

INTEGRATED HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND
INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE NINE MONTH
PERIOD ENDED 30 SEPTEMBER 2018 (UNAUDITED)**

INTEGRATED HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND INDEPENDENT
AUDITOR'S REVIEW REPORT (UNAUDITED)**

For the nine month period ended 30 September 2018

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF INTEGRATED HOLDING COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Integrated Holding Company K.S.C.P. ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 September 2018 and the related interim condensed consolidated statements of income, comprehensive income for the three month and nine month periods then ended and the related interim condensed statement of changes in equity and cash flows for the nine month period then ended, and notes comprising a summary of significant accounting policies and other explanatory notes. The Parent Company's management is responsible for the preparation and fair 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 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.

Other matter

The comparative information for the interim condensed consolidated statements of income and comprehensive income for the three month period ended 30 September 2017 and the related explanatory notes have not been audited or reviewed.

Report on other legal and regulatory requirements

Furthermore, based on our review, nothing has come to our attention indicating that the interim condensed consolidated financial information is not in agreement with the accounting records 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 regulations and the Parent Company's articles of association during the nine month period ended 30 September 2018 that might have a material effect on the Parent Company's activities or on its financial position.



Khalid Ibrahim Al-Shatti
Licence No 175-A
PricewaterhouseCoopers (Al-Shatti & Co.)

11 November 2018

Kuwait

Integrated Holding Company K.S.C.P. and its Subsidiaries

Interim condensed consolidated statement of financial position

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Note	30 September 2018 (Unaudited)	31 December 2017 (Audited)	30 September 2017 (Audited)
ASSETS				
Non-current assets				
Property and equipment	6	72,862,401	70,526,563	67,934,963
Intangible assets		711,381	711,277	711,275
		<u>73,573,782</u>	<u>71,237,840</u>	<u>68,646,238</u>
Current assets				
Inventories		1,089,883	864,024	854,275
Trade and other receivables	7	17,144,123	16,383,401	15,880,341
Bank balances and cash	8	1,616,232	3,845,412	2,240,101
		<u>19,850,238</u>	<u>21,092,837</u>	<u>18,974,717</u>
Total assets		<u>93,424,020</u>	<u>92,330,677</u>	<u>87,620,955</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital	9	22,000,000	22,000,000	22,000,000
Share premium		1,463,000	1,463,000	1,463,000
Statutory reserve		6,871,285	6,871,285	6,426,233
Foreign currency translation reserve		22,167	(3,772)	(35,197)
Retained earnings		36,009,408	28,835,460	24,953,831
Equity attributable to equity holders of the Parent Company		<u>66,365,860</u>	<u>59,165,973</u>	<u>54,807,867</u>
Non-controlling interests		-	-	17,931
Total equity		<u>66,365,860</u>	<u>59,165,973</u>	<u>54,825,798</u>
LIABILITIES				
Non-current liabilities				
Employees' end of service benefits		1,393,949	1,196,351	1,162,701
Trade and other payables	10	-	2,896,325	1,426,743
Borrowings	11	3,877,266	12,020,380	11,880,015
		<u>5,271,215</u>	<u>16,113,056</u>	<u>14,469,459</u>
Current liabilities				
Trade and other payables	10	18,331,459	11,145,404	10,944,523
Borrowings	11	3,455,486	5,906,244	7,381,175
		<u>21,786,945</u>	<u>17,051,648</u>	<u>18,325,698</u>
Total liabilities		<u>27,058,160</u>	<u>33,164,704</u>	<u>32,795,157</u>
Total equity and liabilities		<u>93,424,020</u>	<u>92,330,677</u>	<u>87,620,955</u>



Jassim Mustafa Boodai
Vice Chairman and Chief Executive Officer

The accompanying notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Integrated Holding Company K.S.C.P. and its Subsidiaries

