REPORT (UNAUDITED)**

For the period from 1 January to 30 June 2016

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Independent auditors' report on review of interim condensed consolidated financial information to the Board of Directors of Al Kout Industrial Projects Company K.P.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Kout Industrial Projects Company K.P.S.C. ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2016, and the related interim condensed consolidated statements of income and comprehensive income for the three month and six month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the six month period then ended. The Parent Company's Management 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 condensed consolidated 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.

Basis for qualified conclusion

Due to the unavailability of recent reviewed financial information of Al Dorra Petroleum Services Company K.S.C. (Closed), an associate accounted for by the equity method, we were unable to complete our review of its carrying amount of KD 8,824,066 presented in the interim condensed consolidated statement of financial position as at 30 June 2016, and the Group's share of the associate's net profit of KD 203,569 included in the Group's interim condensed consolidated statement of income for the period then ended. Had we been able to complete our review of the associate account, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed consolidated financial information.

Qualified conclusion

Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the situation described above, 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, 'Interim financial reporting'.



**AL - WAHA
AUDITING OFFICE
ALI OWAIID RUKHAEYES**

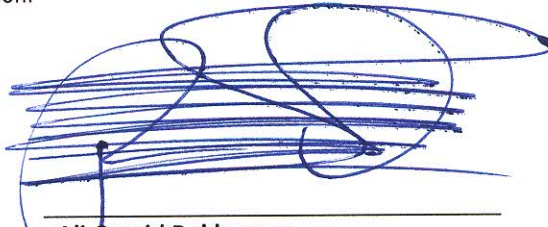
Independent auditors' report on review of interim condensed consolidated financial information to the Board of Directors of Al Kout Industrial Projects Company K.P.S.C. (Continued)

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, nothing has come to our attention indicating that the interim condensed consolidated financial information is not in agreement with the books of accounts 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, provision of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations, nor of the parent company's articles and memorandum of association during the six month period ended 30 June 2016 that might have had a material effect on the business of the group or on its financial position.



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**31 July 2016
Kuwait**

Al Kout Industrial Projects Company K.P.S.C. and Its Subsidiaries

Interim condensed consolidated statement of financial position

(All amounts in Kuwaiti Dinars unless indicated otherwise)

| | Notes | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
|--------------------------------------|-------|--------------------------------|----------------------------------|--------------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | | 17,328,155 | 16,714,649 | 15,803,624 |
| Investment in associate | 4 | 8,824,066 | 8,620,497 | 8,213,487 |
| | | <u>26,152,221</u> | <u>25,335,146</u> | <u>24,017,111</u> |
| Current assets | | | | |
| Inventories | | 1,814,092 | 1,630,841 | 1,713,857 |
| Trade and other receivables | 5 | 5,104,532 | 5,694,973 | 4,742,432 |
| Time deposit | | - | 500,000 | - |
| Cash and bank balances | 6 | 993,242 | 866,446 | 411,917 |
| | | <u>7,911,866</u> | <u>8,692,260</u> | <u>6,868,206</u> |
| Total assets | | <u>34,064,087</u> | <u>34,027,406</u> | <u>30,885,317</u> |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 7 | 10,090,080 | 9,702,000 | 9,702,000 |
| Statutory reserve | | 5,186,422 | 5,186,422 | 4,625,036 |
| Voluntary reserve | | 5,148,415 | 5,148,415 | 4,587,029 |
| Share of an associate's reserve | | 283,555 | 283,555 | - |
| Foreign currency translation reserve | | 514,937 | 532,068 | 501,129 |
| Retained earnings | | 7,465,933 | 8,805,161 | 6,674,235 |
| Total equity | | <u>28,689,342</u> | <u>29,657,621</u> | <u>26,089,429</u> |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Post-employment benefits | | 1,681,117 | 1,627,332 | 1,595,849 |
| Current liabilities | | | | |
| Trade and other payables | 8 | 2,693,628 | 2,742,453 | 1,850,039 |
| Current portion of term loans | 9 | 1,000,000 | - | 1,350,000 |
| | | <u>3,693,628</u> | <u>2,742,453</u> | <u>3,200,039</u> |
| Total liabilities | | <u>5,374,745</u> | <u>4,369,785</u> | <u>4,795,888</u> |
| Total equity and liabilities | | <u>34,064,087</u> | <u>34,027,406</u> | <u>30,885,317</u> |

