

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



**Interim condensed consolidated financial information and
independent auditor's review report
for the three month period ended 31 March 2021
(Unaudited)**



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

for the three months period ended 31 March 2021

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

RSM Albazie & Co.Arraya 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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATIONwww.rsm.global/kuwaitTo the Board of Directors
Independent Petroleum Group Company - K.S.C.P
State of Kuwait**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Independent Petroleum Group Company – K.S.C.P. (“the Parent Company”) and its subsidiaries (collectively “the Group”) as at 31 March 2021 and the related interim condensed consolidated statements of income and other comprehensive income, changes in equity and cash flows for the three months 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”. 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.

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 International Accounting Standard 34 – Interim Financial Reporting.

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 for 2016, its Executive Regulation, as amended or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2021 that might have had a material effect on the Group’s financial position or results of its operations.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

-2-

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law no 7 of 2010, concerning the Capital Markets Authority and Organization of Security Activity, as amended and its executive regulations during the period ended 31 March 2021 that might have had a material effect on the Parent Company's financial position or result of its operations.

State of Kuwait
3 May 2021



Nayef M. Al Bazie
Licence No. 91-A
RSM Albazie & Co.



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

**Interim condensed consolidated statement of income (unaudited)
for the three months period ended 31 March 2021**

	Notes	Three month period ended 31 March	
		2021 KD '000	2020 KD '000
Sales	15	290,914	157,510
Cost of sales		(285,639)	(147,086)
Gross profit		5,275	10,424
Net interest relating to oil marketing operations	3	(656)	(944)
Net results of oil marketing operations		4,619	9,480
Share of results of joint venture and associates	9 & 10	1,489	1,409
Dividend income	8	1,207	845
General and administrative expenses		(763)	(437)
Staff costs		(1,709)	(1,425)
Depreciation		(472)	(416)
Net provisions	5	(1,899)	-
Unrealized gain / (loss) from investments at fair value through statement of income		801	(6,296)
Net other income	4	101	40
Profit for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		3,374	3,200
Contribution to KFAS		(34)	(32)
Contribution to NLST		(84)	(80)
Profit for the period		3,256	3,088
Earnings per share (fils)	6	18.01	17.08

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



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

Interim condensed consolidated statement of comprehensive income (unaudited)
for the three months period ended 31 March 2021

	Three month period ended 31 March	
	2021 KD '000	2020 KD '000
Profit for the period	3,256	3,088
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	(210)	391
<u>Items that may be reclassified subsequently to statement of income:</u>		
Foreign currency translation adjustments	83	458
Other comprehensive (loss) / income for the period	(127)	849
Total comprehensive income for the period	3,129	3,937

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





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


**Interim condensed consolidated statement of financial position (unaudited)
as at 31 March 2021**

	Notes	31 March 2021 KD '000	31 December 2020 KD '000 (Audited)	31 March 2020 KD '000
ASSETS				
Cash on hand and at banks	7	71,565	44,047	50,983
Trade and other receivables	5	104,155	86,202	141,507
Inventories		33,349	24,835	10,615
Investments at fair value through statement of income	8	65,897	65,464	55,382
Investments at fair value through other comprehensive income	8	2,286	2,375	2,182
Current portion of other loans		5,076	5,835	6,750
Total current assets		<u>282,328</u>	<u>228,758</u>	<u>267,419</u>
Investments at fair value through other comprehensive income	8	26,683	26,823	27,187
Investment in joint venture	9	5,258	4,955	4,110
Investment in associates	10	30,112	29,120	30,146
Non – current portion of other loans		4,769	4,796	4,866
Right to use of asset		3,942	4,851	3,375
Property and equipment	11	31,344	31,402	30,183
Total non-current assets		<u>102,108</u>	<u>101,947</u>	<u>99,867</u>
Total assets		<u>384,436</u>	<u>330,705</u>	<u>367,286</u>
LIABILITIES AND EQUITY				
Due to banks	8	165,316	140,814	157,328
Trade and other payables		103,501	70,765	94,256
Current portion of term loans	11	1,612	1,621	1,644
Current portion of lease liability		1,810	2,701	3,210
Directors' fees payable		-	80	80
Total current liabilities		<u>272,239</u>	<u>215,981</u>	<u>256,518</u>
Non-current portion of term loans	11	10,328	10,791	12,181
Non-current portion of lease liability		2,162	2,169	246
Provision for staff indemnity		1,911	1,673	1,669
Total non-current liabilities		<u>14,401</u>	<u>14,633</u>	<u>14,096</u>
Total liabilities		<u>286,640</u>	<u>230,614</u>	<u>270,614</u>
Equity				
Share capital	12	18,841	18,841	18,841
Share premium		29,665	29,665	29,665
Legal reserve		9,420	9,420	9,420
General reserve		606	606	606
Fair value reserve		24,546	24,756	24,879
Foreign currency translation adjustments		(2,172)	(2,255)	(2,008)
Treasury shares reserve		1,429	1,429	1,429
Treasury shares	13	(2,770)	(2,770)	(2,770)
Retained earnings		18,231	20,399	16,610
Total equity		<u>97,796</u>	<u>100,091</u>	<u>96,672</u>
Total liabilities and equity		<u>384,436</u>	<u>330,705</u>	<u>367,286</u>

