

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



**Interim condensed consolidated financial information and
independent auditor's review report
for the nine month period ended 30 September 2021
(Unaudited)**



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

for the nine month period ended 30 September 2021

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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 7 of 2010, concerning the Capital Markets Authority and Organization of Security Activity, as amended and its executive regulations during the period ended 30 September 2021 that might have had a material effect on the Parent Company's financial position or result of its operations.

State of Kuwait
4 November 2021

A blue ink signature of Nayef M. Al Bazie, consisting of several horizontal strokes and a vertical flourish on the right side.

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



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

**Interim condensed consolidated statement of income (unaudited)
for the three month and nine month periods ended 30 September 2021**

	Notes	Three month period ended 30 September		Nine month period ended 30 September	
		2021 KD '000	2020 KD '000	2021 KD '000	2020 KD '000
Sales	15	222,844	128,485	754,438	361,376
Cost of sales		(220,343)	(125,264)	(744,047)	(344,920)
Gross profit		2,501	3,221	10,391	16,456
Net interest relating to oil marketing operations	3	(818)	(666)	(2,189)	(2,406)
Net results of oil marketing operations		1,683	2,555	8,202	14,050
Share of results of joint venture and associates	9 & 10	2,279	2,519	5,064	5,145
Dividend income	8	-	-	1,207	850
General and administrative expenses		(399)	(456)	(1,721)	(1,229)
Staff costs		(1,261)	(1,246)	(4,394)	(4,001)
Depreciation		(530)	(413)	(1,459)	(1,249)
Net provisions	5	-	(3,979)	(4,593)	(6,949)
Unrealized loss/gain from investments at fair value through statement of income	8	(368)	2,330	3,026	436
Net other (expenses) / income	4	(196)	(125)	1,410	(605)
Profit for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		1,208	1,185	6,742	6,448
Contribution to KFAS		(12)	(13)	(67)	(65)
Contribution to NLST and Zakat		(31)	(29)	(169)	(161)
Profit for the period		1,165	1,143	6,506	6,222
Earnings per share (fils)	6	6.44	6.33	35.99	34.42

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



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

**Interim condensed consolidated statement of comprehensive income (unaudited)
for the three and nine month periods ended 30 September 2021**

	Three month period ended 30 September		Nine month period ended 30 September	
	2021 KD '000	2020 KD '000	2021 KD '000	2020 KD '000
Profit for the period	1,165	1,143	6,506	6,222
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	(76)	(127)	(367)	258
<u>Items that may be reclassified subsequently to statement of income:</u>				
Foreign currency translation adjustments	130	(301)	259	7
Other comprehensive income / (loss) for the period	54	(428)	(108)	265
Total comprehensive income for the period	1,219	715	6,398	6,487

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



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

**Interim condensed consolidated statement of financial position (unaudited)
as at 30 September 2021**

	Notes	30 September 2021 KD '000	31 December 2020 KD '000 (Audited)	30 September 2020 KD '000
ASSETS				
Cash on hand and at banks	7	84,981	44,047	30,299
Trade and other receivables	5	114,950	86,202	96,282
Inventories		22,059	24,835	18,173
Investments at fair value through statement of income	8	67,950	65,464	61,718
Investments at fair value through other comprehensive income	8	2,188	2,375	2,213
Current portion of other loans		1,756	5,835	-
Total current assets		293,884	228,758	208,685
Investments at fair value through other comprehensive income	8	26,616	26,823	26,997
Investment in joint venture	9	6,655	4,955	5,460
Investment in associates	10	29,289	29,120	30,860
Non - current portion of other loans		4,757	4,796	4,830
Right to use of asset		6,442	4,851	1,511
Property and equipment	11	31,681	31,402	30,511
Total non-current assets		105,440	101,947	100,169
Total assets		399,324	330,705	308,854
LIABILITIES AND EQUITY				
Due to banks	8	195,541	140,814	135,069
Trade and other payables	5	85,703	70,765	58,477
Current portion of term loans	11	1,136	1,621	1,632
Current portion of lease liability		856	2,701	1,561
Directors' fees payable		-	80	-
Total current liabilities		283,236	215,981	196,739
Non-current portion of term loans	11	7,680	10,791	11,274
Non-current portion of lease liability		5,651	2,169	-
Provision for staff indemnity		1,692	1,673	1,619
Total non-current liabilities		15,023	14,633	12,893
Total liabilities		298,259	230,614	209,632
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		24,389	24,756	24,746
Foreign currency translation adjustments		(1,996)	(2,255)	(2,459)
Treasury shares reserve		1,429	1,429	1,429
Treasury shares	13	(2,770)	(2,770)	(2,770)
Retained earnings		21,481	20,399	19,744
Total equity		101,065	100,091	99,222
Total liabilities and equity		399,324	330,705	308,854