Fahed Y. Al-Jouan
Chairman



The accompanying notes set out on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.P.S.C. and Its Subsidiaries

Interim condensed consolidated statement of income

(All amounts in Kuwaiti Dinars unless indicated otherwise)

| | Notes | Three months ended 30 June | | Six months ended 30 June | |
|--|-------|-------------------------------|---------------------|-----------------------------|---------------------|
| | | 2016 (Unaudited) | 2015 (Unaudited) | 2016 (Unaudited) | 2015 (Unaudited) |
| Revenues | | 3,967,610 | 4,661,420 | 7,979,195 | 9,085,605 |
| Cost of revenues | | (2,221,917) | (2,400,504) | (4,444,561) | (4,841,151) |
| Gross profit | | 1,745,693 | 2,260,916 | 3,534,634 | 4,244,454 |
| Share of results of associate | | 130,513 | (151,683) | 203,569 | (1,163,835) |
| Other income | | 59,640 | 98,258 | 376,594 | 174,486 |
| General and administrative expenses | | (337,311) | (361,654) | (679,741) | (720,166) |
| Selling and distribution expenses | | (170,771) | (164,673) | (325,112) | (353,792) |
| Finance costs | | (7,890) | (11,865) | (7,890) | (11,865) |
| Profit before provisions for Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Board of Directors' remuneration | | 1,419,874 | 1,669,299 | 3,102,054 | 2,169,282 |
| KFAS | | (12,894) | (6,132) | (28,985) | (10,474) |
| NLST | | (13,241) | (42,671) | (29,522) | (56,440) |
| Zakat | | (36,370) | (17,069) | (78,895) | (22,577) |
| Board of Directors' remuneration | | (17,500) | (17,500) | (35,000) | (35,000) |
| Profit for the period | | 1,339,869 | 1,585,927 | 2,929,652 | 2,044,791 |
| Earnings per share (basic and diluted) | 10 | 13.28 fils | 15.72 fils | 29.03 fils | 20.27 fils |

The accompanying notes set out on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.P.S.C. and Its Subsidiaries

Interim condensed consolidated statement of comprehensive income

(All amounts in Kuwaiti Dinars unless indicated otherwise)

| | Three months ended 30 June | | Six months ended 30 June | |
|--|-------------------------------|---------------------|-----------------------------|---------------------|
| | 2016 (Unaudited) | 2015 (Unaudited) | 2016 (Unaudited) | 2015 (Unaudited) |
| Profit for the period | 1,339,869 | 1,585,927 | 2,929,652 | 2,044,791 |
| Other comprehensive income | | | | |
| <i>Items that may be reclassified subsequently to interim condensed consolidated statement of income</i> | | | | |
| Foreign exchange translation adjustments | 15,364 | 79,873 | (17,131) | 169,422 |
| Other comprehensive income /loss for the period | 15,364 | 79,873 | (17,131) | 169,422 |
| Total comprehensive income for the period | 1,355,233 | 1,665,800 | 2,912,521 | 2,214,213 |

The accompanying notes set out on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.P.S.C. and Its Subsidiaries

Interim condensed consolidated statement of changes in equity

(All amounts in Kuwaiti Dinars unless indicated otherwise)