Interim condensed consolidated statement of income

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Note	Nine months ended 30 September		Three months ended 30 September	
		2018 (Unaudited)	2017 (Audited)	2018 (Unaudited)	2017 (Not audited or reviewed)
Revenue		32,171,761	27,804,424	9,953,633	9,300,913
Cost of revenue		(15,622,007)	(14,178,811)	(5,429,746)	(4,781,671)
Gross profit		16,549,754	13,625,613	4,523,887	4,519,242
General and administrative expenses	14	(3,459,694)	(2,589,836)	(728,082)	(1,070,759)
Foreign exchange gain/(loss)		502,657	(1,644,312)	(1,262)	(726,360)
Other income	15	1,182,214	399,760	559,493	66,353
Operating profit		14,774,931	9,791,225	4,354,036	2,788,476
Finance costs		(310,273)	(615,544)	(75,326)	(215,396)
Profit before provisions for contribution to Kuwait foundation for Advancement of Sciences ("KFAS"), National Labor Support Tax ("NSLT") and Zakat		14,464,658	9,175,681	4,278,710	2,573,080
Contribution to KFAS		(150,475)	(82,297)	(42,776)	(8,485)
NSLT		(106,942)	-	(106,942)	-
Zakat		(156,259)	(98,031)	(42,777)	(23,314)
Profit for the period		14,050,982	8,995,353	4,086,215	2,541,281
Attributable to:					
Owners of the Parent Company		14,050,982	8,995,035	4,086,215	2,540,929
Non-controlling interests		-	318	-	352
		14,050,982	8,995,353	4,086,215	2,541,281
Basic and diluted earnings per share attributable to equity holders of the Parent Company (fils)	12	63.87	40.89	18.57	11.55

The accompanying notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Integrated Holding Company K.S.C.P. and its Subsidiaries

Interim condensed consolidated statement of comprehensive income

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Nine months ended 30 September		Three months ended 30 September	
	2018 (Unaudited)	2017 (Audited)	2018 (Unaudited)	2017 (Not audited or reviewed)
Profit for the period	14,050,982	8,995,353	4,086,215	2,541,281
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences arising on translation of foreign operations	25,939	(42,114)	814	164,451
Other comprehensive income / (loss) for the period	25,939	(42,114)	814	164,451
Total comprehensive income for the period	14,076,921	8,953,239	4,087,029	2,705,732
Attributable to:				
Owners of the Parent Company	14,076,921	8,952,921	4,087,029	2,705,380
Non-controlling interests	-	318	-	352
Total comprehensive income for the period	14,076,921	8,953,239	4,087,029	2,705,732

The accompanying notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Integrated Holding Company K.S.C.P. and its Subsidiaries

Interim condensed consolidated statement of changes in equity
(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Attributable to equity holders of the Parent Company							Total equity
	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Retained earnings	Sub-total	Non-controlling interests	
Balance at 1 January 2017 (Audited) (restated)	20,900,000	1,463,000	5,508,697	6,917	22,156,332	50,034,946	17,613	50,052,559
Profit for the period	-	-	-	-	8,995,035	8,995,035	318	8,995,353
Other comprehensive loss for the period	-	-	-	(42,114)	-	(42,114)	-	(42,114)
Total comprehensive income for the period	-	-	-	(42,114)	8,995,035	8,952,921	318	8,953,239
Bonus shares issued during the period	1,100,000	-	-	-	(1,100,000)	-	-	-
Dividend distributed for the year 2016	-	-	-	-	(4,180,000)	(4,180,000)	-	(4,180,000)
Transfer to statutory reserve	-	-	917,536	-	(917,536)	-	-	-
Balance at 30 September 2017 (Audited)	22,000,000	1,463,000	6,426,233	(35,197)	24,953,831	54,807,867	17,931	54,825,798
Balance as of 31 December 2017 (Audited)	22,000,000	1,463,000	6,871,285	(3,772)	28,835,460	59,165,973	-	59,165,973
Impact of adoption of IFRS 9 at 1 January 2018 (note 3)	-	-	-	-	(277,034)	(277,034)	-	(277,034)
Balance at 1 January 2018	22,000,000	1,463,000	6,871,285	(3,772)	28,558,426	58,888,939	-	58,888,939
Profit for the period	-	-	-	-	14,050,982	14,050,982	-	14,050,982
Other comprehensive income for the period	-	-	-	25,939	-	25,939	-	25,939
Total comprehensive income for the period	-	-	-	25,939	14,050,982	14,076,921	-	14,076,921
Dividend distributed for the year 2017	-	-	-	-	(6,600,000)	(6,600,000)	-	(6,600,000)
Balance at 30 September 2018 (unaudited)	22,000,000	1,463,000	6,871,285	22,167	36,009,408	66,365,860	-	66,365,860

