

**Al Kout Industrial Projects Company K.S.C.P.
and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

31 MARCH 2021





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INDEPENDENT AUDITOR’S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL KOUT INDUSTRIAL PROJECTS COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Kout Industrial Projects Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 31 March 2021, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month 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*’ (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

Except as explained in the following paragraph, 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, it 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.

Basis for Qualified Conclusion

The Group did not adjust the carrying amount of its investment in Al Dorra Petroleum Services Company K.S.C. (Closed), an associate carried at KD 3,000,000 on the Group’s interim condensed consolidated statement of financial position as at 31 March 2021, to recognise changes in the Group’s share of net assets of the associate for the three-month period then ended as no financial information was made available for the associate. Consequently, we were unable to determine whether any adjustments to these amounts were necessary to the Group’s financial information as at and for the three-month period then ended 31 March 2021.

Qualified Conclusion

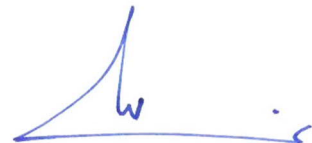
Based on our review, except for the possible effects of the matter described in the “*Basis for Qualified Conclusion*” paragraph of our report, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

INDEPENDENT AUDITOR’S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL KOUT INDUSTRIAL PROJECTS COMPANY K.S.C.P.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, except for the possible effects of the matter described in the “*Basis for Qualified Conclusion*” paragraph above, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, except for the possible effects of the matter described in the “*Basis for Qualified Conclusion*” paragraph above, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the three-month period ended 31 March 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, except for the possible effects of the matter described in the “*Basis for Qualified Conclusion*” paragraph above, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2021 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO. 207-A
EY
(AL AIBAN, AL OSAIMI & PARTNERS)

17 May 2021
Kuwait

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

For the period ended 31 March 2021

	Note	Three months ended 31 March	
		2021 KD	2020 KD
Revenue from contracts with customers	3	7,042,225	7,238,863
Cost of sales and services rendered		(4,723,731)	(5,163,778)
GROSS PROFIT		2,318,494	2,075,085
Other income		17,899	33,174
General and administrative expenses		(684,683)	(711,698)
Other expenses		(125,889)	(180,462)
Reversal (charge) of allowance for expected credit losses of trade receivables		36,704	(115,448)
Net foreign exchange differences		(15,913)	82,450
OPERATING PROFIT		1,546,612	1,183,101
Share of results of an associate		-	(37,604)
Changes in fair value of financial assets at fair value through profit or loss		(100,720)	(97,527)
Finance costs		(50,062)	(30,742)
PROFIT BEFORE TAX AND DIRECTORS' REMUNERATION		1,395,830	1,017,228
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		(13,958)	(10,548)
National Labour Support Tax ("NLST")		(33,531)	(26,696)
Zakat		(13,412)	(11,055)
Directors' remuneration		(5,500)	(16,500)
PROFIT FOR THE PERIOD		1,329,429	952,429
BASIC AND DILUTED EARNINGS PER SHARE (EPS)		13.18 Fils	9.44 Fils

The attached notes 1 to 9 form part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)**
For the period ended 31 March 2021

	<i>Three months ended</i>	
	<i>31 March</i>	
	2021	2020
	KD	KD
PROFIT FOR THE PERIOD	1,329,429	952,429
Other comprehensive (loss) income		
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(1,318)	42,292
Net other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods	(1,318)	42,292
<i>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive loss of an associate	-	(26,856)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	-	(26,856)
Other comprehensive (loss) income for the period	(1,318)	15,436
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,328,111	967,865

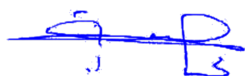
The attached notes 1 to 9 form part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2021