| | Share capital | Statutory reserve | Voluntary reserve | Share of an associate's reserves | Foreign currency translation reserve | Retained earnings | Total equity |
|--|-------------------|-------------------|-------------------|----------------------------------|--------------------------------------|-------------------|-------------------|
| Balance at 1 January 2016 | 9,702,000 | 5,186,422 | 5,148,415 | 283,555 | 532,068 | 8,805,161 | 29,657,621 |
| Profit for the period | - | - | - | - | - | 2,929,652 | 2,929,652 |
| Other comprehensive income /loss for the period | - | - | - | - | (17,131) | - | (17,131) |
| Total comprehensive income for the period | - | - | - | - | (17,131) | 2,929,652 | 2,912,521 |
| Issue of bonus shares (note 14) | 388,080 | - | - | - | - | (388,080) | - |
| Dividends paid (note 14) | - | - | - | - | - | (3,880,800) | (3,880,800) |
| Balance at 30 June 2016 (Unaudited) | 10,090,080 | 5,186,422 | 5,148,415 | 283,555 | 514,937 | 7,465,933 | 28,689,342 |
| Balance at 1 January 2015 | 8,820,000 | 4,625,036 | 4,587,029 | - | 331,707 | 9,039,444 | 27,403,216 |
| Profit for the period | - | - | - | - | - | 2,044,791 | 2,044,791 |
| Other comprehensive income for the period | - | - | - | - | 169,422 | - | 169,422 |
| Total comprehensive income for the period | - | - | - | - | 169,422 | 2,044,791 | 2,214,213 |
| Issue of bonus shares (note 14) | 882,000 | - | - | - | - | (882,000) | - |
| Dividends paid (note 14) | - | - | - | - | - | (3,528,000) | (3,528,000) |
| Balance at 30 June 2015 (Unaudited) | 9,702,000 | 4,625,036 | 4,587,029 | - | 501,129 | 6,674,235 | 26,089,429 |

The accompanying notes set out on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.P.S.C. and Its Subsidiaries

Interim condensed consolidated statement of cash flows

(All amounts in Kuwaiti Dinars unless indicated otherwise)

| | Note | Six months ended 30 June | |
|--|------|-----------------------------|---------------------|
| | | 2016 (Unaudited) | 2015 (Unaudited) |
| Cash flows from operating activities | | | |
| Profit for the period before taxes and Board of Directors' remuneration | | 3,102,054 | 2,169,282 |
| Adjustments for: | | | |
| Depreciation | | 1,562,166 | 1,408,221 |
| Provision for staff indemnity | | 128,551 | 125,937 |
| Finance costs | | 7,890 | 11,865 |
| Share of results of associate | | (203,569) | 1,163,835 |
| Gain on sale of property, plant and equipment | | (3,450) | (2,662) |
| | | <u>4,593,642</u> | <u>4,876,478</u> |
| Changes in working capital | | | |
| Inventories | | (183,251) | 341,085 |
| Trade and other receivables | | 590,441 | (843,025) |
| Trade and other payables | | (21,234) | (677,581) |
| Cash generated from operations | | <u>4,979,599</u> | <u>3,696,957</u> |
| KFAS paid | | (44,830) | (58,676) |
| NLST paid | | (85,160) | (75,996) |
| Staff indemnity paid | | (74,766) | (41,508) |
| Board of Directors' remuneration paid | | (70,000) | (70,000) |
| Net cash generated from operating activities | | <u>4,704,843</u> | <u>3,450,777</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (2,192,162) | (1,102,365) |
| Proceeds from sale of property, plant and equipment | | 3,450 | 3,752 |
| Net cash used in investing activities | | <u>(2,188,712)</u> | <u>(1,098,613)</u> |
| Cash flows from financing activities | | | |
| Proceeds portion of term loans | | 1,000,000 | 1,350,000 |
| Finance costs paid | | (7,890) | (11,865) |
| Dividends paid | | (3,880,800) | (3,528,000) |
| Net cash used in financing activities | | <u>(2,888,690)</u> | <u>(2,189,865)</u> |
| Effect of foreign currency translation | | (644) | 169,422 |
| Net (decrease) / increase in cash and cash equivalents | | <u>(373,204)</u> | <u>331,721</u> |
| Cash and cash equivalents at beginning of the period including term deposits | | <u>1,366,446</u> | <u>80,196</u> |
| Cash and cash equivalents at end of the period | 6 | <u>993,242</u> | <u>411,917</u> |

The accompanying notes set out on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.P.S.C. and Its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts in Kuwaiti Dinars unless indicated otherwise)

2. BASIS OF PREPARATION (CONTINUED)

Impact of standards issued but not yet applied by the entity

IFRS 9 Financial instruments

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption. The Group is currently assessing whether it should adopt IFRS 9 before its mandatory date.

IFRS 15 Revenue from contracts with customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018, and will allow early adoption.

Management is currently assessing the effects of applying the new standard on the group's financial statements

Basis of consolidation

This interim condensed consolidated financial information for the six month period ended 30 June 2016 includes the Parent Company and its subsidiaries. The financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any intra-Group balances and transactions, and any realized gains arising from intra-Group transactions, are eliminated in preparing this interim condensed consolidated financial information.