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 J. Hadeed
Chief Executive Officer



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

**Condensed consolidated statement of changes in equity (unaudited)
for the nine month period ended 30 September 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 (loss)/income for the period	-	-	-	-	-	-	-	-	6,506	6,506
Profit for the period	-	-	-	-	-	-	-	-	-	-
Other comprehensive (loss) / income	-	-	-	-	(367)	259	-	-	-	(108)
Total comprehensive (loss) / income for the period	-	-	-	-	(367)	259	-	-	6,506	6,398
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Dividends for 2020 (Note 18)	-	-	-	-	-	-	-	-	(5,424)	(5,424)
Balance at 30 September 2021	18,841	29,665	9,420	606	24,389	(1,996)	1,429	(2,770)	21,481	101,065

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



**Independent Petroleum Group K.S.C.P.
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**Condensed consolidated statement of changes in equity (unaudited)
for the nine month period ended 30 September 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	-	-	-	-	-	-	-	-	6,222	6,222
Profit for the period	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	258	7	-	-	-	265
Total comprehensive income for the period	-	-	-	-	258	7	-	-	6,222	6,487
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Dividends for 2019 (Note 18)	-	-	-	-	-	-	-	-	(5,424)	(5,424)
Balance at 30 September 2020	<u>18,841</u>	<u>29,665</u>	<u>9,420</u>	<u>606</u>	<u>24,746</u>	<u>(2,459)</u>	<u>1,429</u>	<u>(2,770)</u>	<u>19,744</u>	<u>99,222</u>

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



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

**Condensed consolidated statement of cash flows (unaudited)
for the nine month period ended 30 September 2021**

	Notes	2021 KD '000	2020 KD '000
OPERATING ACTIVITIES			
Profit before provisions for contribution to KFAS, NLST and Zakat		6,742	6,448
<i>Adjustments for:</i>			
Depreciation		1,459	1,249
Net provisions	5	4,593	6,949
Interest expense	3	2,630	3,030
Dividend income	8	(1,207)	(850)
Unrealised gain from investments at fair value through statement of income		(3,026)	(436)
Share of results from joint venture and associates	9 & 10	(5,064)	(5,145)
Interest income	3&4	(2,224)	(624)
Interest on lease liability		167	89
Amortisation of rights of use asset		2,654	2,714
Provision for staff indemnity		361	184
		<u>7,085</u>	<u>13,608</u>
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivables		(33,325)	(9,263)
Other loans		4,118	62
Lease liability		(2,775)	(2,837)
Inventories		2,776	4,061
Trade and other payables		14,651	(11,896)
Cash flows used in operations		<u>(7,470)</u>	<u>(6,265)</u>
Interest received		2,208	615
Payment to KFAS		(72)	(70)
Payment of staff indemnity		(342)	(169)
Directors' fees paid		(80)	(80)
Net cash used in operating activities		<u>(5,756)</u>	<u>(5,969)</u>
INVESTING ACTIVITIES			
Dividends received		4,170	2,256
Purchase of property and equipment		(747)	(1,393)
Net cash flows generated from investing activities		<u>3,423</u>	<u>863</u>
FINANCING ACTIVITIES			
Due to banks		54,727	24,945
Repayment of term loans		(3,596)	(1,075)
Dividends paid	18	(5,424)	(5,424)
Interest paid		(2,507)	(3,286)
Net cash flows generated from financing activities		<u>43,200</u>	<u>15,160</u>
Effect of foreign currency translation		67	(1,300)
Net change in cash on hand and at banks		<u>40,934</u>	<u>8,754</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>84,981</u>	<u>30,299</u>

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



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

**Notes to the interim condensed consolidated financial information (unaudited)
for the nine month period ended 30 September 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.

During the nine month period ended 30 September 2021, the Group has incorporated a new 100% subsidiary - Independent Petroleum Group Kenya Limited, domiciled in Kenya with an authorized share capital of KD 278. The principal activities of the Company are that of selling and distribution of petroleum products.

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 nine month period ended 30 September 2021 was authorized for issue by the Chairman on behalf of the Board of Directors on 4 November 2021.



