



**Qurain Petrochemical Industries Company  
K.S.C.P. and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION**

**31 DECEMBER 2020 (UNAUDITED)**



Ernst & Young  
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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF QURAIN PETROCHEMICAL INDUSTRIES COMPANY K.S.C.P.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Qurain Petrochemical Industries Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively the “Group”) as at 31 December 2020, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-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*

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of 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 IAS 34.

### *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, as amended, and its executive regulations, as amended, or of the Parent Company’s Articles of Association and Memorandum of Incorporation, as amended, during the nine months period ended 31 December 2020 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, 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, as amended, concerning the Capital Markets Authority and its related regulations, during the nine months period ended 31 December 2020 that might have had material effect on the business of the Parent Company or on its financial position.

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

31 January 2021  
Kuwait

Qurain Petrochemical Industries Company K.S.C.P.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 December 2020

	Notes	31 December 2020 KD	(Audited) 31 March 2020 KD	31 December 2019 KD
<b>ASSETS</b>				
<b>Current assets</b>				
Bank balances and cash				
Trade and other receivables	4	83,633,227	86,234,493	87,084,467
Inventories		50,384,137	61,185,599	50,455,196
Financial assets at fair value through profit or loss	14	39,593,899	35,485,849	35,270,064
		953,273	1,083,317	1,398,097
<b>Total current assets</b>		<b>174,564,536</b>	<b>183,989,258</b>	<b>174,207,824</b>
<b>Non-current assets</b>				
Financial assets at fair value through other comprehensive income	5, 14	196,651,004	200,518,497	223,474,383
Investment in associates and joint venture		93,816,824	101,138,404	99,626,465
Goodwill and intangible assets		138,112,554	139,846,617	139,018,313
Property, plant and equipment		146,782,381	146,211,441	145,409,371
Right of use assets		7,279,041	7,719,406	7,813,220
<b>Total non-current assets</b>		<b>582,641,804</b>	<b>595,434,365</b>	<b>615,341,752</b>
<b>Total assets</b>		<b>757,206,340</b>	<b>779,423,623</b>	<b>789,549,576</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Lease liabilities		1,841,402	1,884,806	1,627,129
Trade and other payables		65,284,329	68,449,178	68,085,325
Borrowings		1,214,107	1,283,777	1,451,804
<b>Total current liabilities</b>		<b>68,339,838</b>	<b>71,617,761</b>	<b>71,164,258</b>
<b>Non-current liabilities</b>				
Lease liabilities		5,505,232	5,665,556	5,979,450
Employees' end of service benefits		16,617,814	15,816,414	15,306,921
Borrowings		84,391,493	87,795,527	98,445,835
Contingent consideration payable		-	441,940	433,638
Non-controlling interest put option		2,380,297	2,090,292	2,172,751
<b>Total non-current liabilities</b>		<b>108,894,836</b>	<b>111,809,729</b>	<b>122,338,595</b>
<b>Total liabilities</b>		<b>177,234,674</b>	<b>183,427,490</b>	<b>193,502,853</b>
<b>EQUITY</b>				
Share capital		109,919,258	109,919,258	109,919,258
Statutory reserve		33,864,262	33,864,262	30,934,331
Voluntary reserve		33,742,560	33,742,560	30,812,629
Treasury shares		(18,974,917)	(18,974,917)	(18,625,473)
Share based payment reserve	6	163,109	147,734	189,222
Other reserves		(7,975,118)	(1,951,434)	(1,952,788)
Fair Value reserve		114,580,045	112,519,041	135,514,243
Foreign currency translation reserve		8,914,434	11,454,357	8,985,073
Retained earnings		128,952,405	139,735,419	131,724,730
<b>Equity attributable to shareholders of the Parent Company</b>		<b>403,186,038</b>	<b>420,456,280</b>	<b>427,501,225</b>
Non-controlling interests		176,785,628	175,539,853	168,545,498
<b>Total equity</b>		<b>579,971,666</b>	<b>595,996,133</b>	<b>596,046,723</b>
<b>Total liabilities and equity</b>		<b>757,206,340</b>	<b>779,423,623</b>	<b>789,549,576</b>

