

KUWAIT ENERGY plc Group



**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED AND UNREVIEWED
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

KUWAIT ENERGY plc GROUP
CONDENSED CONSOLIDATED INCOME STATEMENT
For the period ended 31 March 2015



	Note	3 months ended (1) 31.03.15 USD 000's	(Unaudited) 3 months ended 31.03.14 USD 000's	(Audited) Year ended 31.12.14 USD 000's
Continuing Operations				
Revenue	1	44,922	67,321	270,759
Cost of Sales		(41,628)	(35,161)	(140,504)
Gross profit		3,294	32,160	130,255
Exploration expenditure written off	2	(2,300)	-	(1,513)
Impairment of oil and gas assets		-	-	(19,247)
General and administrative expenses		(4,356)	(6,695)	(32,669)
Operating (loss)/profit		(3,362)	25,465	76,826
Share of result in Joint Venture		500	1,075	1,040
Gain on held for trading derivatives		-	81	-
Fair value loss on convertible loans		(3,600)	(3,016)	(9,931)
Other income		132	134	380
Finance cost		(4,539)	(1,351)	(12,773)
(Loss)/profit before tax		(10,869)	22,388	55,542
Taxation charge		(1,500)	(2,100)	(8,800)
(Loss)/profit for the period from continuing operations		(12,369)	20,288	46,742
Loss for the period from discontinued operations		-	(1,400)	(4,039)
(Loss)/profit for the period		(12,369)	18,888	42,703
Attributable to:				
Owners of the Company		(12,367)	18,888	42,711
Non-controlling interests		(2)	-	(8)
		(12,369)	18,888	42,703
Earning/(loss) per share from continuing operations				
- Basic (cents)		(3.8)	6.2	14.2
- Diluted (cents)		(3.8)	6.2	14.2
Earning/(loss) per share from continuing and discontinued operations				
- Basic (cents)		(3.8)	5.8	13.0
- Diluted (cents)		(3.8)	5.8	13.0

(1) Unaudited and are management best estimates at the time of signing.


Manssour Aboukhamseen
Chairman & Managing Director

KUWAIT ENERGY plc GROUP**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the period ended 31 March 2015

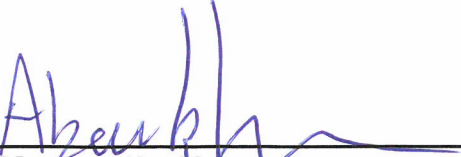


		(Unaudited)	
	3 months ended (1) 31.03.15	3 months ended 31.03.14	(Audited) Year ended 31.12.14
	USD 000's	USD 000's	USD 000's
(Loss)/profit for the period	<u>(12,369)</u>	<u>18,888</u>	<u>42,703</u>
Other comprehensive income			
Re-measurement of retirement benefit obligation	<u>-</u>	<u>-</u>	<u>812</u>
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>812</u>
Total comprehensive (loss)/income for the period	<u>(12,369)</u>	<u>18,888</u>	<u>43,515</u>

(1) Unaudited and are management best estimates at the time of signing.

	Notes	As at 31.03.15 (1) USD 000's	(Audited) As at 31.12.14 USD 000's
ASSETS			
Non-current assets			
Intangible exploration and evaluation assets	2	41,489	46,488
Property, plant and equipments	3	548,318	522,537
Investment in Joint Venture		6,638	8,138
Other non current assets		6,041	5,141
Total non-current assets		602,486	582,304
Current assets			
Inventories		19,324	21,642
Trade and other receivable	4	107,619	115,589
Cash and bank balances		146,183	215,992
Total current assets		273,126	353,223
Total assets		875,612	935,527
EQUITY AND LIABILITIES			
Equity			
Share capital		559,783	557,808
Share premium		205,473	204,760
Other reserves		(106,396)	(106,609)
Retained deficit		(260,584)	(248,217)
Equity attributable to owners of the Company		398,276	407,742
Non controlling interests		5,867	8,770
Total equity		404,143	416,512
Non-current liabilities			
Borrowings		242,659	242,459
Convertible loan		114,740	111,740
Long term provisions		16,605	15,697
		374,004	369,896
Current Liabilities			
Trade & other payable		82,233	133,653
Current tax payable		9,823	9,377
Current portion of convertible loan		5,409	6,089
		97,465	149,119
Total liabilities		471,469	519,015
Total equity and liabilities		875,612	935,527

(1) Unaudited and are management best estimates at the time of signing.