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Integrated Holding Company K.S.C.P. and its Subsidiaries

Interim condensed consolidated statement of cash flows

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Note	Nine months ended 30 September	
		2018 (Unaudited)	2017 (Audited)
Cash flows from operating activities			
Profit for the period		14,050,982	8,995,353
Adjustments for:			
Depreciation		8,040,204	7,904,356
Finance costs		310,273	615,544
Provision for employees' end of service benefits		255,355	195,567
Provision for impairment of trade and other receivables	7	404,846	494,752
Provision for impairment of trade and other receivable no longer required	7	(4,909)	(20,462)
Unrealised exchange (gain)/loss on borrowings	11	(178,202)	622,068
Gain on sale of property and equipment	15	(1,110,672)	(274,262)
		<u>21,767,877</u>	<u>18,532,916</u>
Changes in working capital			
Inventories		(225,859)	(92,556)
Trade and other receivables		(1,454,211)	(1,279,064)
Trade and other payables		4,291,950	1,424,670
Net cash generated from operations		<u>24,379,757</u>	<u>18,585,966</u>
Employees' end of service benefits paid		(58,583)	(32,672)
Net cash generated from operating activities		<u>24,321,174</u>	<u>18,553,294</u>
Cash flows from investing activities			
Purchase of property and equipment		(10,842,850)	(3,238,738)
Proceeds from sale of property and equipment		1,610,836	1,225,999
Net cash used in investing activities		<u>(9,232,014)</u>	<u>(2,012,739)</u>
Cash flows from financing activities			
Finance costs paid		(310,273)	(615,544)
Dividend paid		(6,600,000)	(4,180,000)
Proceeds from borrowings	11	1,697,234	2,500,000
Repayment of borrowings	11	(12,112,904)	(13,645,403)
Net cash used in financing activities		<u>(17,325,943)</u>	<u>(15,940,947)</u>
Exchange differences arising on translation of foreign operations		7,603	218,311
Net (decrease) / increase in bank balances and cash		<u>(2,229,180)</u>	<u>817,919</u>
Bank balances and cash at beginning of the period		3,845,412	1,422,182
Bank balances and cash at end of the period	8	<u>1,616,232</u>	<u>2,240,101</u>
Non-cash transactions are as follows:			
Impact of IFRS 9			
Trade and other receivables		277,034	-
Retained earnings		(277,034)	-

The accompanying notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Integrated Holding Company K.S.C.P. and its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts are in Kuwaiti Dinars unless otherwise stated)

1 INCORPORATION AND ACTIVITIES

Integrated Holding Company K.S.C.P. ("the Parent Company") is a Kuwaiti Holding Company registered in Kuwait was incorporated on 4 June 2005 according to Commercial Companies Law (15) for 1960, as amended. On 10 April 2018, the Parent Company filed an application with the Capital Market Authority (CMA) in Kuwait for listing of its shares on the Kuwait Stock Exchange. The CMA gave the approval on 4 July 2018 and as a result, the shares of the Parent Company were listed on the Kuwait Stock Exchange on 15 July 2018.

The Group had 2,645 employees as at 30 September 2018 (31 December 2017: 2,322)

The registered office of the Parent Company is Building 7, block 6, East Ahmadi, Post Box 750, Dasman 15458, Kuwait.

The principal activities of the Parent Company are:

- Acquiring shares in Kuwaiti or foreign shareholding companies as well as acquisition of shares in Kuwaiti or foreign companies with limited liability or participate in the incorporation of such two types of companies and management thereof and guaranteeing them with third parties;
- Lending money to the companies in which it holds shares. In such case, the company's share in the capital of the borrower company shall not be less than 20%;
- Acquiring industrial property rights including patents, trademarks, industrial marks or industrial drawings or any other rights related thereto and lease the same to other companies for use inside or outside Kuwait;
- Acquiring necessary movable and immovable properties for carrying out its business to the extent permitted by the law; and
- Utilizing the financial surpluses available with the Company through investing the same in financial portfolios managed by specialized companies and entities.