Sadoun A. Ali  
Vice Chairman & CEO

Tanweer Ahmed Khalfay  
Chief Financial Officer

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

# Qurain Petrochemical Industries Company K.S.C.P.



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 December 2020

	Notes	Three months ended		Nine months ended	
		31 December		31 December	
		2020	2019	2020	2019
		KD	KD	KD	KD
Revenue from rendering of services		12,550,776	14,080,301	36,562,515	31,272,468
Revenue from sale of goods		42,000,308	43,180,673	137,939,614	132,180,425
<b>Total revenue</b>	13	<b>54,551,084</b>	57,260,974	<b>174,502,129</b>	163,452,893
Cost of revenue from rendering of services		(8,301,938)	(9,779,857)	(23,907,902)	(20,247,915)
Cost of revenue from sale of goods		(28,346,182)	(28,035,332)	(93,551,106)	(88,493,795)
<b>Total cost of revenue</b>		<b>(36,648,120)</b>	(37,815,189)	<b>(117,459,008)</b>	(108,741,710)
<b>GROSS PROFIT</b>		<b>17,902,964</b>	19,445,785	<b>57,043,121</b>	54,711,183
Dividend income		22,738	19,824	447,142	536,351
Interest and other income		1,439,781	458,304	2,442,082	1,793,304
Net realized / unrealized (loss) gain on financial assets at fair value through profit or loss		-	(11,930)	877	(100,526)
Share of results from associates and joint venture		(1,147,280)	1,962,368	1,631,243	8,435,520
General and administrative expenses		(6,533,751)	(4,612,488)	(20,919,450)	(15,858,587)
Selling and distribution expenses		(5,655,685)	(6,167,312)	(18,054,615)	(18,812,900)
Finance costs		(708,315)	(1,091,613)	(1,752,234)	(2,609,025)
<b>Profit before provision for taxation and board of directors' remuneration</b>		<b>5,320,452</b>	10,002,938	<b>20,838,166</b>	28,095,320
Provision for taxation	7	(41,038)	(156,473)	(172,771)	(434,654)
Board of directors' remuneration		(37,500)	(37,500)	(112,500)	(112,500)
<b>Profit for the period</b>		<b>5,241,914</b>	9,808,965	<b>20,552,895</b>	27,548,166
<b>Attributable to:</b>					
Shareholders of the Parent Company		1,029,558	4,599,353	7,609,231	14,290,731
Non-controlling interests		4,212,356	5,209,612	12,943,664	13,257,435
		<b>5,241,914</b>	9,808,965	<b>20,552,895</b>	27,548,166
<b>Basic earnings per share - attributable to shareholders of the Parent Company</b>	8	<b>1.01 fils</b>	4.49 fils	<b>7.45 fils</b>	13.88 fils
<b>Diluted earnings per share - attributable to shareholders of the Parent Company</b>	8	<b>1.00 fils</b>	4.48 fils	<b>7.44 fils</b>	13.85 fils

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 December 2020

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>31 December</i>		<i>31 December</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Profit for the period</b>	<b>5,241,914</b>	9,808,965	<b>20,552,895</b>	27,548,166
<b>Other comprehensive income (loss) for the period:</b>				
<i>Other comprehensive income (loss) for the period that will not be subsequently reclassified to interim condensed consolidated statement of income:</i>				
Changes in fair value of equity investments at fair value through other comprehensive income	<b>309,614</b>	(246,314)	<b>(28,064)</b>	(708,606)
<i>Other comprehensive loss for the period that are or may be subsequently reclassified to interim condensed consolidated statement of income:</i>				
Exchange differences arising on translation of foreign operations	<b>(2,970,946)</b>	(1,336,789)	<b>(5,647,082)</b>	(1,272,821)
Net gain on hedge of net investment in foreign operation	<b>611,484</b>	259,906	<b>1,075,769</b>	249,656
<b>Other comprehensive loss for the period</b>	<b>(2,049,848)</b>	(1,323,197)	<b>(4,599,377)</b>	(1,731,771)
<b>Total comprehensive income for the period</b>	<b>3,192,066</b>	8,485,768	<b>15,953,518</b>	25,816,395
<b>Attributable to:</b>				
Shareholders of the Parent Company	<b>25,283</b>	3,737,716	<b>5,083,965</b>	12,756,898
Non-controlling interests	<b>3,166,783</b>	4,748,052	<b>10,869,553</b>	13,059,497
	<b>3,192,066</b>	8,485,768	<b>15,953,518</b>	25,816,395

