

**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 nine months period ended 30 September 2022
(Unaudited)**



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

For the nine months period ended 30 September 2022

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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 30 September 2022 and the related interim condensed consolidated statements of income and comprehensive income for the three months and nine months period then ended and the related interim condensed consolidated statement of changes in equity and cash flows for the nine months period then ended. 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 this condensed consolidated interim 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 nine months period ended 30 September 2022, 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, as amended and its executive regulations during the period ended 30 September 2022 that might have had a material effect on the Parent Company's financial position or result of its operations.

State of Kuwait
November 2, 2022



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 and nine months periods ended 30 September 2022

	Notes	Three months period ended 30 September		Nine months period ended 30 September	
		2022	2021	2022	2021
		KD '000	KD '000	KD '000	KD '000
Sales	15	518,963	222,844	1,374,534	754,438
Cost of sales		(509,484)	(220,343)	(1,354,046)	(744,047)
Gross profit		9,479	2,501	20,488	10,391
Net interest relating to oil marketing operations	3	(3,463)	(818)	(5,747)	(2,189)
Net results of oil marketing operations		6,016	1,683	14,741	8,202
Share of results of joint venture and associates	9 & 10	2,282	2,279	7,128	5,064
Dividend income	8	-	-	5,478	1,207
General and administrative expenses		(297)	(399)	(1,943)	(1,721)
Staff costs		(1,472)	(1,261)	(4,071)	(4,394)
Depreciation		(467)	(530)	(1,340)	(1,459)
Net provisions reversed (charged)	5	-	-	399	(4,593)
Unrealized (loss) gain from investments at fair value through statement of income		(2,900)	(368)	(12,526)	3,026
Net other (expenses) income	4	(130)	(196)	(1,065)	1,410
Profit for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		3,032	1,208	6,801	6,742
Contribution to KFAS		(30)	(12)	(68)	(67)
Contribution to NLST		(76)	(31)	(170)	(169)
Profit for the period		2,926	1,165	6,563	6,506
Earnings per share (fils)	6	16.18	6.44	36.30	35.99

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 and nine months periods ended 30 September 2022

	Three months period ended 30 September		Nine months period ended 30 September	
	2022 KD '000	2021 KD '000	2022 KD '000	2021 KD '000
Profit for the period	2,926	1,165	6,563	6,506
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	465	(76)	(61)	(367)
<u>Items that may be reclassified subsequently to interim condensed consolidated statement of income</u>				
Foreign currency translation adjustments	1,218	130	1,706	259
Other comprehensive income (loss) for the period	1,683	54	1,645	(108)
Total comprehensive income for the period	4,609	1,219	8,208	6,398

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 30 September 2022

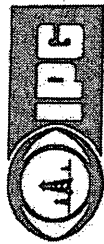
	Notes	30 September 2022 KD '000	31 December 2021 KD '000 (Audited)	30 September 2021 KD '000
ASSETS				
Cash on hand and at banks	7	134,138	69,423	84,981
Trade and other receivables		216,108	129,365	114,950
Inventories		57,256	50,765	22,059
Investments at fair value through statement of income	8	59,452	69,660	67,950
Investments at fair value through other comprehensive income	8	1,265	2,145	2,188
Current portion of other loans		-	856	1,756
Total current assets		468,219	322,214	293,884
Investments at fair value through other comprehensive income	8	27,626	26,683	26,616
Investment in joint venture	9	8,828	6,328	6,655
Investment in associates	10	27,920	28,047	29,289
Non-current portion of other loans		4,950	4,769	4,757
Right to use of asset		2,955	5,583	6,442
Property and equipment	11	30,220	30,253	31,681
Total non-current assets		102,499	101,663	105,440
Total assets		570,718	423,877	399,324
LIABILITIES AND EQUITY				
Current portion of due to banks	8	290,761	169,168	195,541
Trade and other payables		145,208	126,358	85,703
Current portion of term loans	11	1,182	1,139	1,136
Current portion of lease liability		927	3,521	856
Directors' fees payable		-	80	-
Total current liabilities		438,078	300,266	283,236
Non-current portion of due to banks	8	18,768	12,056	-
Non-current portion of term loans	11	6,810	7,415	7,680
Non-current portion of lease liability		2,225	2,144	5,651
Provision for staff indemnity		1,420	1,363	1,692
Total non-current liabilities		29,223	22,978	15,023
Total liabilities		467,301	323,244	298,259
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		24,343	24,404	24,389
Foreign currency translation adjustments		(1,425)	(3,131)	(1,996)
Treasury shares reserve		1,429	1,429	1,429
Treasury shares	13	(2,770)	(2,770)	(2,770)
Retained earnings		23,308	22,169	21,481
Total equity		103,417	100,633	101,065
Total liabilities and equity		570,718	423,877	399,324