Manssour Aboukhamseen
Chairman & Managing Director

KUWAIT ENERGY plc GROUP
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 March 2015



	Share capital	Share premium	Other reserves	Retained deficit	Total	Non-controlling interest	Total equity
	USD 000's	USD 000's	USD 000's	USD 000's	USD 000's	USD 000's	USD 000's
Balance at 1 January 2014	507,832	189,309	(36,003)	(290,928)	370,210	-	370,210
Profit/(loss) for the year	-	-	-	42,711	42,711	(8)	42,703
Other comprehensive income for the year	-	-	812	-	812	-	812
Total comprehensive income for the year	-	-	812	42,711	43,523	(8)	43,515
Acquisition of subsidiary	46,785	14,057	(69,669)	-	(8,827)	8,778	(49)
Purchase of treasury shares	-	-	(1,749)	-	(1,749)	-	(1,749)
Issue of shares for prior year business combination	822	604	-	-	1,426	-	1,426
Issue of shares under incentive scheme	2,369	790	-	-	3,159	-	3,159
Balance at 31 December 2014	557,808	204,760	(106,609)	(248,217)	407,742	8,770	416,512
Loss for the period	-	-	-	(12,367)	(12,367)	(2)	(12,369)
Issue of shares (see below)	1,975	713	213	-	2,901	(2,901)	-
Balance at 31 March 2015	559,783	205,473	(106,396)	(260,584)	398,276	5,867	404,143

In 2015 the Company purchased 31.75 million own shares from its subsidiary Kuwait Energy Company K.S.C. (Closed) (KEC) at book value of USD 72 million and now being directly hold as treasury shares. Treasury shares have been included under 'other reserves' of the equity. There was no impact in consolidated equity, as in consolidated financial statement of 2014 these shares were already classified under treasury shares on acquisition of KEC.

During the period ended 31 March 2015 the Company issued 1.3 million (2014: 28 million) shares to the shareholders of KEC in accordance with the terms of share acquisition of KEC approved in Annual General meeting 2013 and 2014. As at 31 March 2015 91.8% (31 December 2014: 87.8%) of the shares in KEC had been exchanged.

KUWAIT ENERGY plc GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 March 2015



	3 months ended (1) 31.03.15 <u>USD 000's</u>	(Unaudited) 3 months ended 31.03.14 <u>USD 000's</u>	(Audited) Year ended 31.12.14 <u>USD 000's</u>
OPERATING ACTIVITIES			
(Loss)/profit for the period	(12,369)	18,888	42,703
Adjustment for:			
Share of results of Joint Venture	(500)	(1,075)	(1,040)
Depreciation, depletion and amortisation	24,779	21,296	83,505
Exploration expenditure written off	2,300	-	1,513
Impairment of oil and gas assets	-	-	19,247
Impairment charges on discontinued operations	-	500	3,126
Tax charges	1,500	2,100	8,800
Gain on held for trading derivatives	-	(81)	-
Share based expenses	-	-	1,066
Fair value loss on convertible loans	3,600	3,016	9,931
Finance costs	4,539	1,351	12,773
Interest income	(125)	(115)	(568)
Provision for retirement benefits	278	1,926	1,066
Operating cash flow before movement in working capital	<u>24,002</u>	<u>47,806</u>	<u>182,122</u>
Decrease/(increase) in trade and other receivables	7,838	(24,342)	48,277
(Decrease)/increase in trade and other payables	(45,483)	10,134	29,954
Decrease in inventories	2,318	1,431	1,223
Tax paid	(1,054)	-	(8,521)
Net cash (used in)/generated by operating activities	<u>(12,379)</u>	<u>35,029</u>	<u>253,055</u>
INVESTING ACTIVITIES			
Purchase of intangible exploration and evaluation assets	(11,208)	(8,306)	(49,797)
Purchase of property, plant and equipments	(33,892)	(27,812)	(185,919)
Additions to decommission and retirement benefit obligation fund	(900)	-	(5,141)
Proceeds from disposal of assets classified as held for sale	-	-	13,300
Acquisition of subsidiary, net of cash acquired	-	-	451
Dividend received from Joint Venture	2,000	-	3,500
Interest received	125	115	568
Net cash used in investing activities	<u>(43,875)</u>	<u>(36,003)</u>	<u>(223,038)</u>
FINANCING ACTIVITIES			
Proceeds from borrowings	-	15,019	127,054
Repayment of borrowings	-	(20,649)	(48,735)
Purchase of treasury shares	-	-	(1,749)
Finance costs paid	(13,555)	(3,690)	(18,189)
Net cash generated by financing activities	<u>(13,555)</u>	<u>(9,320)</u>	<u>58,381</u>
Net (decrease)/increase in cash and cash equivalents	<u>(69,809)</u>	<u>(10,294)</u>	<u>88,398</u>
Cash and cash equivalents at beginning of the period	<u>215,992</u>	<u>127,594</u>	<u>127,594</u>
Cash and cash equivalents at end of the period	<u><u>146,183</u></u>	<u><u>117,300</u></u>	<u><u>215,992</u></u>

(1) Unaudited and are management best estimates at the time of signing.