# Qurain Petrochemical Industries Company K.S.C.P.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 December 2020

	<i>Equity attributable to shareholders of the Parent Company</i>											
	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Treasury shares KD</i>	<i>Share based payment reserve KD</i>	<i>Other reserves KD</i>	<i>Cumulative changes in fair values KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Sub-total KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
As at 1 April 2020 (audited)	109,919,258	33,864,262	33,742,560	(18,974,917)	147,734	(1,951,434)	112,519,041	11,454,357	139,735,419	420,456,280	175,539,853	595,996,133
Profit for the period	-	-	-	-	-	-	-	-	7,609,231	7,609,231	12,943,664	20,552,895
Other comprehensive income (loss) for the period	-	-	-	-	-	-	14,657	(2,539,923)	-	(2,525,266)	(2,074,111)	(4,599,377)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	14,657	(2,539,923)	7,609,231	5,083,965	10,869,553	15,953,518
Share based payment reserve	-	-	-	-	15,375	-	-	-	-	15,375	-	15,375
Dividends (Note 12)	-	-	-	-	-	-	-	-	(16,345,898)	(16,345,898)	-	(16,345,898)
Transfer of net loss on disposal of equity investments at FVOCI to retained earnings	-	-	-	-	-	-	2,046,347	-	(2,046,347)	-	-	-
Acquisition of additional interest in subsidiaries (Note 16)	-	-	-	-	-	(6,023,684)	-	-	-	(6,023,684)	(4,594,452)	(10,618,136)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(10,271,545)	(10,271,545)
Non-controlling interests arising on business combination (Note 15)	-	-	-	-	-	-	-	-	-	-	5,121,006	5,121,006
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	-	121,213	121,213
<b>As at 31 December 2020</b>	<b>109,919,258</b>	<b>33,864,262</b>	<b>33,742,560</b>	<b>(18,974,917)</b>	<b>163,109</b>	<b>(7,975,118)</b>	<b>114,580,045</b>	<b>8,914,434</b>	<b>128,952,405</b>	<b>403,186,038</b>	<b>176,785,628</b>	<b>579,971,666</b>
As at 1 April 2019 (audited)	109,919,258	30,934,331	30,812,629	(13,363,430)	121,722	(1,888,883)	136,378,657	9,569,569	134,054,397	436,538,250	149,812,673	586,350,923
Profit for the period	-	-	-	-	-	-	-	-	14,290,731	14,290,731	13,257,435	27,548,166
Other comprehensive (loss) income for the period	-	-	-	-	-	-	(949,337)	(584,496)	-	(1,533,833)	(197,938)	(1,731,771)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(949,337)	(584,496)	14,290,731	12,756,898	13,059,497	25,816,395
Purchase of treasury shares	-	-	-	(5,262,043)	-	-	-	-	-	(5,262,043)	-	(5,262,043)
Share based payment reserve	-	-	-	-	67,500	-	-	-	-	67,500	-	67,500
Dividends (Note 12)	-	-	-	-	-	-	-	-	(16,535,475)	(16,535,475)	-	(16,535,475)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	(63,905)	-	-	-	(63,905)	(210,498)	(274,403)
Non-controlling interests arising on business combination	-	-	-	-	-	-	-	-	-	-	17,008,054	17,008,054
Transfer of gain/loss on disposal of equity investments at FVOCI to retained earnings	-	-	-	-	-	-	84,923	-	(84,923)	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(11,124,228)	(11,124,228)
As at 31 December 2019	109,919,258	30,934,331	30,812,629	(18,625,473)	189,222	(1,952,788)	135,514,243	8,985,073	131,724,730	427,501,225	168,545,498	596,046,723

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

# Qurain Petrochemical Industries Company K.S.C.P.



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 December 2020

	Notes	Nine months ended 31 December	
		2020 KD	2019 KD
<b>OPERATING ACTIVITIES</b>			
Profit before taxation and Board of Directors' remuneration		20,838,166	28,095,320
<i>Adjustments for:</i>			
Depreciation and amortization		17,416,203	13,542,319
Unwinding expense on non-controlling interest put option and contingent consideration payable		252,069	230,607
Realized (gain) loss on sale of financial assets at fair value through profit or loss		(877)	88,983
Unrealized loss on financial assets at fair value through profit or loss		-	11,543
Share of results of associates		(1,631,243)	(8,435,520)
Gain on sale of property, plant and equipment		(108,963)	(98,802)
Impairment on Financial Assets		129,802	-
Write off of property, plant and equipment		-	117,022
Gain on business combination	15	(13,461)	-
Provision for slow moving inventories		-	121,714
Charge for expected credit losses on trade receivables		862,248	454,297
Net foreign exchange gain/loss		(27,857)	-
Provision for employees' end of service benefits		1,885,917	1,884,758
Share based payment reserve		15,375	67,500
Finance costs		1,752,234	2,609,025
		<b>41,369,613</b>	<b>38,688,766</b>
<i>Working capital adjustments:</i>			
Trade and other receivables		9,969,984	(13,577,768)
Inventories		(4,576,835)	(7,252,475)
Trade and other payables		(5,251,299)	3,958,493
		<b>41,511,463</b>	<b>21,817,016</b>
Cash from operations		41,511,463	21,817,016
Employees' end of service benefits paid		(927,391)	(1,340,561)
Directors fee paid		(150,000)	(150,000)
Dividend received from associates		7,582,333	-
Payment of KFAS		-	(202,138)
Payment of NLST		(595,615)	(1,049,770)
		<b>47,420,790</b>	<b>19,074,547</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of financial assets at fair value through other comprehensive income		-	(1,178,506)
Proceeds from sale of financial assets at fair value through other comprehensive income		3,850,296	260,852
Purchase of financial assets at fair value through profit or loss		-	(171,190)
Proceeds from sale / redemption of financial assets at fair value through profit or loss		130,920	6,478,033
Purchase of property, plant and equipment		(12,831,869)	(11,013,252)
Sale proceeds from disposal of property, plant and equipment		189,555	1,066,417
Acquisition of a subsidiary, net of cash acquired	15	25,545	(39,765,300)
Acquisition of additional interest in a subsidiary	16	(10,618,136)	(159,403)
Net movement from short term deposits with original maturities of more than nine months		6,412,000	2,420,000
		<b>(12,841,689)</b>	<b>(42,062,349)</b>
<b>FINANCING ACTIVITIES</b>			
Change in non-controlling interest		121,213	-
Payment of contingent consideration payable		(364,613)	-
Dividends paid		(13,911,636)	(15,254,446)
Proceeds from borrowings		26,559,910	50,005,958
Repayment of borrowings		(28,957,845)	(18,285,746)
Purchase of treasury shares		-	(5,262,043)
Payment of finance costs		(1,752,234)	(2,353,521)
Dividend paid to non-controlling interest in subsidiaries		(9,980,041)	(10,644,478)
Lease payments		(1,473,137)	(1,649,891)
		<b>(29,758,383)</b>	<b>(3,444,167)</b>
Effect of foreign currency translation		(1,009,984)	(645,319)
<b>Net increase (decrease) in bank balances and cash</b>		<b>3,810,734</b>	<b>(27,077,288)</b>
Bank balances and cash at 1 April	4	69,052,193	102,611,455
<b>Bank balances and cash at 31 December</b>	4	<b>72,862,927</b>	<b>75,534,167</b>