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
Waleed Jaber Hadeed
Chief Executive Officer

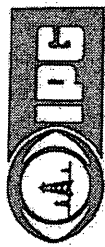


**Independent Petroleum Group Company K.S.C.P.
and subsidiaries
State of Kuwait**

**Interim condensed consolidated statement of changes in equity (unaudited)
For the nine months period ended 30 September 2022**

	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	-	-	-	-	-	-	-	-	6,563	6,563
Profit for the period	-	-	-	-	-	-	-	-	6,563	6,563
Other comprehensive (loss) income	-	-	-	-	(61)	1,706	-	-	-	1,645
Total comprehensive (loss) income for the period	-	-	-	-	(61)	1,706	-	-	6,563	8,208
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	(5,424)	(5,424)
Dividends for 2021 (Note 18)	-	-	-	-	-	-	-	-	(5,424)	(5,424)
Balance at 30 September 2022	18,841	29,665	9,420	606	24,343	(1,425)	1,429	(2,770)	23,308	103,417

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 nine months period ended 30 September 2022**

	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	-	-	-	-	-	-	-	-	6,506	6,506
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	-	-	-	-	-	-	-	-	(5,424)	(5,424)
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 Company K.S.C.P.
and subsidiaries
State of Kuwait**

**Interim condensed consolidated statement of cash flows (unaudited)
For the nine months period ended 30 September 2022**

	Notes	Nine months period ended 30 September	
		2022 KD '000	2021 KD '000
OPERATING ACTIVITIES			
Profit for the period before provisions for contribution to KFAS, NLST and Zakat		6,801	6,742
<i>Adjustments for:</i>			
Depreciation		1,340	1,459
Net provisions (reversed) charged	5	(399)	4,593
Interest expense	3	6,664	2,630
Dividend income	8	(5,478)	(1,207)
Unrealised loss (gain) from investments at fair value through statement of income		12,526	(3,026)
Share of results from joint venture and associates	9 & 10	(7,128)	(5,064)
Interest income	3 & 4	(917)	(2,224)
Interest expense on lease liability		137	167
Amortisation of rights of use assets		2,628	2,654
Provision for staff indemnity		229	361
		<u>16,403</u>	<u>7,085</u>
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivables		(86,575)	(33,325)
Other loans		856	4,118
Lease liabilities		(3,015)	(2,775)
Inventories		(6,491)	2,776
Trade and other payables		17,718	14,651
Cash flows used in operations		<u>(61,104)</u>	<u>(7,470)</u>
Interest income received		1,148	2,208
Payment to KFAS		(75)	(72)
Payment of staff indemnity		(45)	(342)
Directors' fees paid		(80)	(80)
Net cash flows used in operating activities		<u>(60,156)</u>	<u>(5,756)</u>
INVESTING ACTIVITIES			
Dividends received		11,713	4,170
Purchase of property and equipment		(406)	(747)
Net cash flows generated from investing activities		<u>11,307</u>	<u>3,423</u>
FINANCING ACTIVITIES			
Due to banks		128,305	54,727
Repayment of term loans		(562)	(3,596)
Dividends paid	18	(5,424)	(5,424)
Interest paid		(5,695)	(2,507)
Net cash flows generated from financing activities		<u>116,624</u>	<u>43,200</u>
Effect of foreign currency translation		(3,060)	67
Net change in cash on hand and at banks		<u>64,715</u>	<u>40,934</u>
Cash on hand and at banks at beginning of the period		69,423	44,047
Cash on hand and at banks at end of the period	7	<u>134,138</u>	<u>84,981</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 nine months period ended 30 September 2022