**Independent Petroleum Group K.S.C.P.
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**Notes to the interim condensed consolidated financial information (unaudited)
for the nine month period ended 30 September 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 nine month period ended 30 September 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.



**Independent Petroleum Group K.S.C.P.
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**Notes to the interim condensed consolidated financial information (unaudited)
for the nine month period ended 30 September 2021**

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

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 K.S.C.P.
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**Notes to the interim condensed consolidated financial information (unaudited)
for the nine month period ended 30 September 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 these 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 month period ended 30 September		Nine month period ended 30 September	
	2021 KD '000	2020 KD '000	2021 KD '000	2020 KD '000
Interest income	152	94	441	624
Interest expense	(970)	(760)	(2,630)	(3,030)
	(818)	(666)	(2,189)	(2,406)

4. Net other (expenses) / income

	Three month period ended 30 September		Nine month period ended 30 September	
	2021 KD '000	2020 KD '000	2021 KD '000	2020 KD '000
Net foreign currency exchange gain	(196)	(125)	(373)	(605)
Other interest income	-	-	1,783	-
	(196)	(125)	1,410	(605)

5. Net provisions

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2021 KD '000	2020 KD '000	2021 KD '000	2020 KD '000
Expected credit loss (a)	-	(3,979)	(4,593)	(35,303)
Amount written back (b)	-	-	-	28,354
	-	(3,979)	(4,593)	(6,949)



**Independent Petroleum Group K.S.C.P.
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**Notes to the interim condensed consolidated financial information (unaudited)
for the nine month period ended 30 September 2021**

- a) 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 and other loans amounting to KD 4.59 million (30 September 2020: KD 35.30 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 and commencement of arbitration observed during the respective periods.
- b) The Group's management reviewed its estimates of cost and accrued expenses including freight and demurrage with regard to certain cancelled contracts. Based on the review, the management has assessed a write back of KD Nil for the accrued expenses no longer required (30 September 2020: KD 28.35 million).

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 month period ended 30 September		Nine month period ended 30 September	
	2021 KD '000	2020 KD '000	2021 KD '000	2020 KD '000
Profit for the period	<u>1,165</u>	<u>1,143</u>	<u>6,506</u>	<u>6,222</u>
Weighted average number of issued shares outstanding during the period	188,407,500	188,407,500	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>	<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>	<u>180,787,500</u>	<u>180,787,500</u>
Earnings per share (fils)	<u>6.44</u>	<u>6.33</u>	<u>35.99</u>	<u>34.42</u>

7. Cash on hand and at banks

	30 September 2021 KD '000	31 December 2020 KD '000 (Audited)	30 September 2020 KD '000
Cash and bank balances	54,365	24,357	10,353
Call accounts and time deposits	<u>30,616</u>	<u>19,690</u>	<u>19,946</u>
	<u>84,981</u>	<u>44,047</u>	<u>30,299</u>



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Time deposits earned interest at an average effective interest rate of 0.5% (2020: 0.5%) per annum and mature within 3 months (2020: 3 months) from the date of the placement.

8. Investments

	30 September 2021 KD '000	31 December 2020 KD '000 (Audited)	30 September 2020 KD '000
Investments at fair value through statement of income			
Managed portfolios	67,950	65,464	61,718
	30 September 2021 KD '000	31 December 2020 KD '000 (Audited)	30 September 2020 KD '000
Investments at fair value through other comprehensive income			
Unquoted securities (Current)	2,188	2,375	2,213
Unquoted securities (Non-current)	26,616	26,823	26,997
	<u>28,804</u>	<u>29,198</u>	<u>29,210</u>

Investments at fair value through statement of income with a carrying amount of KD 67.95 million (31 December 2020: KD 65.46 million and 30 September 2020: KD 61.72 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 24.88 million and 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 30 September 2021, the Group received a dividend of KD 1,207 thousand (30 September 2020: KD 850 thousand) from VHFL.

9. Investment in 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 joint venture recorded during the period:

	Three month period ended 30 September		Nine month period ended 30 September	
	2021	2020	2021	2020
	KD '000	KD '000	KD '000	KD '000
Uniterminals Ltd, Lebanon	933	1,157	1,741	1,633



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10. Investment in associates

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

	Three month period ended 30 September		Nine month period ended 30 September	
	2021 KD '000	2020 KD '000	2021 KD '000	2020 KD '000
Horizon Singapore Terminals Private Ltd Arab Tank Terminals L.L.C.	422 (60)	381 64	1,295 9	1,021 20
Inpetro SARL	148	154	(58)	612
Horizon Djibouti Holdings Ltd.	483	429	1,035	950
Horizon Tangiers Terminals SA.	353	334	1,042	909
	<u>1,346</u>	<u>1,362</u>	<u>3,323</u>	<u>3,512</u>

11. Property and equipment

Property and equipment at 30 September 2021 includes KD 27.18 million (31 December 2020: KD 28.14 million and 30 September 2020: KD 28.06 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.