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**

As at and for the period ended 31 December 2020

**1 GENERAL INFORMATION**

Qurain Petrochemical Industries Company K.S.C.P. (the “Parent Company”) is a Kuwaiti Public shareholding company established by Amiri Decree No 332/2004 on 10 November 2004. The Parent Company’s shares were issued for public subscription by the Ministerial Decree No. 347/2004 on 28 November 2004. The Parent Company’s shares are listed on the Kuwait Stock Exchange.

The Parent Company’s objectives are as follows:

- ▶ To manufacture all types of chemical and petrochemical materials and any other derivatives.
- ▶ To sell, purchase, supply, distribute, export and store these materials and participate in all the activities relating to the same including the establishment and lease of the necessary services.
- ▶ To participate in Equate Petrochemical Company K.S.C. (Closed), Kuwait Aromatics Company K.S.C. (Closed), Kuwait Styrene Company K.S.C. (Closed) and Kuwait Olefins Company K.S.C. (Closed).
- ▶ To contribute in industrial companies as well as finance, manage and trade in its shares.
- ▶ To develop industrial and craft zones and projects launched by the State or private sector.
- ▶ To establish industrial projects or contribute therein after obtaining the necessary approvals from the Public Authority for Industry and the concerned authorities.

The Parent Company may pursue the above mentioned activities in the State of Kuwait and abroad, originally or by proxy. It may have an interest in or participate in any manner with entities that carry on business activities similar to its own or which may assist the Parent Company in realising its objectives in Kuwait or abroad, and it may buy or otherwise acquire such companies.

The address of the Parent Company’s registered office and principal place of business is: 26th Floor, KIPCO Tower, Khalid Bin Al Waleed Street, Sharq, P.O. Box No 29299, Safat 13153, State of Kuwait.

The interim condensed consolidated financial information of the Parent Company and subsidiaries (collectively the “Group”) for the nine months period ended 31 December 2020 was authorised for issue in accordance with a resolution of the Board of Directors on 31 January 2021.

**2 BASIS OF PREPARATION**

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

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2020. In the opinion of the Parent Company’s management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the nine months period ended 31 December 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 March 2021. The interim condensed consolidated financial information is presented in Kuwaiti Dinars (“KD”) which is also the functional currency of the Parent Company.

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 March 2020, except for the adoption of new standards effective as of 1 April 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 December 2020

2.1 CHANGES IN ACCOUNTING POLICIES

New standards, interpretations and amendments adopted by the Group

*Amendments to IFRS 3: Definition of a Business*

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group is not affected by these amendments on the date of transition.

*Amendments to IAS 1 and IAS 8: Definition of Material*

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.’

The amendments to the definition of material does not have a significant impact on the Group’s interim condensed consolidated financial information.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial information of the Group.

3 ESTIMATES AND JUDGEMENTS

The preparation of interim condensed consolidated financial information requires management to make judgements, 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 judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2020 except as mentioned under Note 17.2

4 BANK BALANCES AND CASH

	31 December 2020 KD	(Audited) 31 March 2020 KD	31 December 2019 KD
Cash in hand	4,374	1,800,876	1,045,581
Cash at banks	22,438,105	13,414,039	10,606,917
Cash in portfolios	638,288	857,478	4,389,679
Short term deposits	60,552,460	70,162,100	71,042,290
<b>Bank balances and cash for the purpose of consolidated statement of financial position</b>	<b>83,633,227</b>	<b>86,234,493</b>	<b>87,084,467</b>
Less: Short term deposits with original maturities of more than three months	(10,770,300)	(17,182,300)	(11,550,300)
<b>Bank balances and cash for the purpose of interim condensed consolidated statement of cash flows</b>	<b>72,862,927</b>	<b>69,052,193</b>	<b>75,534,167</b>

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**5 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<i>31 December</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 March</i> <i>2020</i> <i>KD</i>	<i>31 December</i> <i>2019</i> <i>KD</i>
Quoted equity securities	<b>3,394,839</b>	7,273,198	9,911,545
Unquoted equity securities	<b>193,256,165</b>	193,245,299	213,562,838
	<b>196,651,004</b>	200,518,497	223,474,383

**6 TREASURY SHARES**

	<i>31 December</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 March</i> <i>2020</i> <i>KD</i>	<i>31 December</i> <i>2019</i> <i>KD</i>
Number of treasury shares	<b>77,656,415</b>	77,656,415	75,006,053
Percentage of issued shares	<b>7.06%</b>	7.06%	6.82%
Cost of treasury shares (KD)	<b>18,974,917</b>	18,974,917	18,625,473
Market value of treasury shares (KD)	<b>26,247,868</b>	15,065,345	23,251,876

An amount equivalent to the cost of purchase of treasury shares have been earmarked as non-distributable from voluntary reserve throughout the holding period of treasury shares.