Details of subsidiaries are as follows:

| Company's name | Ownership % | | | Country of incorporation | Principal activities |
|--|--------------|------------------|--------------|--------------------------|--------------------------------------|
| | 30 June 2016 | 31 December 2015 | 30 June 2015 | | |
| Al Kout Logistics and Transport Company W.L.L.* | 99.5% | 99.5% | 99.5% | Kuwait | Transportation services |
| Al Kout Petrochemical Products Company W.L.L.* | 80% | 80% | 80% | Kuwait | Blending of chemical products |
| Al Kout Industrial Projects Holding Company L.L.C. | 100% | 100% | 100% | Bahrain | Investment activities |
| Safewater Chemicals L.L.C.* | 99% | 99% | 99% | United Arab Emirates | Manufacture of Chlor Alkali products |

* The remaining ownership interest in the above subsidiaries is held within the Group.

Al Kout Industrial Projects Company K.P.S.C. and Its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts in Kuwaiti Dinars unless indicated otherwise)

3. JUDGMENTS AND ESTIMATES

The preparation of interim condensed consolidated 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 this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

4. INVESTMENT IN ASSOCIATE

| Name of associate | Principal activity | Place of incorporation | Ownership interest % | | |
|--|--|------------------------|-----------------------------|-------------------------------|-----------------------------|
| | | | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
| Al Dorra Petroleum Services Company K.S.C. (Closed) (Al Dorra) | Petroleum services to oil and gas sector | Kuwait | 37.99% | 37.99% | 37.99% |

The carrying amount of the associate is as follows:

| | Carrying amount | | |
|--|-----------------------------|-------------------------------|-----------------------------|
| | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
| Al Dorra Petroleum Services Company K.S.C. (Closed) (Al Dorra) | 8,824,066 | 8,620,497 | 8,213,487 |

5. TRADE AND OTHER RECEIVABLES

| | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
|----------------------|-----------------------------|-------------------------------|-----------------------------|
| Trade receivables | 4,391,765 | 4,917,022 | 3,973,224 |
| Prepayments | 226,764 | 205,444 | 188,857 |
| Advance to suppliers | 300,215 | 489,684 | 457,525 |
| Others | 185,788 | 82,823 | 122,826 |
| | <u>5,104,532</u> | <u>5,694,973</u> | <u>4,742,432</u> |

6. Cash and bank balances

| | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
| Cash on hand | 9,214 | 12,263 | 9,201 |
| Cash at banks | 983,981 | 854,136 | 402,669 |
| Cash in portfolio | 47 | 47 | 47 |
| Cash and bank balances | <u>993,242</u> | <u>866,446</u> | <u>411,917</u> |

Al Kout Industrial Projects Company K.P.S.C. and Its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts in Kuwaiti Dinars unless indicated otherwise)

7. SHARE CAPITAL

| | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
|--|--------------------------------|----------------------------------|--------------------------------|
| Authorised, issued and fully paid: | | | |
| 100,900,800 shares of nominal value of 100 fils each paid in cash (31 December and 30 June 2015: 97,020,000) | 10,090,080 | 9,702,000 | 9,702,000 |

The movement in ordinary shares in issue during the period/year was as follows:

| | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
|---|--------------------------------|-------------------------------------|--------------------------------|
| Number of shares in issue as 1 January | 97,020,000 | 88,200,000 | 88,200,000 |
| Bonus issue | 388,080 | 8,820,000 | 8,820,000 |
| Number of shares in issue as at 30 June / 31 December | 100,900,800 | 97,020,000 | 97,020,000 |

8. TRADE AND OTHER PAYABLES

| | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
|------------------------|--------------------------------|----------------------------------|--------------------------------|
| Trade payables | 1,484,219 | 1,201,122 | 425,846 |
| Advance from customers | 46,366 | 136,222 | 98,032 |
| Accrual expenses | 677,031 | 926,510 | 953,444 |
| TAX payable | 486,012 | 478,599 | 372,717 |
| | 2,693,628 | 2,742,453 | 1,850,039 |

9. Term loans

Term loans from local banks carry effective interest rate is 3% (31 December 2015: nil and 30 June 2015: 3.5%) per annum.

