



**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 months period ended 31 March 2023
(Unaudited)**



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

For the three months period ended 31 March 2023

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To 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 2023, and the related interim condensed consolidated statements of income and other comprehensive income, changes in equity and cash flows for the three 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”. 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 of 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 2023 that might have had a material effect on the Group’s financial position or results of its operations.

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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, its executive regulations, as amended during the period ended 31 March 2023, that might have had a material effect on the Parent Company's financial position or result of its operations.

State of Kuwait
9 May 2023

A blue ink signature of Nayef M. Al Bazie.

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 2023

	Notes	Three months period ended 31 March	
		2023 KD '000	2022 KD '000
Sales	15	251,007	385,290
Cost of sales		(243,863)	(379,936)
Gross profit		7,144	5,354
Net interest relating to oil marketing operations	3	(2,864)	(866)
Net results of oil marketing operations		4,280	4,488
Share of results of joint venture and associates	9 & 10	2,498	1,171
Dividend income	8	1,027	2,099
General and administrative expenses		(699)	(998)
Staff costs		(1,324)	(1,248)
Depreciation		(464)	(434)
Net provisions (charged) reversed	5	(5,596)	399
Unrealized gain (loss) from investments at fair value through statement of income		2,205	(4,335)
Net other (expenses) income	4	(406)	265
Profit for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		1,521	1,407
Contribution to KFAS		(15)	(14)
Contribution to NLST		(38)	(35)
Profit for the period		1,468	1,358
Earnings per share (fils)	6	8.12	7.51

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 2023

	Three months period ended	
	31 March	
	2023	2022
	KD '000	KD '000
Profit for the period	<u>1,468</u>	<u>1,358</u>
Other comprehensive income (loss):		
<u>Items that will not be reclassified subsequently to interim condensed consolidated statement of income:</u>		
Changes in fair value of investments at fair value through other comprehensive income	56	(592)
<u>Items that may be reclassified subsequently to interim condensed consolidated statement of income:</u>		
Foreign currency translation adjustments	<u>(38)</u>	<u>227</u>
Other comprehensive income (loss) for the period	<u>18</u>	<u>(365)</u>
Total comprehensive income for the period	<u>1,486</u>	<u>993</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

Interim condensed consolidated statement of financial position (unaudited)
As at 31 March 2023

	Notes	31 March 2023 KD '000	31 December 2022 KD '000 (Audited)	31 March 2022 KD '000
ASSETS				
Cash on hand and at banks	7	78,105	108,513	76,103
Trade and other receivables		94,892	72,997	227,706
Inventories		55,042	51,741	102,666
Investments at fair value through statement of income	8	63,231	60,944	65,745
Investments at fair value through other comprehensive income	8	1,293	1,266	1,416
Current portion of other loans		14,656	20,570	-
Total current assets		307,219	316,031	473,636
Investments at fair value through other comprehensive income	8	27,394	27,361	26,840
Investment in a joint venture	9	7,749	6,837	6,715
Investment in associates	10	29,998	28,363	27,232
Non – current portion of other loans		4,883	4,877	4,800
Right to use of assets		24,805	26,229	4,707
Property and equipment	11	28,917	29,339	30,085
Total non-current assets		123,746	123,006	100,379
Total assets		430,965	439,037	574,015
LIABILITIES AND EQUITY				
Current portion of due to banks	8	186,785	194,992	249,367
Trade and other payables		101,933	90,011	201,881
Current portion of term loans	11	1,183	1,172	1,146
Current portion of lease liability		4,198	5,563	2,671
Directors' fees payable		-	100	-
Total current liabilities		294,099	291,838	455,065
Non-current portion of due to banks	8	12,282	18,461	12,132
Non-current portion of term loans	11	6,118	6,411	7,176
Non-current portion of lease liability		20,855	20,828	2,157
Provision for staff indemnity		1,487	1,437	1,283
Total non-current liabilities		40,742	47,137	22,748
Total liabilities		334,841	338,975	477,813
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		24,185	24,129	23,812
Foreign currency translation adjustments		(5,697)	(5,659)	(2,904)
Treasury shares reserve		1,429	1,429	1,429
Treasury shares	13	(2,770)	(2,770)	(2,770)
Retained earnings		20,445	24,401	18,103
Total equity		96,124	100,062	96,202
Total liabilities and equity		430,965	439,037	574,015