**7 PROVISION FOR TAXATION**

	<i>Three months ended</i> <i>31 December</i>		<i>Nine months ended</i> <i>31 December</i>	
	<i>2020</i> <i>KD</i>	<i>2019</i> <i>KD</i>	<i>2020</i> <i>KD</i>	<i>2019</i> <i>KD</i>
Contribution to Kuwait Foundation for Advancement of Sciences (“KFAS”)	<b>5,770</b>	-	<b>12,325</b>	5,222
National Labour Support Tax (“NLST”)	<b>17,739</b>	126,857	<b>137,264</b>	363,579
Zakat	<b>17,529</b>	29,616	<b>23,182</b>	65,853
	<b>41,038</b>	156,473	<b>172,771</b>	434,654

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**8 BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the profit for the period attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding less treasury shares for the period as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>31 December</i>		<i>31 December</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period attributable to the shareholders of the Parent Company	<b>1,029,558</b>	4,599,353	<b>7,609,231</b>	14,290,731
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of shares outstanding	<b>1,099,192,576</b>	1,099,192,576	<b>1,099,192,576</b>	1,099,192,576
Weighted average number of treasury shares	<b>(77,656,415)</b>	(75,328,491)	<b>(77,656,415)</b>	(69,247,271)
Weighted average number of shares for basic earnings per share	<b>1,021,536,161</b>	1,023,864,085	<b>1,021,536,161</b>	1,029,945,305
Basic earnings per share attributable to the shareholders of the Parent Company	<b>1.01 fils</b>	4.49 fils	<b>7.45 fils</b>	13.88 fils

***Diluted***

Diluted earnings per share is calculated by dividing the profit for the period attributable to the equity holders of the Parent Company adjusted for the effect of dilutive instruments in profit due to exercise of potential ordinary shares of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all employee stock options. The Parent Company has outstanding share options, issued under the Employee Stock Options Plan (ESOP), which have a dilutive effect on earnings.

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>31 December</i>		<i>31 December</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period attributable to the shareholders of the Parent Company	<b>1,029,558</b>	4,599,353	<b>7,609,231</b>	14,290,731
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
<b><i>Number of shares outstanding:</i></b>				
Weighted average number of shares outstanding	<b>1,021,536,161</b>	1,023,864,085	<b>1,021,536,161</b>	1,029,945,305
Effect of share options on issue	<b>778,831</b>	2,369,027	<b>778,831</b>	1,595,369
	<b>1,022,314,992</b>	1,026,233,112	<b>1,022,314,992</b>	1,031,540,674
Diluted earnings per share attributable to the shareholders of the Parent Company	<b>1.00 fils</b>	4.48 fils	<b>7.44 fils</b>	13.85 fils

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**9 RELATED PARTY BALANCES AND TRANSACTIONS**

Related parties primarily comprise major shareholders, associates, directors, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group’s management. Transactions between the Group entities have been eliminated on consolidation and are not disclosed in this note.

Transactions with related parties included in the consolidated financial statements are as follows:

	<i>Others</i>	<i>31 December</i>	<i>(Audited)</i> <i>31 March</i>	<i>31 December</i>
	<i>KD</i>	<i>2020</i>	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b><i>Consolidated statement of financial position:</i></b>				
Trade and other receivables	540,004	<b>540,004</b>	540,004	540,004
Financial assets at fair value through other comprehensive income	3,141,626	<b>3,141,626</b>	6,651,254	9,234,373
	<i>Others</i>	<i>31 December</i>	<i>(Audited)</i> <i>31 March</i>	<i>31 December</i>
	<i>KD</i>	<i>2020</i>	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b><i>Consolidated statement of income:</i></b>				
Interest and other income	29,366	<b>29,366</b>	196,624	183,238
Dividend income	221,256	<b>221,256</b>	377,516	377,516
Portfolio management fee	95,011	<b>95,011</b>	177,947	129,665

Certain financial assets of the Group are managed by a related party in a fiduciary capacity.

***Compensation of key management personnel***

The remuneration of directors and other members of key management during the period were as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>31 December</i>		<i>31 December</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and other short-term benefits	<b>816,067</b>	770,469	<b>2,289,087</b>	2,250,020
Employees’ end of service benefits	<b>41,227</b>	107,666	<b>318,000</b>	295,540
	<b>857,294</b>	878,135	<b>2,607,087</b>	2,545,560

**10 HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS**

Term loans amounting to US Dollar 218,387,625 (31 March 2020: US Dollar 224,900,000 and 31 December 2019: US Dollar 224,912,500) have been designated as a hedge of the net investment in the Group’s subsidiary, Saudi Dairy and Food Stuff Company S.S.C. (SADAFCO). This borrowing is being used to hedge the Group’s exposure to the US Dollar (“USD”) foreign exchange risk on this investment. Gains or losses on the retranslation of this borrowing are transferred to interim condensed consolidated statement of comprehensive income to offset any gains or losses from translation of net investment in the subsidiary. There is no significant ineffectiveness noted during the period ended 31 December 2020.