1. Incorporation and activities

Independent Petroleum Group Company - 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 nine months period ended 30 September 2022, was authorized for issue by the Chairman on behalf of the Board of Directors on November 2, 2022.



**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 nine months period ended 30 September 2022

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 months period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the year ending 31 December 2022. For further information, refer to the annual consolidated financial statements and notes thereto for the year ended 31 December 2021.

The accounting policies used in the preparation of the interim condensed consolidated financial information for the period ended 30 September 2022, are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022.

Changes in accounting policies

Several amendments and interpretations apply for the first time in 2022, 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 and revised IFRS Standards that have been issued but are not yet effective.

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 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.



**Independent Petroleum Group Company - K.S.C.P.
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Notes to the interim condensed consolidated financial information (unaudited)
For the nine months period ended 30 September 2022

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. These amendments are not expected to have any material impact on the interim condensed consolidated financial information.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023, to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. These amendments are not expected to have any material impact on the interim condensed consolidated financial information.

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

In January 2020, the International Accounting Standard Board (IASB or Board) 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

The 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. These amendments are not expected to have any material impact on the interim condensed consolidated financial information.

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 2021, with the continued impact of COVID-19 outbreak on the Group (Note 19).



**Independent Petroleum Group Company - K.S.C.P.
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Notes to the interim condensed consolidated financial information (unaudited)
For the nine months period ended 30 September 2022

3. Net interest relating to oil marketing operations

	Three months period ended 30 September		Nine months period ended 30 September	
	2022 KD '000	2021 KD '000	2022 KD '000	2021 KD '000
Interest income	265	152	917	441
Interest expense	(3,728)	(970)	(6,664)	(2,630)
	<u>(3,463)</u>	<u>(818)</u>	<u>(5,747)</u>	<u>(2,189)</u>

4. Net other (expenses) income

	Three months period ended 30 September		Nine months period ended 30 September	
	2022 KD '000	2021 KD '000	2022 KD '000	2021 KD '000
Net foreign currency exchange loss	(130)	(196)	(1,065)	(373)
Other interest income	-	-	-	1,783
	<u>(130)</u>	<u>(196)</u>	<u>(1,065)</u>	<u>1,410</u>

5. Net provisions reversed (charged)

	Three months period ended 30 September		Nine months period ended 30 September	
	2022 KD '000	2021 KD '000	2022 KD '000	2021 KD '000
Net expected credit loss reversed (charged)	-	-	399	(4,593)
	<u>-</u>	<u>-</u>	<u>399</u>	<u>(4,593)</u>

- a) During the period, the Group reversed provisions towards expected credit losses on trade receivables amounting to KD 0.40 million (30 September 2021: recognized a provision of KD 4.59 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 30 September 2022.



**Independent Petroleum Group Company - K.S.C.P.
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Notes to the interim condensed consolidated financial information (unaudited)
For the nine months period ended 30 September 2022

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 30 September		Nine months period ended 30 September	
	2022 KD '000	2021 KD '000	2022 KD '000	2021 KD '000
Profit for the period	2,926	1,165	6,563	6,506
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	(7,620,000)	(7,620,000)	(7,620,000)	(7,620,000)
Weighted average number of shares outstanding during the period	180,787,500	180,787,500	180,787,500	180,787,500
Earnings per share (fils)	16.18	6.44	36.30	35.99

7. Cash on hand and at banks

	30 September 2022 KD '000	31 December 2021 KD '000 (Audited)	30 September 2021 KD '000
Cash and bank balances	90,665	34,445	54,365
Call accounts and time deposits	43,473	34,978	30,616
	134,138	69,423	84,981

Time deposits earned interest at an average effective interest rate of 0.5% (31 December 2021: 0.5% and 30 September 2021: 0.5%) per annum and mature within 3 months (31 December 2021: 3 months and 30 September 2021: 3 months) from the placement date.