The accompanying notes form an integral part of this interim condensed consolidated 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**

**Interim Condensed consolidated statement of changes in equity (unaudited)
for the three months period ended 31 March 2021**

	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 2021	18,841	29,665	9,420	606	24,756	(2,255)	1,429	(2,770)	20,399	100,091
Total comprehensive income for the period	-	-	-	-	-	-	-	-	3,256	3,256
Profit for the period	-	-	-	-	-	-	-	-	3,256	3,256
Other comprehensive income	-	-	-	-	(210)	83	-	-	-	(127)
Total comprehensive income for the period	-	-	-	-	(210)	83	-	-	3,256	3,129
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Dividends for 2020 (Note 18)	-	-	-	-	-	-	-	-	(5,424)	(5,424)
Balance at 31 March 2021	18,841	29,665	9,420	606	24,546	(2,172)	1,429	(2,770)	18,231	97,796

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



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

**Interim Condensed consolidated statement of changes in equity (unaudited)
for the three months period ended 31 March 2021**

	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 2020	18,841	29,665	9,420	606	24,488	(2,466)	1,429	(2,770)	18,946	98,159
Total comprehensive income for the period	-	-	-	-	-	-	-	-	3,088	3,088
Profit for the period	-	-	-	-	-	-	-	-	3,088	3,088
Other comprehensive income	-	-	-	-	391	458	-	-	-	849
Total comprehensive income for the period	-	-	-	-	391	458	-	-	3,088	3,937
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Dividends for 2019 (Note 18)	-	-	-	-	-	-	-	-	(5,424)	(5,424)
Balance at 31 March 2020	18,841	29,665	9,420	606	24,879	(2,008)	1,429	(2,770)	16,610	96,672

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



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

Interim Condensed consolidated statement of cash flows (unaudited)
for the three months period ended 31 March 2021

	Notes	Three months period ended 31 March	
		2021 KD '000	2020 KD '000
OPERATING ACTIVITIES			
Profit for the period before provisions for contribution to KFAS, NLST and Zakat		3,374	3,200
<i>Adjustments for:</i>			
Depreciation		472	416
Provisions	5	1,899	-
Interest expense	3	777	1,231
Dividend income	8	(1,207)	(845)
Unrealised (gain) /loss from investments at fair value through statement of income		(801)	6,296
Share of results from joint venture and associates	9 & 10	(1,489)	(1,409)
Interest income	3	(121)	(287)
Interest on lease liability		46	36
Amortisation of rights of use asset		909	850
Provision for staff indemnity		238	65
		<u>4,097</u>	<u>9,553</u>
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivables		(19,847)	(53,887)
Other loans		786	(208)
Lease liability		(944)	(889)
Inventories		(8,514)	11,619
Trade and other payables		32,550	23,485
Cash flows generated from / (used in) operations		<u>8,128</u>	<u>(10,327)</u>
Interest received		116	110
Directors' fees paid		(80)	-
Net cash generated from / (used in) operating activities		<u>8,164</u>	<u>(10,217)</u>
INVESTING ACTIVITIES			
Dividends received		1,207	845
Purchase of property and equipment		(4)	(6)
Net cash flows generated from investing activities		<u>1,203</u>	<u>839</u>
FINANCING ACTIVITIES			
Due to banks		24,502	47,204
Term loans		(472)	(156)
Dividends paid	18	(5,424)	(5,424)
Interest paid		(709)	(1,046)
Net cash flows generated from financing activities		<u>17,897</u>	<u>40,578</u>
Effect of foreign currency translation		254	(1,762)
Net change in cash on hand and at banks		<u>27,518</u>	<u>29,438</u>
Cash on hand and at banks at beginning of the period		44,047	21,545
Cash on hand and at banks at end of the period	7	<u>71,565</u>	<u>50,983</u>

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



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

**Notes to the interim condensed consolidated financial information (unaudited)
for the three months period ended 31 March 2021**

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 interim condensed consolidated financial information for the three month period ended 31 March 2021 was authorized for issue by the Chairman on behalf of the Board of Directors on 3 May 2021.