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 30 September 2020: 188,407,500 shares of 100 fils each).

13. Treasury shares

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Number of shares	7,620,000	7,620,000	7,620,000
Percentage of issued shares	4%	4%	4%
Market value (KD Million)	4.66	3.54	3.27
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.



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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 month period ended 30 September		Nine month period ended 30 September	
	2021 KD '000	2020 KD '000	2021 KD '000	2020 KD '000
a) Revenues and expenses:				
<i>Sales</i>				
Joint venture	30,901	8,519	88,666	30,020
<i>Storage expense</i>				
Associates	1,104	1,314	3,565	3,953
b) Key management remuneration				
Salaries and other short-term benefits	240	244	720	732
Termination benefits	23	21	127	65
c) Due from / to related parties:				
	30 September 2021 KD '000	31 December 2020 KD '000 (Audited)	30 September 2020 KD '000	
<i>Due from related parties</i>				
Trade and other receivables	9,485	4,103	4,315	
Other loans	4,757	4,796	4,830	
	30 September 2021 KD '000	31 December 2020 KD '000 (Audited)	30 September 2020 KD '000	
<i>Due to related parties</i>				
Trade and other payables	1,315	1,468	1,174	



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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 month period ended 30 September			
	2021		2020	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	222,844	3,523	128,485	4,693
Asia and Far East	-	439	-	381
	<u>222,844</u>	<u>3,962</u>	<u>128,485</u>	<u>5,074</u>
Unallocated corporate items		(2,797)		(3,931)
Profit for the period		<u>1,165</u>		<u>1,143</u>

	Nine month period ended 30 September			
	2021		2020	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	747,520	13,032	361,376	19,024
Asia and Far East	6,918	1,441	-	1,021
	<u>754,438</u>	<u>14,473</u>	<u>361,376</u>	<u>20,045</u>
Unallocated corporate items		(7,967)		(13,823)
Profit for the period		<u>6,506</u>		<u>6,222</u>

	Africa and Middle East KD '000	Europe KD '000	Asia and Far east KD '000	Total KD '000
30 September 2021				
Segment assets	111,438	574	2,938	114,950
Unallocated corporate assets	-	-	-	284,374
Total assets	<u>111,438</u>	<u>574</u>	<u>2,938</u>	<u>399,324</u>
Segment liabilities	14,114	49,253	60	63,427
Unallocated corporate liabilities	-	-	-	234,832
Total liabilities	<u>14,114</u>	<u>49,253</u>	<u>60</u>	<u>298,259</u>



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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

30 September 2020

Segment assets	86,868	183	9,231	96,282
Unallocated corporate assets	-	-	-	212,572
Total assets	86,868	183	9,231	308,854
Segment liabilities	27,816	13,977	-	41,793
Unallocated corporate liabilities	-	-	-	167,839
Total liabilities	27,816	13,977	-	209,632

16. Contingent liabilities and commitments

	30 September 2021 KD '000	31 December 2020 KD '000 (Audited)	30 September 2020 KD '000
Letters of guarantee and bid bonds	2,446	4,383	2,233
Letters of credit	70,318	101,490	41,771
	<u>72,764</u>	<u>105,873</u>	<u>44,004</u>
Commitments			
Investments in projects	<u>3,424</u>	<u>5,592</u>	<u>12,634</u>

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).



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	Fair value hierarchy			Total KD'000
	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	
30 September 2021				
Investments at fair value through other comprehensive income	-	2,188	26,616	28,804
Investments at fair value through statement of income	67,950	-	-	67,950
	<u>67,950</u>	<u>2,188</u>	<u>26,616</u>	<u>96,754</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>
30 September 2020				
Investments at fair value through other comprehensive income	-	2,213	26,997	29,210
Investments at fair value through statement of income	61,718	-	-	61,718
	<u>61,718</u>	<u>2,213</u>	<u>26,997</u>	<u>90,928</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 February 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.

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 30 September 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.



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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 reassessed 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 30 September 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 30 September 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 4.59 million for the period ended 30 September 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 30 September 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.

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.