1. Revenue

	3 months ended (1) 31.03.15	(Unaudited) 3 months ended 31.03.14	(Audited) Year ended 31.12.14
	USD 000's	USD 000's	USD 000's
Oil sales	44,922	67,321	270,759
	<u>44,922</u>	<u>67,321</u>	<u>270,759</u>

Revenue for the period ended 31 March 2015 includes additional 25% revenue interest in BEA field in Egypt acquired from Gharib Oil Fields effective 15 January 2015. Agreement signed for purchase of an additional 25% interest in BEA field in Egypt is still subject to final approval from Egyptian General Petroleum Corporation (EGPC).

2. Intangible exploration and evaluation ('E&E') assets

	E&E assets USD 000's
Cost	
As at 1 January 2014	58,178
Additions	56,819
Exploration expenditure written off	(1,513)
Transfer to Property, plant and equipment ('PPE')	(66,996)
As at 31 December 2014	46,488
Additions	11,208
Exploration expenditure written off	(2,300)
Transfer to PPE	(13,907)
As at 31 March 2015	<u>41,489</u>

During the period ended 31 March 2015 exploration cost associated with proven commercial reserves amounting USD 4.2 million relating to Block 9 in Iraq and USD 9.7 million relating to Abu Sennan in Egypt (2014: USD 56.7 million relating to Block 9 in Iraq and USD 10.3 million relating to BEA and Abu Sennan in Egypt) were transferred to PPE.

During the period ended 31 March 2015 the Company has written off unsuccessful exploration expenditure amounting to USD 2.3 million related to Area A field in Egypt (2014: USD 1.5 million related to BEA field in Egypt).

3. Property, plant and equipments

	PPE assets USD '000
Cost	
As at 1 January 2014	602,317
Additions	209,326
Disposal	(15)
Transfer from E&E assets	66,996
As at 31 December 2014	878,624
Additions	36,653
Transfer from E&E assets	13,907
As at 31 March 2015	<u>929,184</u>
Depreciation, depletion, amortisation and impairment losses	
As at 1 January 2014	253,350
Charge for the year	83,505
Impairment	19,247
Disposal	(15)
As at 31 December 2014	356,087
Charge for the period	24,779
As at 31 March 2015	<u>380,866</u>

3. Property, plant and equipments ('PPE') (continued)

	<u>PPE assets</u>
Carrying amount	<u>USD '000</u>
As at 31 March 2014	<u>548,318</u>
As at 31 December 2014	<u><u>522,537</u></u>

The additions to oil and gas assets include USD 2.1 million (31 December 2013: USD 11.1 million) of finance costs and fair value loss on convertible loans on qualifying assets capitalised during the period. It also includes USD 6.9 million (31 December 2013: nil) paid for purchase of Cairo building.

As at 31 March 2015, the Group had PPE in Yemen with a carrying value of USD 51.1 million and intangible exploration assets with a carrying value of USD 30.3 million in Yemen where in 2015 the political and security situation has become unstable. Management believes in the longer term the situation will be resolved and no additional impairment is required. Between January and April 2015, two cargoes were lifted from the Block 5 field in Yemen. As at the end of April 2015, Yemen Block 5 field operations are shut in along with other nearby producing blocks largely as a result of no spare storage capacity at the offshore terminal at Ras Issa port, hence the concession is currently under Force Majeure. Non-Yemeni employees have been withdrawn for their safety and security, Yemeni employees remain on site and the facility remains available for the use of the Group.

4. Trade and other receivable

	<u>31.03.15</u>	<u>31.12.14</u>
	<u>USD '000</u>	<u>USD '000</u>
Trade receivables	60,202	73,604
Other receivables	<u>47,417</u>	<u>41,985</u>
	<u><u>107,619</u></u>	<u><u>115,589</u></u>

Subsequent to the period ended 31 March 2015, in April 2015 the Group has recovered the entire balance due with EGPC at 31 March 2015 of USD 28 million (excluding USD 23 million for which sales not invoiced).