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

**Notes to the interim condensed consolidated financial information (unaudited)
for the three months period ended 31 March 2021**

2. Basis of preparation

a) Statement of compliance

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

The interim condensed consolidated 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 interim condensed consolidated financial information. Operating results for the three month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021. For further information, refer to the annual consolidated financial statements and notes thereto for the year ended 31 December 2020.

The accounting policies used in the preparation of the interim condensed consolidated 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 2020, except for the adoption of new standards effective as of 1 January 2021.

Changes in accounting policies

The Group has not early adopted any standards, interpretations or amendments that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

New and revised IFRSs in issue but not yet effective and not early adopted by the Group:

At the date of authorization of this interim condensed consolidated financial information, the Group has not applied the following new IFRS standard that have been issued but is not yet effective:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued on 29 March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.



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

**Notes to the interim condensed consolidated financial information (unaudited)
for the three months period ended 31 March 2021**

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. These amendments are not expected to have a material impact on the Group.

Amendments to IAS 37 – Onerous Contracts: Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Annual Improvements to IFRS Standards 2018-2020 cycle

The following is the summary of the amendments from the 2018-2020 annual improvements cycle:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

These amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.



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

**Notes to the interim condensed consolidated financial information (unaudited)
for the three months period ended 31 March 2021**

b) 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 key source of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2020, with the exception of the impact of the COVID-19 outbreak on the Group (Note 19).

3. **Net interest relating to oil marketing operations**

	Three months period ended 31 March	
	2021	2020
	KD '000	KD '000
Interest income	121	287
Interest expense	(777)	(1,231)
	<u>(656)</u>	<u>(944)</u>

4. **Net other income**

	Three months period ended 31 March	
	2021	2020
	KD '000	KD '000
Net foreign currency exchange gain	<u>101</u>	<u>40</u>

5. **Provisions**

	Three-months period ended 31 March	
	2021	2020
	KD '000	KD '000
Expected credit loss	<u>1,899</u>	<u>-</u>
	<u>1,899</u>	<u>-</u>

During the period, the Group's management has reviewed its financial assets for the impact of COVID-19 and has recognized provisions towards expected credit losses on trade receivables amounting to KD 1.89 million (31 March 2020: NIL). The management has assessed that the provisions are a collective impact of the prevailing economic and political situation in the region, effect of market deterioration on the group's local and international operations, default events including delay in payments and commencement of arbitration observed during the period ended 31 March 2021.



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

**Notes to the interim condensed consolidated financial information (unaudited)
for the three months period ended 31 March 2021**

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 months period ended 31 March	
	2021	2020
	KD '000	KD '000
Profit for the period	<u>3,256</u>	<u>3,088</u>
Weighted average number of issued shares outstanding during the period	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>
Weighted average number of shares outstanding during the period	<u>180,787,500</u>	<u>180,787,500</u>
Earnings per share (fils)	<u>18.01</u>	<u>17.08</u>

7. Cash on hand and at banks

	31 March 2021	31 December 2020	31 March 2020
	KD '000	KD '000	KD '000
Cash and bank balances	51,163	24,357	24,849
Call accounts and time deposits	<u>20,402</u>	<u>19,690</u>	<u>26,134</u>
	<u>71,565</u>	<u>44,047</u>	<u>50,983</u>

8. Investments

	31 March 2021	31 December 2020	31 March 2020
	KD '000	KD '000	KD '000
Investments at fair value through statement of income		(Audited)	
Managed portfolios	<u>65,897</u>	<u>65,464</u>	<u>55,382</u>
	<u>65,897</u>	<u>65,464</u>	<u>55,382</u>

	31 March 2021	31 December 2020	31 March 2020
	KD '000	KD '000	KD '000
Investments at fair value through other comprehensive income		(Audited)	
Unquoted securities (Current)	2,286	2,375	2,182
Unquoted securities (Non - current)	<u>26,683</u>	<u>26,823</u>	<u>27,187</u>
	<u>28,969</u>	<u>29,198</u>	<u>29,369</u>



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

**Notes to the interim condensed consolidated financial information (unaudited)
for the three months period ended 31 March 2021**

Investments at fair value through statement of income with a carrying amount of KD 65.90 million (31 December 2020: KD 65.46 million and 31 March 2020: KD 55.38 million) are pledged as collateral against amounts due to banks.