**11 CONTINGENT LIABILITIES AND COMMITMENTS**

As at 31 December 2020, the Group has a contingent liability amounting to KD 34,141,374 (31 March 2020: KD 23,221,400 and 31 December 2019: KD 24,828,517) in connection with certain guarantees and credit facilities availed from which the management is not expecting any material liabilities to arise. At 31 December 2020, the Group has outstanding commitments for future capital expenditure amounting to KD 11,133,175 (31 March 2020: KD 526,632 and 31 December 2019: KD 6,419,194).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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**12 ANNUAL GENERAL ASSEMBLY MEETING**

The Annual General Assembly meeting of shareholders held on 8 July 2020 approved the audited consolidated financial statements of the Group for the year ended 31 March 2020 and approved a cash dividend of 16 fils (31 March 2019: 16 fils) per share amounting to KD 16,345,898 (31 March 2019: KD 16,535,475) and was paid subsequently.

**13 SEGMENT REPORTING**

For management reporting purposes, the Group is organized into four major operating segments based on internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is the person responsible for allocating resources to and assessing the performance of the operating segments has been identified as the Parent Company's board of directors. The Group does not have material inter-segment transactions.

The principal activities and services under these segments are as follows:

- Investments : Investments are mainly for the long term and are in the petrochemical sector.
- Manufacturing : Mainly manufacture and supply of chemicals for fiberglass, paint and petrochemical industries and general use.
- Foodstuff : Mainly manufacture and supply of dairy and foodstuff.
- Services : Mainly oil field services that comprise of cementing and stimulation formulations for different applications and operating environments for Oil Rigs; and non-oil field services comprising of health, safety, environmental, engineering and consultancy services.

Carry out all road transport operations outside the State of Kuwait and in particular operations related to carrying passengers by any mean of land transportation. Buy, sell, rent, hire and import all kinds of trucks, vehicles, equipment and machinery, light and heavy, and any necessary mean for stevedoring, land, sea materials transportation inside and outside Kuwait and Clearance, shipping and stevedoring operations for imported and issued goods and packaging goods of all kinds.

Management monitors operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segmental return on investments.

**Disaggregated revenue information**

Set out below is the disaggregation of the Group's revenue from rendering of services and sale of goods:

	2020 KD	2019 KD
<i>Rendering of services</i>		
Logistics	16,119,095	5,437,467
Pumping services	15,008,666	19,651,685
Health, safety, environment and man-power supply services	4,495,484	5,111,372
Non contract revenue	939,270	1,071,944
Total revenue from rendering of services	<b>36,562,515</b>	31,272,468
<i>Sale of goods</i>		
Dairy products and foodstuff	128,296,119	121,290,193
Others	9,643,495	10,890,232
Total revenue from sale of goods	<b>137,939,614</b>	132,180,425
<b>Total revenue</b>	<b>174,502,129</b>	163,452,893

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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13 SEGMENT REPORTING (continued)

Disaggregated revenue information

	2020 KD	2019 KD
<b>Timing of revenue recognition</b>		
Goods and services transferred at a point in time	147,224,823	135,830,447
Goods and services transferred over time	27,277,306	27,622,446
<b>Total sales and services revenue</b>	<b>174,502,129</b>	<b>163,452,893</b>

	2020 KD	2019 KD
<b>Geographic information</b>		
Kuwait	46,206,010	42,162,700
Kingdom of Saudi Arabia	111,326,324	105,327,169
Others	16,969,795	15,963,024
<b>Total sales and services revenue</b>	<b>174,502,129</b>	<b>163,452,893</b>

The following table presents information regarding the Group's operating segments:

	<i>Nine months ended 31 December 2020</i>				
	<i>Investments KD</i>	<i>Manufacturing KD</i>	<i>Foodstuff KD</i>	<i>Services KD</i>	<i>Total KD</i>
Segment revenue	345,675	12,175,823	129,325,623	37,190,625	179,037,746
Segment expenses	(8,316,041)	(9,829,066)	(112,718,172)	(27,336,301)	(158,199,580)
Unallocated expenses	-	-	-	-	(285,271)
<b>Total expenses</b>	<b>(8,316,041)</b>	<b>(9,829,066)</b>	<b>(112,718,172)</b>	<b>(27,336,301)</b>	<b>(158,484,851)</b>
<b>Segment (loss) profit for the period</b>	<b>(7,970,366)</b>	<b>2,346,757</b>	<b>16,607,451</b>	<b>9,854,324</b>	<b>20,552,895</b>
Segment assets *	292,838,050	52,015,713	303,096,444	109,256,133	757,206,340
Segment liabilities	99,549,791	10,498,123	51,422,840	15,763,920	177,234,674

	<i>31 March 2020 (Audited)</i>				
	<i>Investments KD</i>	<i>Manufacturing KD</i>	<i>Foodstuff KD</i>	<i>Services KD</i>	<i>Total KD</i>
Segment assets *	311,189,938	51,400,204	304,343,628	112,489,853	779,423,623
Segment liabilities	102,658,330	9,947,769	57,525,917	13,295,474	183,427,490

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**13 SEGMENT REPORTING (continued)**