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

Notes to the interim condensed consolidated financial information (unaudited)
For the nine months period ended 30 September 2022

8. Investments

	30 September 2022 KD '000	31 December 2021 KD '000 (Audited)	30 September 2021 KD '000
Investments at fair value through statement of income			
Managed portfolios	59,452	69,660	67,950
Investments at fair value through other comprehensive income			
Unquoted securities (Current)	1,265	2,145	2,188
Unquoted securities (Non-current)	27,626	26,683	26,616
	<u>28,891</u>	<u>28,828</u>	<u>28,804</u>

Investments at fair value through statement of income with a carrying amount of KD 59.45 million (31 December 2021: KD 69.66 million and 30 September 2021: KD 67.95 million) are pledged as collateral against amounts due to banks.

Unquoted securities classified as investments at fair value through other comprehensive income include the Group's investment in Vopak Horizon Fujairah Limited (VHFL) and Asia Petroleum Limited (APL) amounting to KD 25.89 million (31 December 2021: KD 24.94 million and 30 September 2021: KD 24.88 million) and KD 1.74 million (31 December 2021: KD 1.74 million and 30 September 2021: 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 2022, the Group received a dividend of KD 5,478 thousand (30 September 2021: KD 1,207 thousand) from VHFL and APL.

9. Share of result from 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 months period ended 30 September		Nine months period ended 30 September	
	2022 KD '000	2021 KD '000	2022 KD '000	2021 KD '000
Uniterminals Ltd, Lebanon	928	933	3,876	1,741



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10. Share of results from investment in associates

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

	Three months period ended 30 September		Nine months period ended 30 September	
	2022 KD '000	2021 KD '000	2022 KD '000	2021 KD '000
Horizon Singapore Terminals Private Ltd	390	422	1,112	1,295
Arab Tank Terminals L.L.C.	(62)	(60)	(225)	9
Inpetro SARL	166	148	506	(58)
Horizon Djibouti Holdings Ltd.	525	483	947	1,035
Horizon Tangiers Terminals SA.	335	353	912	1,042
	<u>1,354</u>	<u>1,346</u>	<u>3,252</u>	<u>3,323</u>

11. Property and equipment

Property and equipment at 30 September 2022, includes KD 24.92 million (31 December 2021: KD 25.36 million and 30 September 2021: KD 27.18 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 2021: 188,407,500 shares of 100 fils each and 30 September 2021: 188,407,500 shares of 100 fils each).

13. Treasury shares

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Number of shares	7,620,000	7,620,000	7,620,000
Percentage of issued shares	4%	4%	4%
Market value (KD Million)	3.60	4.43	4.66
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 2021. 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 months period ended 30 September		Nine months period ended 30 September	
	2022	2021	2022	2021
	KD '000	KD '000	KD '000	KD '000
a) Revenues and expenses:				
<i>Sales</i>				
Joint venture	<u>48,872</u>	<u>30,901</u>	<u>149,258</u>	<u>88,666</u>
<i>Storage expense</i>				
Associate	<u>1,129</u>	<u>1,104</u>	<u>3,398</u>	<u>3,565</u>
b) Key management compensation				
Salaries and other short-term benefits	<u>265</u>	<u>240</u>	<u>781</u>	<u>720</u>
Termination benefits	<u>25</u>	<u>23</u>	<u>68</u>	<u>127</u>
c) Due from / to related parties:				
	30 September 2022	31 December 2021	30 September 2021	
	KD '000	KD '000	KD '000	
		(Audited)		
<i>Due from related parties</i>				
Trade and other receivables	12,826	11,715	9,485	
Other loans	4,950	4,769	4,757	
	30 September 2022	31 December 2021	30 September 2021	
	KD '000	KD '000	KD '000	
		(Audited)		
<i>Due to related parties</i>				
Trade and other payables	1,700	1,304	1,315	
Lease liabilities	-	5,665	-	