10. EARNINGS PER SHARE

Earnings per share are computed by dividing the profit for the period by the weighted average number of shares outstanding for the period:

| | Three months ended 30 June | | Six months ended 30 June | |
|--|-------------------------------|---------------------|-----------------------------|---------------------|
| | 2016 (Unaudited) | 2015 (Unaudited) | 2016 (Unaudited) | 2015 (Unaudited) |
| Profit for the period (KD) | 1,339,869 | 1,585,927 | 2,929,652 | 2,044,791 |
| Weighted average number of shares outstanding during the period (shares) | 100,900,800 | 100,900,800 | 100,900,800 | 100,900,800 |
| Earnings per share (basic and diluted) (fils) | 13.28 | 15.72 | 29.03 | 20.27 |

Al Kout Industrial Projects Company K.P.S.C. and Its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts in Kuwaiti Dinars unless indicated otherwise)

10. EARNINGS PER SHARE (Continued)

Earnings per share were 16.35 and 21.08 fils for the three and six month period ended 30 June 2015 respectively before retrospective adjustment to the number of shares following the bonus issue during 2015. There were no potential dilutive shares.

11. RELATED PARTY TRANSACTIONS

Related parties represent shareholders that have representation in the Parent Company's Board of Directors and their close relatives, directors and key management personnel of the Parent Company, and entities controlled, jointly controlled or significantly influenced by such parties. All related party transactions are carried out on terms approved by Parent Company's management and at an arm's length term.

Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

| | Three months ended 30 June | | Six months ended 30 June | |
|--|-------------------------------|---------------------|-----------------------------|---------------------|
| | 2016 (Unaudited) | 2015 (Unaudited) | 2016 (Unaudited) | 2015 (Unaudited) |
| Key management compensation | | | | |
| Salaries and other short term benefits | 114,552 | 91,148 | 192,680 | 180,258 |
| Executive committee fees | - | 15,000 | 15,000 | 30,000 |
| Termination benefits | 12,110 | 10,097 | 20,582 | 17,413 |
| | 126,662 | 116,245 | 228,262 | 227,671 |

12. SEGMENT INFORMATION

The Group identifies its operating segments based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Parent Company's Board of Directors is the Group's chief operating decision maker and has grouped the Group's products and services into the following operating segments.

Although some segments may not meet the quantitative thresholds required by IFRS 8 for reporting segments, management has concluded that these segments should be reported, as they are closely monitored by the Group's chief operating decision maker.

Al Kout Industrial Projects Company K.P.S.C. and Its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts in Kuwaiti Dinars unless indicated otherwise)

12. SEGMENT INFORMATION (CONTINUED)

a. Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

| | Three months ended 30 June (Unaudited) | | | |
|-------------------------|--|------------------|------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Revenue | | Results | |
| Chlor Alkali | 3,710,557 | 4,237,337 | 1,731,123 | 2,221,307 |
| Petrochemical products | 207,942 | 375,817 | 14,247 | 30,680 |
| Logistics and transport | 49,111 | 48,266 | 325 | 8,929 |
| Investments | - | - | 130,513 | (151,683) |
| | <u>3,967,610</u> | <u>4,661,420</u> | <u>1,876,208</u> | <u>2,109,233</u> |
| Other income | | | 59,640 | 98,258 |
| Unallocated expenses | | | (595,983) | (621,564) |
| Profit for the period | | | <u>1,339,865</u> | <u>1,585,927</u> |

| | Six months ended 30 June (Unaudited) | | | |
|-------------------------|--------------------------------------|------------------|------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Revenue | | Results | |
| Chlor Alkali | 7,491,951 | 8,298,045 | 3,510,174 | 4,173,805 |
| Petrochemical products | 384,380 | 718,409 | 25,624 | 57,856 |
| Logistics and transport | 102,864 | 69,151 | (1,162) | 12,793 |
| Investments | - | - | 203,569 | (1,163,835) |
| | <u>7,979,195</u> | <u>9,085,605</u> | <u>3,738,205</u> | <u>3,080,619</u> |
| Other income | | | 376,594 | 174,486 |
| Unallocated expenses | | | (1,185,147) | (1,210,314) |
| Profit for the period | | | <u>2,929,652</u> | <u>2,044,791</u> |