	<i>Nine months ended 31 December 2019</i>				
	<i>Investments KD</i>	<i>Manufacturing KD</i>	<i>Foodstuff KD</i>	<i>Services KD</i>	<i>Total KD</i>
Segment revenue	8,331,853	11,997,906	122,174,891	31,684,202	174,188,852
Segment expenses	(7,918,709)	(10,196,781)	(106,668,783)	(21,309,259)	(146,093,532)
Unallocated expenses	-	-	-	-	(547,154)
Total expenses	(7,918,709)	(10,196,781)	(106,668,783)	(21,309,259)	(146,640,686)
Segment profit for the period	413,144	1,801,125	15,506,108	10,374,943	27,548,166
Segment assets *	335,885,599	49,956,190	292,832,860	110,874,927	789,549,576
Segment liabilities	112,911,470	9,575,853	55,997,140	15,018,390	193,502,853

\* Segment assets related to investments segment as at 31 December 2020, include dividend amounting to KD Nil (31 March 2020: KD 11,821,749; 31 December 2019: KD Nil) receivable from certain investments classified as financial assets at fair value through other comprehensive income.

**14 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments comprise of financial assets and financial liabilities.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than nine months), the carrying amount approximates their fair value. The fair values of other financial instruments are not materially different from their carrying values.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and other models as appropriate.

**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

<i>31 December 2020</i>	<i>Level 1 KD</i>	<i>Level 3 KD</i>	<i>Total fair value KD</i>
<i>Financial assets at fair value through other comprehensive income:</i>			
Quoted equity securities	3,394,839	-	3,394,839
Unquoted equity securities	-	193,256,165	193,256,165
	<u>3,394,839</u>	<u>193,256,165</u>	<u>196,651,004</u>
<i>Financial assets at fair value through profit or loss:</i>			
Funds and managed portfolios	-	953,273	953,273
	<u>-</u>	<u>953,273</u>	<u>953,273</u>

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**14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

**Fair value hierarchy (continued)**

	Level 1 KD	Level 3 KD	Total fair value KD
<i>31 March 2020 (Audited)</i>			
<i>Financial assets at fair value through other comprehensive income:</i>			
Quoted equity securities	7,273,198	-	7,273,198
Unquoted equity securities	-	193,245,299	193,245,299
	<u>7,273,198</u>	<u>193,245,299</u>	<u>200,518,497</u>
<i>Financial assets at fair value through profit or loss:</i>			
Quoted equity securities	27,659	-	27,659
Funds and managed portfolios	-	1,055,658	1,055,658
	<u>27,659</u>	<u>1,055,658</u>	<u>1,083,317</u>
<i>31 December 2019</i>			
<i>Financial assets at fair value through other comprehensive income:</i>			
Quoted equity securities	9,911,545	-	9,911,545
Unquoted equity securities	-	213,562,838	213,562,838
	<u>9,911,545</u>	<u>213,562,838</u>	<u>223,474,383</u>
<i>Financial assets at fair value through profit or loss:</i>			
Quoted equity securities	26,243	-	26,243
Funds and managed portfolios	-	1,371,854	1,371,854
	<u>26,243</u>	<u>1,371,854</u>	<u>1,398,097</u>

During the nine months' period ended 31 December 2020, there were no transfers between the hierarchies.

The movement during the period in fair value of level 3 financial assets is immaterial.

**15 BUSINESS COMBINATION**

On 17 June 2019 (date of acquisition) pursuant to a sale purchase agreement (SPA), the Group acquired 60% equity interest in Jassim Transport & Stevedoring Company K.S.C. (Closed) ("JTC"); a Company incorporated in Kuwait. The Group purchased 90,000,000 unquoted shares for a total consideration of KD 42,031,300 (KD 0.467 per share). The SPA was signed, and shares were transferred before 30 June 2019 and the purchase consideration was paid to the sellers on 9 July 2019 after the fulfillment of certain administrative requirements.

The acquisition of JTC was accounted based on provisional fair values of identifiable assets and liabilities on the acquisition date and during the period the management has completed the Purchase Price Allocation (PPA) and determined the fair values of assets and liabilities acquired. The final fair values of the assets and liabilities and the non-controlling interest's proportionate share in the recognised amounts of the acquiree's identifiable net assets as at the date of acquisition are summarised as follows:



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**15 BUSINESS COMBINATION (continued)**

	<b>KD</b>
<b>Assets</b>	
Cash and cash equivalents	2,266,000
Inventories	487,000
Trade and other receivables	6,878,454
Financial assets at fair value through other comprehensive income	140,000
Property, plant and equipment	38,554,000
Intangible assets*	12,802,514
	<b>61,127,968</b>
<b>Liabilities</b>	
Employees' end of service benefits	1,577,000
Trade and other payables	4,229,000
	<b>5,806,000</b>
Total identifiable net assets at fair value	55,321,968
Non-controlling interest	(22,129,060)
Fair value of net assets acquired	<b>33,192,908</b>
Purchase consideration paid in cash	42,031,300
Goodwill arising on acquisition	8,838,392
Cash and cash equivalents in subsidiary acquired	2,266,000
Consideration paid in cash	(42,031,300)
Net cash outflow on acquisition	<b>(39,765,300)</b>

\*The net assets recognised in the 31 March 2020 consolidated financial statements of the Group were based on a provisional assessment of their fair value while the Group completed the PPA during the period and identified intangible assets with finite life amounting to KD 12,802,514. Out of this the fair value of identified intangible assets attributable to non-controlling amounted to KD 5,121,006.