Unquoted securities include Group's investment in Vopak Horizon Fujairah Limited (VHFL) and Asia Petroleum Limited (APL) amounting to KD 24.94 million (31 December 2020: KD 25.08 million and 31 March 2020: KD 25.08 million) and KD 1.74 million (31 December 2020: KD 1.74 million and 31 March 2020: KD 1.74 million) respectively. At the reporting date, the Group determined that carrying value of above unquoted securities approximates to their fair value.

During the period ended 31 March 2021, the Group received a dividend of KD 1,207 thousand (31 March 2020: KD 845 thousand) from VHFL.

9. Investment in a 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 the joint venture recorded during the period:

	Three months period ended 31 March	
	2021 KD '000	2020 KD '000
Uniterminals Ltd, Lebanon	331	249

10. Investment in associates

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

	Three months period ended 31 March	
	2021 KD '000	2020 KD '000
Horizon Singapore Terminals Private Ltd	378	322
Arab Tank Terminals L.L.C.	37	(30)
Inpetro SARL	105	283
Horizon Djibouti Holdings Ltd.	294	282
Horizon Tangiers Terminals SA.	344	303
	1,158	1,160

11. Property and equipment

Property and equipment at 31 March 2021 includes KD 27.49 million (31 December 2020: KD 28.14 million and 31 March 2020: KD 29.01 million) related to vessels 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.



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

**Notes to the interim condensed consolidated financial information (unaudited)
for the three months period ended 31 March 2021**

12. Share capital

The authorised, issued and fully paid share capital consists of 188,407,500 shares of 100 fils each (31 December 2020: 188,407,500 shares of 100 fils each and 31 March 2020: 188,407,500 shares of 100 fils each).

13. Treasury shares

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Number of shares	7,620,000	7,620,000	7,620,000
Percentage of issued shares	4%	4%	4%
Market value (KD Million)	3.47	3.54	2.93
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 2020. 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 interim condensed consolidated financial information are as follows:

	Three months period ended 31 March	
	2021 KD '000	2020 KD '000
a) Revenues and expenses:		
<i>Sales</i>		
Joint venture	29,239	20,773
<i>Storage expense</i>		
Associates	1,295	1,327
b) Key management remuneration		
Salaries and other short-term benefits	240	244
Termination benefits	83	22



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

**Notes to the interim condensed consolidated financial information (unaudited)
for the three months period ended 31 March 2021**

c) Due from / to related parties:

	31 March 2021 KD '000	31 December 2020 KD '000 (Audited)	31 March 2020 KD '000
<i>Due from related parties</i>			
Trade and other receivables	11,091	4,103	10,456
Other loans	4,769	4,796	4,866
	31 March 2021 KD '000	31 December 2020 KD '000 (Audited)	31 March 2020 KD '000
<i>Due to related parties</i>			
Trade and other payables	1,086	1,468	557

15. Segment information

The Group primarily operates in 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 months period ended 31 March			
	2021		2020	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	283,996	6,813	157,510	11,412
Asia and Far East	6,918	502	-	322
	<u>290,914</u>	<u>7,315</u>	<u>157,510</u>	<u>11,734</u>
Unallocated corporate items		(4,059)		(8,646)
Profit for the period		<u>3,256</u>		<u>3,088</u>



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

Notes to the interim condensed consolidated financial information (unaudited)
for the three months period ended 31 March 2021

	Africa and Middle East KD '000	Europe KD '000	Asia and Far east KD '000	Total KD '000
31 March 2021				
Segment assets	95,039	-	9,116	104,155
Unallocated corporate assets	-	-	-	280,281
Total assets	95,039	-	9,116	384,436
Segment liabilities	37,000	46,005	-	83,005
Unallocated corporate liabilities	-	-	-	203,635
Total liabilities	37,000	46,005	-	286,640
31 December 2020 (Audited)				
Segment assets	77,035	-	9,167	86,202
Unallocated corporate assets	-	-	-	244,503
Total assets	77,035	-	9,167	330,705
Segment liabilities	32,303	20,462	-	52,765
Unallocated corporate liabilities	-	-	-	177,849
Total liabilities	32,303	20,462	-	230,614
31 March 2020	KD '000	KD '000	KD '000	KD '000
Segment assets	132,206	-	9,301	141,507
Unallocated corporate assets	-	-	-	225,779
Total assets	132,206	-	9,301	367,286
Segment liabilities	16,709	26,977	576	44,262
Unallocated corporate liabilities	-	-	-	226,352
Total liabilities	16,709	26,977	576	270,614