	31 March 2021 KD	(Audited) 31 December 2020 KD	31 March 2020 KD
ASSETS			
Non-current assets			
Property, plant and equipment	12,297,515	12,526,112	17,111,371
Right-of-use assets	515,156	509,282	633,003
Investment in an associate	3,000,000	3,000,000	6,226,360
Goodwill	4,937,402	4,937,402	4,937,402
	<u>20,750,073</u>	<u>20,972,796</u>	<u>28,908,136</u>
Current assets			
Financial assets at fair value through profit or loss	883,185	983,905	1,162,267
Inventories	3,173,887	3,081,292	2,768,760
Trade receivables and contract assets	9,826,027	10,210,654	9,006,261
Prepayments and other receivables	1,658,799	1,565,029	1,606,519
Cash and bank balances	2,220,081	861,759	740,407
	<u>17,761,979</u>	<u>16,702,639</u>	<u>15,284,214</u>
TOTAL ASSETS	<u><u>38,512,052</u></u>	<u><u>37,675,435</u></u>	<u><u>44,192,350</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10,090,080	10,090,080	10,090,080
Statutory reserve	5,186,422	5,186,422	5,186,422
Voluntary reserve	5,148,415	5,148,415	5,148,415
Effect of changes in other comprehensive income of an associate	(2,609,842)	(2,609,842)	(2,621,990)
Foreign currency translation reserve	544,560	545,878	587,937
Retained earnings	6,431,693	5,102,264	13,564,168
Total equity	<u>24,791,328</u>	<u>23,463,217</u>	<u>31,955,032</u>
Non-current liabilities			
Employees' end of service benefits	1,821,719	1,876,304	2,334,169
Lease liabilities	271,448	304,208	401,957
	<u>2,093,167</u>	<u>2,180,512</u>	<u>2,736,126</u>
Current liabilities			
Accounts payable and accruals	4,884,898	4,790,736	6,312,558
Lease liabilities	270,398	233,963	242,732
Bank overdrafts	909,435	1,159,620	1,520,902
Loans and borrowings	5,562,826	5,847,387	1,425,000
	<u>11,627,557</u>	<u>12,031,706</u>	<u>9,501,192</u>
Total liabilities	<u>13,720,724</u>	<u>14,212,218</u>	<u>12,237,318</u>
TOTAL EQUITY AND LIABILITIES	<u><u>38,512,052</u></u>	<u><u>37,675,435</u></u>	<u><u>44,192,350</u></u>



Mohammad Ahmad Husain
Chairman



Faisal Youssef Malallah
Chief Executive Officer

The attached notes 1 to 9 form part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2021

	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Effect of changes in other comprehensive income of an associate KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Total KD</i>
As at 1 January 2021	10,090,080	5,186,422	5,148,415	(2,609,842)	545,645	12,611,739	30,987,167
Profit for the period	-	-	-	-	-	1,329,429	1,329,429
Other comprehensive loss for the period	-	-	-	-	(1,318)	-	(1,318)
Total comprehensive (loss) income for the period	-	-	-	-	(1,318)	1,329,429	1,328,111
At 31 March 2021	10,090,080	5,186,422	5,148,415	(2,609,842)	544,560	6,431,693	24,791,328
As at 1 January 2020	10,090,080	5,186,422	5,148,415	(2,595,134)	545,645	12,611,739	30,987,167
Profit for the period	-	-	-	-	-	952,429	952,429
Other comprehensive (loss) income for the period	-	-	-	(26,856)	42,292	-	15,436
Total comprehensive (loss) income for the period	-	-	-	(26,856)	42,292	952,429	967,865
At 31 March 2020	10,090,080	5,186,422	5,148,415	(2,621,990)	587,937	13,564,168	31,955,032

The attached notes 1 to 9 form part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 31 March 2021