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 2023

	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 2023	18,841	29,665	9,420	606	24,129	(5,659)	1,429	(2,770)	24,401	100,062
Total comprehensive income (loss) for the period										
Profit for the period	-	-	-	-	-	-	-	-	1,468	1,468
Other comprehensive income (loss)	-	-	-	-	56	(38)	-	-	-	18
Total comprehensive income (loss) for the Period	-	-	-	-	56	(38)	-	-	1,468	1,486
Transactions with owners, recognised directly in equity										
Dividends for 2022 (Note 18)	-	-	-	-	-	-	-	-	(5,424)	(5,424)
Balance at 31 March 2023	18,841	29,665	9,420	606	24,185	(5,697)	1,429	(2,770)	20,445	96,124

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 2023

	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 2022	18,841	29,665	9,420	606	24,404	(3,131)	1,429	(2,770)	22,169	100,633
Total comprehensive (loss) income for the period										
Profit for the period	-	-	-	-	-	-	-	-	1,358	1,358
Other comprehensive (loss) income	-	-	-	-	(592)	227	-	-	-	(365)
Total comprehensive (loss) income for the period	-	-	-	-	(592)	227	-	-	1,358	993
Transactions with owners, recognised directly in equity										
Dividends for 2021 (Note 18)	-	-	-	-	-	-	-	-	(5,424)	(5,424)
Balance at 31 March 2022	18,841	29,665	9,420	606	23,812	(2,904)	1,429	(2,770)	18,103	96,202

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 2023

	Notes	Three months period ended 31 March	
		2023 KD '000	2022 KD '000
OPERATING ACTIVITIES			
Profit for the period before provisions for contribution to KFAS, NLST and Zakat		1,521	1,407
<i>Adjustments for:</i>			
Depreciation		464	434
Provisions	5	5,596	(399)
Interest expense	3	3,669	992
Dividend income	8	(1,027)	(2,099)
Unrealised (gain) loss from investments at fair value through statement of income		(2,205)	4,335
Share of results from joint venture and associates	9 & 10	(2,498)	(1,171)
Interest income	3	(805)	(126)
Interest on lease liability		259	54
Amortisation of rights of use assets		1,475	876
Provision for staff indemnity		69	56
		6,518	4,359
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivables		(27,467)	(97,861)
Other loans		5,914	856
Lease liability		(1,597)	(911)
Inventories		(3,301)	(51,901)
Trade and other payables		11,534	75,656
Cash flows used in operations		(8,399)	(69,802)
Interest income received		781	45
Payment to KFAS		(80)	(75)
Directors' fees paid		(100)	(80)
Payment of staff Indemnity		(19)	-
Net cash used in operating activities		(7,817)	(69,912)
INVESTING ACTIVITIES			
Dividends income received		1,027	3,919
Purchase of property and equipment		(3)	-
Net cash flows generated from investing activities		1,024	3,919
FINANCING ACTIVITIES			
Due to banks		(14,386)	80,275
Term loans		(282)	(232)
Dividends paid	18	(5,424)	(5,424)
Interest expense paid		(3,254)	(1,099)
Net cash flows (used in) generated from financing activities		(23,346)	73,520
Effect of foreign currency translation		(269)	(847)
Net change in cash on hand and at banks		(30,408)	6,680
Cash on hand and at banks at beginning of the period		108,513	69,423
Cash on hand and at banks at end of the period	7	78,105	76,103

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 2023

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 months period ended 31 March 2023, was authorized for issue by the Chairman on behalf of the Board of Directors on May 9, 2023.