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15. Segment information

The Group primarily operates on 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 30 September			
	2022		2021	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	503,410	7,609	222,844	3,523
Asia and Far East	15,553	689	-	439
	<u>518,963</u>	<u>8,298</u>	<u>222,844</u>	<u>3,962</u>
Unallocated Group's items		<u>(5,372)</u>		<u>(2,797)</u>
Profit for the period		<u>2,926</u>		<u>1,165</u>

	Nine months period ended 30 September			
	2022		2021	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	1,358,981	25,936	747,520	13,032
Asia and Far East	15,553	1,411	6,918	1,441
	<u>1,374,534</u>	<u>27,347</u>	<u>754,438</u>	<u>14,473</u>
Unallocated Group's items		<u>(20,784)</u>		<u>(7,967)</u>
Profit for the period		<u>6,563</u>		<u>6,506</u>



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	Africa and Middle East KD '000	Europe KD '000	Asia and Far east KD '000	Total KD '000
30 September 2022				
Segment assets	214,202	-	1,906	216,108
Unallocated Group's assets	-	-	-	354,610
Total assets	<u>214,202</u>	<u>-</u>	<u>1,906</u>	<u>570,718</u>
Segment liabilities	83,625	29,658	-	113,283
Unallocated Group's liabilities	-	-	-	354,018
Total liabilities	<u>83,625</u>	<u>29,658</u>	<u>-</u>	<u>467,301</u>
31 December 2021 (Audited)				
Segment assets	126,420	-	2,945	129,365
Unallocated Group's assets	-	-	-	294,512
Total assets	<u>126,420</u>	<u>-</u>	<u>2,945</u>	<u>423,877</u>
Segment liabilities	75,261	28,767	-	104,028
Unallocated Group's liabilities	-	-	-	219,216
Total liabilities	<u>75,261</u>	<u>28,767</u>	<u>-</u>	<u>323,244</u>
30 September 2021				
Segment assets	111,438	574	2,938	114,950
Unallocated Group's 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 Group's liabilities	-	-	-	234,832
Total liabilities	<u>14,114</u>	<u>49,253</u>	<u>60</u>	<u>298,259</u>

16. Contingent liabilities and commitments

	30 September 2022 KD '000	31 December 2021 KD '000 (Audited)	30 September 2021 KD '000
Contingent liabilities:			
Letters of guarantee and bid bonds	9,883	10,336	2,446
Letters of credit	<u>115,766</u>	<u>135,414</u>	<u>70,318</u>
	<u>125,649</u>	<u>145,750</u>	<u>72,764</u>
Commitments:			
Investments in projects	<u>8,037</u>	<u>8,990</u>	<u>3,424</u>



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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	
30 September 2022				
Investments at fair value through other comprehensive income	-	1,265	27,626	28,891
Investments at fair value through statement of income	59,452	-	-	59,452
	<u>59,452</u>	<u>1,265</u>	<u>27,626</u>	<u>88,343</u>
31 December 2021 (Audited)				
Investments at fair value through other comprehensive income	-	2,145	26,683	28,828
Investments at fair value through statement of income	69,660	-	-	69,660
	<u>69,660</u>	<u>2,145</u>	<u>26,683</u>	<u>98,488</u>
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>

During the period, there were no transfers between the levels of the fair value hierarchy .

18. Annual General Assembly

The Shareholders' Annual General Assembly held on 16 January 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.

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.



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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. During the pandemic, the Group's business operations was 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 2022.

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 30 September 2022.

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 2022. 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.

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 2022, against the budget and industry benchmarks and conclude that the impairment assessment remains unchanged.



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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 2021. As a result, this 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 2022.