| | Three months ended 31 March (Unaudited) | | | |
|-------------------------|--|---------|--------------|-----------|
| | 2016 | 2015 | 2016 | 2015 |
| | Purchases of property, plant and equipment | | Depreciation | |
| Chlor Alkali | 861,795 | 786,748 | (702,361) | (641,013) |
| Petrochemical products | - | - | (468) | (468) |
| Logistics and transport | 87,441 | 9,053 | (78,307) | (68,947) |

| | Six months ended 30 June (Unaudited) | | | |
|-------------------------|--|---------|--------------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Purchases of property, plant and equipment | | Depreciation | |
| Chlor Alkali | 1,938,481 | 298,336 | (1,408,631) | (1,270,071) |
| Petrochemical products | - | - | (936) | (936) |
| Logistics and transport | 253,681 | 8,226 | (152,599) | (137,214) |

Al Kout Industrial Projects Company K.P.S.C. and Its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts in Kuwaiti Dinars unless indicated otherwise)

12. SEGMENT INFORMATION (CONTINUED)

b. Segment assets and liabilities

| | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
|--|--------------------------------|----------------------------------|--------------------------------|
| Segment assets | | | |
| Chlor Alkali | 23,246,425 | 23,676,772 | 20,987,868 |
| Petrochemical products | 349,065 | 163,061 | 100,000 |
| Logistics and transport | 1,644,531 | 1,567,076 | 1,583,962 |
| Investments | 8,824,066 | 8,620,497 | 8,213,487 |
| Total consolidated segment assets | 34,064,087 | 34,027,406 | 30,885,317 |
| Segment liabilities | | | |
| Chlor Alkali | 4,823,555 | 3,973,351 | 4,529,669 |
| Petrochemical Products | 319,635 | 143,262 | - |
| Logistics and transport | 231,555 | 253,172 | 266,219 |
| Total consolidated segment liabilities | 5,374,745 | 4,369,785 | 4,795,888 |

c. Geographical segments

The following is a geographical analysis based on location of the Group's revenue:

| | Three months ended 30 June | | Six months ended 30 June | |
|------------------------------------|-------------------------------|---------------------|-----------------------------|---------------------|
| | 2016 (Unaudited) | 2015 (Unaudited) | 2016 (Unaudited) | 2015 (Unaudited) |
| Kuwait and Middle East | 3,853,693 | 4,501,523 | 7,736,635 | 8,754,266 |
| Europe and Africa | 92,819 | 111,402 | 204,329 | 252,950 |
| Asia | 21,098 | 48,495 | 38,231 | 78,389 |
| Total consolidated segment revenue | 3,967,610 | 4,661,420 | 7,979,195 | 9,085,605 |

13. COMMITMENTS AND CONTINGENT LIABILITIES

| | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
|--|--------------------------------|----------------------------------|--------------------------------|
| Capital commitments | | | |
| For the acquisition of property, plant and equipment | 1,423,308 | 998,202 | 949,587 |
| Contingent liabilities | | | |
| Letters of guarantee | 3,986,642 | 3,261,184 | 2,911,574 |
| Letters of credit | 519,030 | 176,994 | 668,262 |
| | 4,505,672 | 3,438,178 | 3,579,836 |

Operating lease commitments

The minimum operating lease commitments under non-cancellable operating leases are as follows:

| | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
|---|--------------------------------|----------------------------------|--------------------------------|
| Not later than one year | 42,731 | 189,435 | 21,749 |
| Later than one year but not later than five years | 98,449 | 112,648 | 8,970 |

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Notes to the interim condensed consolidated financial information

(All amounts in Kuwaiti Dinars unless indicated otherwise)

14. ANNUAL GENERAL ASSEMBLY MEETING

The Annual General Assembly meeting of shareholders held on 25 April 2016 approved the consolidated financial statements of the Group for the year ended 31 December 2015, and approved a cash dividend equivalent to 40% (31 December 2014: 40%) of the paid up share capital to the shareholders of record as of the date of the Annual General Assembly, and also approved an issue of bonus shares for the year ended 31 December 2015 in the ratio of one share for every four shares held (2014: one share for every ten shares) and to distribute directors' remuneration of KD 70,000.