Further, during the period Inshaa Holding Company K.S.C (a subsidiary of Parent Company) acquired 100% equity interest in Boubyan Aggregate Company W.L.L. (the "Subsidiary"), a company domiciled in Kuwait that specializes in the importing and selling of construction aggregate.

The Group acquired net assets amounting to KD 513,461 for a total consideration of KD 500,000 and recognized bargain purchase gain of KD 13,461 in other income.

Impact on consolidated cashflow is detailed below:

	<b>KD</b>
Cash and cash equivalents in subsidiary acquired	525,545
Consideration paid in cash	(500,000)
Net cash inflow on acquisition	<b>25,545</b>

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**16 ACQUISITION OF NON-CONTROLLING INTEREST**

On 13 September 2020, the Group acquired additional 9.10% equity interest from the minority shareholders in a subsidiary National Petroleum Services Company K.S.C.P., a Company listed on the Kuwait stock exchange, for a cash consideration of KD 10,618,136 in an off-market deal, thereby increasing the direct holding of the Group in the subsidiary to 62.40% as of 31 December 2020 (31 March 2020: 53.29%; 31 December 2019: 53.29%).

**17 OUTBREAK OF COVID-19**

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity and the Group's business. In addition to the already known effects of the COVID-19 outbreak and resulting government measures, the macroeconomic uncertainty causes disruption to economic activity, and it is unknown what the longer-term impact on the Group's business may be.

Depending on the duration of COVID-19 crisis and continued negative impact on economic activity and government spending on the drilling and oil extraction activities, the exact impact on the Group's activities in the remainder of 2020 and thereafter cannot be predicted at this stage.

This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at 31 December 2020.

**17.1 Risk management**

The management is monitoring and reassessing the risk management objectives and policies based on the current updates on COVID-19. For the period ended 31 December 2020, there were no significant changes to the risk management objectives and policies as compared to the audited consolidated financial statements as at 31 March 2020.

**17.1.1 Credit risk**

The Group has concluded that it is not significantly exposed to credit risk as a result of the outbreak as 25% of its financial assets constitute bank balances and cash. While bank balances and cash are subject to the impairment requirements of IFRS 9, management determined that the identified impairment loss was immaterial as these balances are mostly held with counterparties with appropriate credit-ratings assigned by international credit-rating agencies.

**17.1.2 Liquidity risk**

Management has taken several steps in protecting cash flows through compensating cost saving measures and prioritizing only critical capital expenditure. Further, the Group continues to maintain solid financial strength and liquidity. As at 31 December 2020, the Group's current assets exceed current liabilities by KD 106,224,698 (31 March 2020: KD 112,371,497; 31 December 2019: KD 103,043,566) and bank balances and cash amounting to KD 83,633,227 represented 48% of the total current assets. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable investments at an amount in excess of expected cash outflows on financial liabilities.

**17.2 Use of estimates and assumptions**

The Group based its assumptions and estimates on parameters available when the interim condensed consolidated financial information is prepared. The COVID-19 outbreak has created uncertainty for revenue forecasts, sourcing and workforce availability, credit ratings, etc. but also volatility in oil prices, interest and currency exchange rates. Estimates based on such metrics may be subject to change due to market changes in the near term or circumstances arising that are beyond the control of the Group.

Information about key assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets in the next reporting period is described below:

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at and for the period ended 31 December 2020

**17 OUTBREAK OF COVID-19 (continued)**

**17.2 Use of estimates and assumptions (continued)**

(i) *Property, plant and equipment, goodwill and intangible assets, inventories and investment in associates and joint venture ("non-financial assets")*

As at the reporting date, the Group has considered the potential impact of the current economic volatility in the determination of the reported amounts of the Group's non-financial assets and the unobservable inputs are developed using the best available information about the assumptions that market participants would make in pricing these assets at the reporting date. The Group acknowledges that these assets may have been impacted, and as the situation continues to unfold, the Group will continuously monitor the market outlook and uses relevant assumptions in reflecting the values of these non-financial assets as and when they occur.

(ii) *Trade receivables and contract assets*

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, the segmentation applied in previous periods may no longer be appropriate and may need to be revised to reflect the different ways in which the COVID-19 outbreak affects different types of customers (e.g. by extending payment terms for trade receivables or by following specific guidance issued by the government).

The Group will continue to individually assess significant exposures as more reliable data becomes available and accordingly determine if any adjustment in the ECL is required in subsequent reporting periods.

(iii) *Fair value measurement of financial instruments*

The Group has considered potential impacts of the current market volatility in determination of the reported amounts of the Group's unlisted equity investment and this represents management's best assessment based on observable available information as at the reporting date. Given the impact of COVID 19, the Group is closely monitoring whether the fair values of the financial instruments represent the price that would be achieved for transactions between market participants in the current scenario. Further information on the Group's policy in relation to fair value measurements is disclosed in Notes 3 and Note 24 to the annual consolidated financial statements as at and for the year ended 31 March 2020.