**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 2023

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 months period ended 31 March 2023, are not necessarily indicative of the results that may be expected for the year ending 31 December 2023. For further information, refer to the annual consolidated financial statements and notes thereto for the year ended 31 December 2022.

The accounting policies used in the preparation of the interim condensed consolidated financial information for the period ended 31 March 2023, are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023.

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective. Other amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial information of the Group.

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 2022, with the continued impact of the COVID-19 outbreak on the Group (Note 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 2023

3. Net interest relating to oil marketing operations

	Three months period ended 31 March	
	2023	2022
	KD '000	KD '000
Interest income	805	126
Interest expense	(3,669)	(992)
	(2,864)	(866)

4. Net other (expenses) income

	Three months period ended 31 March	
	2023	2022
	KD '000	KD '000
Net foreign currency exchange (loss) gain	(406)	265

5. Net provisions (charged) reversed

	Three-months period ended 31 March	
	2023	2022
	KD '000	KD '000
Net expected credit loss (charged) reversed	(5,596)	399
	(5,596)	399

During the period, the Group has recognized provisions towards expected credit losses on trade receivables amounting to KD 5.6 million (31 March 2022: reversed a provision of KD 0.40 million). 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 during the period ended 31 March 2023.



**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 2023

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	
	2023	2022
	KD '000	KD '000
Profit for the period	1,468	1,358
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	(7,620,000)	(7,620,000)
Weighted average number of shares outstanding during the period	180,787,500	180,787,500
Earnings per share (fils)	8.12	7.51

7. Cash on hand and at banks

	31 March 2023	31 December 2022	31 March 2022
	KD '000	KD '000	KD '000
Cash and bank balances	18,314	23,471	40,837
Call accounts and time deposits	59,791	85,042	35,266
	78,105	108,513	76,103

Time deposits earned interest at an average effective interest rate of 3% (31 December 2022: 3% and 31 March 2022: 0.5%) per annum and mature within 3 months (31 December 2022: 3 months and 31 March 2022: 3 months) from the date of the placement.

8. Investments

	31 March 2023	31 December 2022	31 March 2022
	KD '000	KD '000	KD '000
Investments at fair value through statement of income			
Managed portfolios	63,231	60,944	65,745
Investments at fair value through other comprehensive income			
Unquoted securities (Current)	1,293	1,266	1,416
Unquoted securities (Non-current)	27,394	27,361	26,840
	28,687	28,627	28,256



**Independent Petroleum Group Company K.S.C.P. and subsidiaries
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Notes to the interim condensed consolidated financial information (unaudited)

For the three months period ended 31 March 2023

Investments at fair value through statement of income with a carrying amount of KD 63.23 million (31 December 2022: KD 60.94 million and 31 March 2022: KD 65.75 million) are pledged as collateral against due to banks.

Unquoted securities include Group's investment in Vopak Horizon Fujairah Limited (VHFL) and Asia Petroleum Limited (APL) amounting to KD 25.65 million (31 December 2022: KD 25.62 million and 31 March 2022: KD 25.10 million) and KD 1.74 million (31 December 2022: KD 1.74 million and 31 March 2022: 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 2023, the Group received a dividend of KD 1,027 thousand (31 March 2022: KD 2,099 thousand) from VHFL and APL

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	
	2023 KD '000	2022 KD '000
Uniterminals Ltd, Lebanon	902	346

10. Investment in associates

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

	Three months period ended 31 March	
	2023 KD '000	2022 KD '000
Horizon Singapore Terminals Private Ltd	544	329
Arab Tank Terminals L.L.C.	134	(88)
Inpetro SARL	97	133
Horizon Djibouti Holdings Ltd.	386	178
Horizon Tangiers Terminals SA.	202	273
Galp-IPG Matola Terminal Limitada (GIMTL)	100	-
IPG-Galp Beira Terminal Limitada (IGBTL)	133	-
	<u>1,596</u>	<u>825</u>



**Independent Petroleum Group Company K.S.C.P. and subsidiaries
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Notes to the interim condensed consolidated financial information (unaudited)
For the three months period ended 31 March 2023

11. Property and equipment

Property and equipment at 31 March 2023 includes KD 23.94 million (31 December 2022: KD 24.16 million and 31 March 2022: KD 25.14 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 term loans.