16. Contingent liabilities and commitments

	31 March 2021 KD '000	31 December 2020 KD '000 (Audited)	31 March 2020 KD '000
Letters of guarantee and bid bonds	1,278	4,383	3,152
Letters of credit	97,293	101,490	64,398
	98,571	105,873	67,550
Commitments			
Investments in projects	5,348	5,592	17,414



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

Notes to the interim condensed consolidated financial information (unaudited)
for the three months period ended 31 March 2021

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	
31 March 2021				
Investments at fair value through other comprehensive income	-	2,286	26,683	28,969
Investments at fair value through statement of income	65,897	-	-	65,897
	<u>65,897</u>	<u>2,286</u>	<u>26,683</u>	<u>94,866</u>
31 December 2020 (Audited)				
Investments at fair value through other comprehensive income	-	2,375	26,823	29,198
Investments at fair value through statement of income	65,464	-	-	65,464
	<u>65,464</u>	<u>2,375</u>	<u>26,823</u>	<u>94,662</u>
31 March 2020				
Investments at fair value through other comprehensive income	-	2,182	27,187	29,369
Investments at fair value through statement of income	55,382	-	-	55,382
	<u>55,382</u>	<u>2,182</u>	<u>27,187</u>	<u>84,751</u>

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

18. Annual General Assembly

The Shareholders' Annual General Assembly held on 03 Feb 2021 approved the annual audited consolidated financial statements for the year ended 31 December 2020 and payment of a cash dividend of 30 fils per share for the year ended 31 December 2020.

The Shareholders' Annual General Assembly held on 26 March 2020 approved the annual audited consolidated financial statements for the year ended 31 December 2019 and payment of a cash dividend of 30 fils per share for the year ended 31 December 2019.



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

**Notes to the interim condensed consolidated financial information (unaudited)
for the three months period ended 31 March 2021**

19. Impact of COVID – 19

COVID-19 has brought about uncertainties in the global economic environment. In light of the rapidly escalating situation, the Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the interim condensed consolidated financial information. The Group's business operations are affected as a result of significant weaker oil prices and a general decline in demand owing to slowdown in GDP growth and industrial activity. These adverse conditions directly translated into declining commodity prices and caused product prices to fall.

Given below are the key assumptions, judgements and key sources of estimation considered by the management for the period ended 31 March 2021.

Impairment of property and equipment

The Group's management tested its property and equipment for impairment as at the reporting date due to indicators of impairments existing at that date.

Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections discounted at an appropriate rate. For the purpose of the impairment testing, assets are grouped together into CGU. In calculating value in use, certain assumptions are required to be made in respect of highly uncertain matters including the estimated future cash flows that are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU.

The Group prepares detailed long term plans for its property and equipment which are reflected in the financial models. These plans have been reviewed and approved by the management of the Group and has been subsequently used as the basis for its impairment reviews. In estimating the value in use, the Group uses financial models which are regularly reviewed and updated over the operating period of the assets. As part of the review process, management challenged and re-assessed the validity of the underlying assumptions of these financial models and have concluded that it has adequate provision on impacted assets for the period ended 31 March 2021.

Expected Credit Losses ("ECL") and impairment of financial assets

The uncertainties caused by COVID-19 have required the Group to reassess the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 March 2021. The Group has updated the relevant forward-looking information of its operations with respect to; the weightings of the relevant macroeconomic scenarios of the respective market in which it operates; significant increase in credit risk; and assessing the indicators of impairment for the exposures in potentially affected sectors. As a result, the Group has accounted for a provision on impacted assets amounting to KD 1,899,000 for the period ended 31 March 2021 (Note 5).

Impairment of investments in joint ventures, associates and other assets

The Group's management reviews periodically its investment in joint venture and associates to assess whether indicators exist that the investment is impaired.

The Group has performed a qualitative assessment for its investments in joint ventures and associates and compared the actual results for the period ended 31 March 2021 against the budget and industry benchmarks and conclude that the impairment assessment remains unchanged.

The Group has also considered any impairment indicators and any significant uncertainties impacting its inventories and right-of-use assets especially arising from any change in lease terms and concluded that there is no material impact of COVID-19.



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

Notes to the interim condensed consolidated financial information (unaudited)
for the three months period ended 31 March 2021

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections indicate that the Group has sufficient resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2020. As a result, these interim condensed consolidated financial information have been appropriately prepared on a going concern basis.

The Group will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance in 2021.