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Profit before tax and directors' remuneration	1,395,830	1,017,228
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of property, plant, and equipment	636,539	831,849
Depreciation of right-of-use assets	75,379	66,041
Gain on sale of property, plant and equipment	-	(8,400)
(Reversal) charge of allowance for expected credit losses of trade receivables	(36,704)	115,448
Share of results of an associate	-	37,604
Changes in fair value of financial assets at fair value through profit or loss	100,720	97,527
Provision for employees' end of service benefits	61,740	63,413
Interest on debts and borrowings	45,658	25,119
Interest on lease liabilities	4,404	5,623
	<u>2,283,566</u>	<u>2,251,452</u>
<i>Working capital changes:</i>		
Inventories	(92,595)	(19,299)
Trade receivables and contract assets	421,331	(1,824,180)
Prepayments and other receivables	(93,770)	(222,362)
Accounts payable and accruals	27,761	356,294
	<u>2,546,293</u>	<u>541,905</u>
Cash flows generated from operations	2,546,293	541,905
Employees' end of service benefits paid	(116,325)	(12,787)
	<u>2,429,968</u>	<u>529,118</u>
Net cash flows from operating activities		
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(413,593)	(376,570)
Proceeds from disposal of property, plant and equipment	-	8,400
	<u>(413,593)</u>	<u>(368,170)</u>
Net cash flows used in investing activities		
FINANCING ACTIVITIES		
Proceeds from borrowings	-	1,425,000
Repayment of borrowings	(284,561)	(1,500,000)
Finance costs paid	(45,658)	(25,119)
Payment of principal portion of lease liabilities	(81,982)	(69,617)
	<u>(412,201)</u>	<u>(169,736)</u>
Net cash flows used in financing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,604,174	(8,788)
Cash and cash equivalents as at 1 January	(297,861)	(761,524)
Net foreign exchange differences	4,333	(10,183)
	<u>1,310,646</u>	<u>(780,495)</u>
CASH AND CASH EQUIVALENTS AS AT 31 MARCH		
Non-cash items excluded from the interim condensed consolidated statement of cash flows:		
Additions to lease liabilities	81,253	141,429
Additions to right-of-use assets	(81,253)	(141,429)
	<u>-</u>	<u>-</u>

The attached notes 1 to 9 form part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Al Kout Industrial Projects Company K.S.C.P. (the “Parent Company”) and its Subsidiaries (collectively, the “Group”) for the three months ended 31 March 2021 was authorised for issue in accordance with a resolution of the Parent Company’s Board of Directors on 11 May 2021.

The annual general assembly meeting (“AGM”) of the Parent Company for the year ended 31 December 2020 has not been held yet. Accordingly, the shareholders of the Parent Company have not yet approved the consolidated financial statements for the year ended 31 December 2020. The interim condensed consolidated financial information for the three-month period ended 31 March 2021 do not include any adjustments, which might have been required.

The Parent Company is a public shareholding company incorporated and domiciled in Kuwait and whose shares are publicly traded on Boursa Kuwait. The Parent Company head office is located in Hamra Tower, 18th Floor, Abdulaziz Al-Sager street, Sharq and its registered postal address is PO Box 10277, Shuaiba 65453, Kuwait.

The principal activities of the Parent Company are, as follows:

- ▶ Import, storage and distribution of cement and other bulk materials; establishing, operating and managing storage silos; acquiring interest in other companies engaged in similar activities and investing surplus funds through portfolio managers in shares of investment and real estate companies.
- ▶ Production of chlorine and salt, steel drums to fill soda solid and other petrochemical products (after approval of Public Authority for Industry).
- ▶ Transport Company’s products inside and outside the State of Kuwait according to Company’s objectives.
- ▶ Acquisition of industrial rights and related intellectual properties or any other industrial trademarks or drawings and any other rights thereto and renting thereof to other companies whether inside or outside Kuwait.
- ▶ Acquisition of movables and properties necessary for the Parent Company to practice its activities pursuant to the limits prescribed by law.
- ▶ Investing surplus funds in portfolios managed by specialised financial companies.