12. Share capital

The authorised, issued and fully paid share capital consists of 188,407,500 shares of 100 fils each (31 December 2022: 188,407,500 shares of 100 fils each and 31 March 2022: 188,407,500 shares of 100 fils each).

13. Treasury shares

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Number of shares	7,620,000	7,620,000	7,620,000
Percentage of issued shares	4%	4%	4%
Market value (KD Million)	3.43	3.89	3.89
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 2022. 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 parties' transactions and balances included in the interim condensed consolidated financial information are as follows:

	Three months period ended 31 March	
	2023 KD '000	2022 KD '000
a) Revenues and expenses:		
<i>Sales</i>		
Joint venture	53,769	44,742
<i>Storage expense</i>		
Associates	1,813	1,143
b) Key management remuneration		
Salaries and other short-term benefits	258	258
Termination benefits	24	23



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c) Due from / to related parties:

	31 March 2023 KD '000	31 December 2022 KD '000 (Audited)	31 March 2022 KD '000
<i>Due from related parties:</i>			
Trade and other receivables	14,664	8,332	7,698
Other loans	19,539	25,447	4,800
	31 March 2023 KD '000	31 December 2022 KD '000 (Audited)	31 March 2022 KD '000
<i>Due to related parties:</i>			
Trade and other payables	2,748	3,598	1,523
Lease liabilities	25,053	26,391	4,828

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			
	2023		2022	
Segment revenues	Segment results	Segment revenues	Segment results	
KD '000	KD '000	KD '000	KD '000	
Africa and Middle East	251,007	7,261	385,290	7,429
Asia and Far East	-	544	-	329
	<u>251,007</u>	<u>7,805</u>	<u>385,290</u>	<u>7,758</u>
Unallocated corporate items		<u>(6,337)</u>		<u>(6,400)</u>
Profit for the period		<u>1,468</u>		<u>1,358</u>



**Independent Petroleum Group Company K.S.C.P. and subsidiaries
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Notes to the interim condensed consolidated financial information (unaudited)
For the three months period ended 31 March 2023

	Africa and Middle East KD '000	Europe KD '000	Asia and Far east KD '000	Total KD '000
31 March 2023				
Segment assets	93,630	-	1,262	94,892
Unallocated corporate assets	-	-	-	336,073
Total assets	93,630	-	1,262	430,965
Segment liabilities	22,048	26,884	15,615	64,547
Unallocated corporate liabilities	-	-	-	270,294
Total liabilities	22,048	26,884	15,615	334,841
31 December 2022 (Audited)	KD '000	KD '000	KD '000	KD '000
Segment assets	71,736	-	1,261	72,997
Unallocated corporate assets	-	-	-	366,040
Total assets	71,736	-	1,261	439,037
Segment liabilities	31,515	14,768	9,636	55,919
Unallocated corporate liabilities	-	-	-	283,056
Total liabilities	31,515	14,768	9,636	338,975
31 March 2022	KD '000	KD '000	KD '000	KD '000
Segment assets	225,652	-	2,054	227,706
Unallocated corporate assets	-	-	-	346,309
Total assets	225,652	-	2,054	574,015
Segment liabilities	121,981	56,704	-	178,685
Unallocated corporate liabilities	-	-	-	299,128
Total liabilities	121,981	56,704	-	477,813

16. Contingent liabilities and commitments

	31 March 2023 KD '000	31 December 2022 KD '000 (Audited)	31 March 2022 KD '000
Contingent liabilities:			
Letters of guarantee and bid bonds	532	2,223	7,653
Letters of credit	87,859	83,163	144,365
	<u>88,391</u>	<u>85,386</u>	<u>152,018</u>
Commitments:			
Investments in projects	4,145	4,145	8,198