The Parent Company may have interests or participate in any suitable way with entities that engage in similar business activities or that may help the Parent Company achieve its objectives inside Kuwait and abroad. The Group may also purchase such entities or affiliate them.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the three months ended 31 March 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group has prepared the interim condensed consolidated financial information on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020.

2.2 New standards, interpretations, and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations, and amendments adopted by the Group (continued)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR).

The amendments include the following practical expedients:

- ▶ A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- ▶ Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- ▶ Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of risk component.

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers based on type of sales and services:

	<i>Three months ended</i>	
	<i>31 March</i>	
	2021	2020
	KD	KD
Types of goods or services		
Sale of Chlor Alkai	4,299,683	4,183,616
Sales of industrial materials	2,255,896	2,719,894
Blending of chemicals services	203,101	189,349
Construction of chlorine dioxide plant for groundwater reservoirs	268,615	93,866
Logistic services	14,930	52,138
Total revenue from contracts with customers	7,042,225	7,238,863
Geographical markets		
Kuwait and GCC	6,084,021	6,837,459
Europe and North Africa	696,660	362,780
Asia	261,544	38,624
Total revenue from contracts with customers	7,042,225	7,238,863
Timing of revenue recognition		
Goods and services transferred at a point in time	6,824,194	6,997,376
Goods and services transferred over time	218,031	241,487
Total revenue from contracts with customers	7,042,225	7,238,863

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

4 BASIC AND DILUTED EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
Profit for the period (KD)	1,329,429	952,429
Weighted average number of shares outstanding during the period (shares)	100,900,800	100,900,800
Basic and diluted EPS	13.18 Fils	9.44 Fils

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the authorisation date of this interim condensed consolidated financial information.

5 COMMITMENTS AND CONTINGENCIES

Capital commitments

The Group has commitments in respect of future capital expenditure amounting to KD 274,985 (31 December 2020: KD 100,217 and 31 March 2020: KD 197,631) relating to ongoing projects under construction.

Contingent liabilities

At 31 March 2021, the Group's bankers had outstanding letter of guarantees and credits amounting to KD 6,851,825 (31 December 2020: KD 5,780,834 and 31 March 2020: KD 5,970,767) for the performance of certain contracts for which it is anticipated that no material liabilities will arise.

6 RELATED PARTY DISCLOSURES

The Group's related parties include its associates and joint ventures, major shareholders, entities under common control, directors and executive officers of the Group, close members of their families and entities of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

There were no transactions other than those with key management personnel, entered into with related parties during the reporting period.

Transactions with key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions and outstanding balances related to key management personnel were as follows.

	<i>Transaction values for the</i>		<i>Balance outstanding as at</i>		
	<i>period ended</i>		<i>(Audited)</i>		
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and other short-term benefits	48,683	82,147	20,959	31,433	24,038
Employees end of service benefits	6,110	8,144	15,887	30,881	269,639
Executive committee fees	15,000	15,000	-	-	-
	69,793	105,291	36,846	62,314	293,677

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

7 SEGMENT INFORMATION

For management's purposes, the Group's products and services are organised into the following operating segments. The principle activities and services under these segments are as follows:

- ▶ **Chlor Alkali:** Production and sale of chlor alkali products.
- ▶ **Petrochemical products:** Production and sale of petrochemical products.
- ▶ **Trading:** Distribution of industrial materials.
- ▶ **Logistics and Transport:** Logistic and transportation services provided by the Group.
- ▶ **Industrial projects:** Construction of chlorine dioxide plant for groundwater reservoirs.
- ▶ **Investments:** Group's investments in an associate, fair value through profit or loss and goodwill.

a) Segment revenue and results

The following tables present revenue and profit information of the Group's operating segments for the three months ended 31 March 2021 and 2020, respectively:

	<i>Three months ended</i>		<i>Three months ended</i>	
	<i>31 March</i>		<i>31 March</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
	<i>Revenue</i>		<i>Results</i>	
Chlor Alkali	4,428,673	4,287,354	2,283,680	1,878,180
Petrochemical products	203,101	189,349	25,481	17,519
Trading	2,499,891	3,046,172	591,496	756,982
Logistics and transport	660,428	647,708	10,964	2,678
Industrial projects	268,615	93,866	52,371	15,296
Investments	-	-	(100,720)	(135,131)
Adjustments and eliminations	(1,018,483)	(1,025,586)	(645,498)	(595,570)
Consolidated	7,042,225	7,238,863	2,217,774	1,939,954
Other income			17,899	33,174
Finance costs			(50,062)	(30,742)
Unallocated expenses			(856,182)	(989,957)
Profit for the period			1,329,429	952,429

	<i>Three months ended</i>		<i>Three months ended</i>	
	<i>31 March</i>		<i>31 March</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
	<i>Purchases of property, plant and equipment</i>		<i>Depreciation and amortisation</i>	
Chlor Alkali	410,149	331,365	572,412	753,362
Trading	3,444	22,436	6,375	11,774
Logistics and transport	-	22,769	57,752	66,713
	413,593	376,570	636,539	831,849

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

7 SEGMENT INFORMATION (continued)

b) Segment assets and liabilities

The following tables present assets and liabilities information for the Group's operating segments as at 31 March 2021, 31 December 2020 and 31 March 2020, respectively:

	<i>31 March</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>31 March</i> <i>2020</i> <i>KD</i>
Segment assets			
Chlor Alkali	29,761,279	29,243,397	30,688,556
Petrochemical products	52,349	31,526	518,139
Trading	3,892,207	3,381,793	3,888,801
Logistics and transport	821,038	842,728	1,025,501
Industrial projects	101,994	192,086	682,726
Investments	3,883,185	3,983,905	7,388,627
Total consolidated segment assets	38,512,052	37,675,435	44,192,350
Segment liabilities			
Chlor Alkali	11,639,443	11,896,005	9,427,637
Petrochemical Products	2,578	482,214	701,327
Trading	1,701,983	1,439,062	1,735,861
Logistics and transport	376,720	390,575	372,493
Other	-	4,362	-
Total consolidated segment liabilities	13,720,724	14,212,218	12,237,318

c) Geographical segments

The geographical analysis of the Group's revenue from external customers has been based on the location of customers from which revenue is derived:

	<i>Three months ended</i> <i>31 March</i>	
	<i>2021</i> <i>KD</i>	<i>2020</i> <i>KD</i>
Kuwait and GCC	7,102,504	7,863,045
Europe and North Africa	696,660	362,780
Asia	261,544	38,624
Adjustments and eliminations	(1,018,483)	(1,025,586)
Total consolidated segment revenue	7,042,225	7,238,863

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability; or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the interim condensed consolidated financial information at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Valuation methods and assumptions

The following methods and assumptions were used to estimate the fair values:

Listed investment in equity securities

Fair values of publicly traded equity securities are based on quoted market prices in an active market for identical assets without any adjustments. The Group classifies the fair value of these investments as Level 1 of the hierarchy.

Other financial assets and liabilities

Fair value of other financial instruments is not materially different from their carrying values, at the reporting date, as most of these instruments are of short-term maturity or re-priced immediately based on market movement in interest rates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

9 IMPACT OF COVID-19 OUTBREAK

The COVID-19 pandemic continues to spread across global geographies causing disruption to business and economic activities and bringing significant uncertainties to the global economic environment. Government authorities worldwide launched extensive responses designed to mitigate the severe consequences of the pandemic.

The effects of COVID-19 pandemic have been significant on the Group's annual consolidated financial statements for the year ended 31 December 2020. As compared to the year ended 31 December 2020, the Group has not experienced any further significant adverse effect on its operations during the three months ended March 2021. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgmental and the Group will accordingly continue to reassess its position and the related impact on a regular basis.

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