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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 2023				
Investments at fair value through other comprehensive income	-	1,293	27,394	28,687
Investments at fair value through statement of income	63,231	-	-	63,231
	<u>63,231</u>	<u>1,293</u>	<u>27,394</u>	<u>91,918</u>
31 December 2022 (Audited)				
Investments at fair value through other comprehensive income	-	1,266	27,361	28,627
Investments at fair value through statement of income	60,944	-	-	60,944
	<u>60,944</u>	<u>1,266</u>	<u>27,361</u>	<u>89,571</u>
31 March 2022				
Investments at fair value through other comprehensive income	-	1,416	26,840	28,256
Investments at fair value through statement of income	65,745	-	-	65,745
	<u>65,745</u>	<u>1,416</u>	<u>26,840</u>	<u>94,001</u>

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

18. Annual General Assembly

The Shareholders' Annual General Assembly held on 06 February 2023, approved the annual audited consolidated financial statements for the year ended 31 December 2022, and payment of a cash dividend of 30 fils per share for the year ended 31 December 2022.

The Shareholders' Annual General Assembly held on 09 March 2022, approved the annual audited consolidated financial statements for the year ended 31 December 2021, and payment of a cash dividend of 30 fils per share for the year ended 31 December 2021.



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19. Impact of COVID – 19

The recent spread of the coronavirus (“COVID-19”) across various geographies globally, which was declared a pandemic by the World Health Organization, has caused disruption to business and economic activities. The fiscal and monetary authorities around the world, including Kuwait, have announced various support measures across the globe to counter the possible adverse implications of COVID-19. This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at 31 March 2023.

(i) Credit risk management

The management of the Group has taken several measures to manage its risk associated with the pandemic, including identification of the most vulnerable sectors primarily affected and placing added measures to ensure a high level of scrutiny.

The uncertainties caused by COVID-19, required the Group to consider the impact of higher volatility in the forward looking macro-economic factors considered for the determination of expected credit losses (“ECLs”) as at 31 March 2023. For its international operations, the Group updated the relevant forward-looking information relating to the macroeconomic environment used to determine the likelihood of credit losses, relative to the economic climate of the respective market in which they operate.

(ii) Liquidity risk management

In response to the COVID 19 outbreak, the Group is closely evaluating its liquidity and funding position and taking appropriate actions. The Group will continue to assess its liquidity position by closely monitoring its cash flows and forecasts.

(iii) Fair value measurement of financial instruments

The Group has considered potential impacts of the current market volatility in determination of the reported amounts of the Group's unquoted financial assets, and this represents management's best assessment based on observable available information as at the reporting date. Given the impact of COVID 19, the Group has assessed whether the fair values of the financial assets and liabilities represents the price that would be achieved for transactions between market participants in the current scenario. As a result of the exercise, management has concluded that no impairment provision is considered necessary in the interim condensed consolidated statement of income for the period ended 31 March 2023.

(iv) Fair value measurement of non-financial instruments (property, plant and equipment, right of use assets, investment in associates and a joint venture)

As at the reporting date, the Group has identified impact on the carrying values of its non-financial assets as at 31 March 2023, due to impact of COVID-19 arising from an impact on projected cash flows generated from these non-financial assets or the market participants expectations of the price depending on the approach used in determining the fair value of those assets at 31 March 2023. The Group is aware that certain geographies and sectors in which these assets exist are negatively impacted, and as the situation continues to unfold, the Group consistently monitors the market outlook and uses relevant assumptions in reflecting the values of these non-financial assets appropriately in the interim condensed consolidated financial information.



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The existing and anticipated effects of the outbreak of COVID-19 on the global economy and financial markets is expected to continue to evolve. The scale and duration of these developments remain uncertain at this stage but could negatively impact the Group's financial performance, cash flows and financial position in the future. The Group will continue to monitor the market outlook and update its assumptions, and forecasts as that may have a substantial impact on the financial statements in the future.