During the period, the Parent Company has liquidated its subsidiary ShopU for Delivery of Consumer Goods Co. W.L.L.

The accompanying interim condensed consolidated financial information for the period ended 30 September 2018 was authorised for issue by the Board of Directors on 11 November 2018.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information of Integrated Holding Company K.S.C.P. and its subsidiaries ("the Group") has been prepared in accordance with IAS 34, "Interim Financial Reporting". The interim condensed consolidated financial information does not include all the information and disclosures required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included.

Operating results for the nine month period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the year ending 31 December 2018. For further information, refer to the annual audited consolidated financial statements of the Group and notes thereto for the year ended 31 December 2017.

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the annual audited consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards and amendments effective as of 1 January 2018.

Notes to the interim condensed consolidated financial information

(All amounts are in Kuwaiti Dinars unless otherwise stated)

2 BASIS OF PREPARATION (CONTINUED)

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- IFRS 9 Financial Instruments, and
- IFRS 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards and the new accounting policies are disclosed in note 3 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

3 CHANGE IN ACCOUNTING POLICIES

Management has assessed the effects of applying IFRS 15 Revenue from Contracts with Customers on the Group's consolidated financial statements and has identified that there was no significant impact on revenue for the period. This note explains the impact of the adoption of IFRS 9 Financial Instruments on the Group's consolidated financial statements.

(a) IFRS 9 Financial Instruments – Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the interim condensed consolidated financial statements related to the impairment of financial assets. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

Impairment of financial assets

The financial asset subject to IFRS 9's new expected loss models are trade receivables from equipment hire and transportation service. While bank balances and cash are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. For trade receivables, the Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The provision of impairment for trade receivables as at 31 December 2017 reconcile to the opening provision of impairment on 1 January 2018 as follows:

	<u>Provision amount</u>
At 31 December 2017 – calculated under IAS 39 as originally presented	1,943,114
Amounts restated through opening retained earnings	<u>277,034</u>
Opening loss allowance as at 1 January 2018 - calculated under IFRS 9	<u>2,220,148</u>

3 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(b) IFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets carried at amortised cost

Subsequent measurement of financial assets carried at amortised cost depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group's financial assets carried at amortised cost include account receivables and bank balances and cash.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated statement of income. Impairment losses are presented as separate line item in the interim condensed consolidated statement of income.

4 JUDGEMENTS AND ESTIMATES

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 annual audited consolidated financial statements as at and for the year ended 31 December 2017.

5 FINANCIAL RISK MANAGEMENT

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017. There have been no changes in the risk management policies since the year end. The fair value of financial assets and liabilities approximates their carrying amounts.

Integrated Holding Company K.S.C.P. and its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts are in Kuwaiti Dinars unless otherwise stated)

6 PROPERTY AND EQUIPMENT

	30 September 2018 (Unaudited)	31 December 2017 (Audited)	30 September 2017 (Audited)
Opening net book amount	70,526,563	73,754,524	73,754,524
Additions	10,842,850	8,562,783	3,238,738
Disposals	(4,199,535)	(3,319,784)	(2,228,899)
Depreciation charged	(8,040,204)	(10,577,582)	(7,904,356)
Depreciation related to disposals	3,699,371	2,184,529	1,277,162
Exchange differences	33,356	(77,907)	(202,206)
Closing net book amount	72,862,401	70,526,563	67,934,963

7 TRADE AND OTHER RECEIVABLES

	30 September 2018 (Unaudited)	31 December 2017 (Audited)	30 September 2017 (Audited)
Trade receivables	17,297,562	16,662,874	15,886,046
Provision for impairment of trade receivables	(2,625,408)	(1,943,114)	(1,579,593)
	14,672,154	14,719,760	14,306,453
Retention receivables	261,150	305,534	-
Amount due from related party (note 13)	7,748	6,865	35,861
Deposits	225,518	201,331	362,630
Advance to suppliers and employees	536,951	350,506	572,102
Prepaid expenses	167,637	236,191	211,703
Other receivables	1,272,965	563,214	391,592
	17,144,123	16,383,401	15,880,341

The movement of provision for impairment of trade receivables is as follows:

	30 September 2018 (Unaudited)	31 December 2017 (Audited)	30 September 2017 (Audited)
Opening balance	1,943,114	1,120,616	1,120,616
Impact of IFRS 9	277,034	-	-
Provision for impairment of trade and other receivables (note 14)	404,846	938,298	494,752
Provision for impairment of trade and other receivable no longer required	(4,909)	(38,252)	(20,462)
Amount written off	(1,904)	(62,594)	-
Foreign currency translation	7,227	(14,954)	(15,313)
Closing balance	2,625,408	1,943,114	1,579,593

Integrated Holding Company K.S.C.P. and its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts are in Kuwaiti Dinars unless otherwise stated)

8 BANK BALANCES AND CASH

	30 September 2018 (Unaudited)	31 December 2017 (Audited)	30 September 2017 (Audited)
Bank balances	1,596,514	3,820,538	2,209,101
Cash in hand	19,718	24,874	31,000
	1,616,232	3,845,412	2,240,101

9 ANNUAL GENERAL ASSEMBLY

The Annual General Assembly of the Parent Company's shareholders held on 12 April 2018 approved the consolidated financial statements of the Group for the year ended 31 December 2017 and the distribution of cash dividends of 30 fils per share amounting to KD 6,600,000 (31 December 2016: cash dividend of 20 fils per shares).

10 TRADE AND OTHER PAYABLES

	30 September 2018 (Unaudited)	31 December 2017 (Audited)	30 September 2017 (Audited)
Current			
Trade payables	14,431,699	8,178,551	8,537,967
Accrued and provision expenses	2,169,333	1,566,476	1,501,375
Accrued staff cost	1,268,883	1,240,870	548,808
Other payables	461,544	159,507	356,373
	18,331,459	11,145,404	10,944,523
Non-current			
Trade payables	-	2,896,325	1,426,743
	18,331,459	14,041,729	12,371,266

11 BORROWINGS

	30 September 2018 (Unaudited)	31 December 2017 (Audited)	30 September 2017 (Audited)
Current			
Term Loans	2,436,436	3,796,744	6,058,354
Tawaruq payables	1,019,050	1,600,254	558,952
Murabaha payables	-	509,246	763,869
	3,455,486	5,906,244	7,381,175
Non-Current			
Term Loans	3,877,266	11,837,795	10,397,553
Tawaruq payables	-	182,585	1,482,462
	3,877,266	12,020,380	11,880,015
	7,332,752	17,926,624	19,261,190

Borrowings represents amounts obtained from local and international banks to finance the Group's normal business activities. Borrowings bear profit/interest rates ranging from 0.9% to 4.5% (31 December 2017: from 0.9% to 4.5% and 30 September 2017: from 0.9% to 4%) including central bank of Kuwait rate and EURIBOR. The repayment of borrowings is as per agreed repayment schedule. The facility agreements include negative pledge on sale of assets. The movement of borrowings is as follows:

Integrated Holding Company K.S.C.P. and its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts are in Kuwaiti Dinars unless otherwise stated)

11 BORROWINGS (Continued)

	30 September 2018 (Unaudited)	31 December 2017 (Audited)	30 September 2017 (Audited)
Opening	17,926,624	29,784,525	29,784,525
Proceeds from borrowings	1,697,234	5,547,511	2,500,000
Repayment of borrowings	(12,112,904)	(18,138,797)	(13,645,403)
Foreign currency translation	(178,202)	733,385	622,068
Closing	<u>7,332,752</u>	<u>17,926,624</u>	<u>19,261,190</u>

12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding adjusted for bonus shares issued during the period.

The information necessary to calculate earnings per share based on the weighted average number of shares outstanding during the period is as follows:

	Nine months ended 30 September		Three months ended 30 September	
	2018 (Unaudited)	2017 (Audited)	2018 (Unaudited)	2017 (Not audited or reviewed)
Profit for the period attributable to equity holders of the Parent Company	14,050,982	8,995,035	4,086,215	2,540,929
Weighted average number of shares outstanding	220,000,000	220,000,000	220,000,000	220,000,000
Basic and diluted earnings per share attributable to equity holders of the Parent Company (fils)	63.87	40.89	18.57	11.55

There are no potential dilutive shares.

13 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, board of directors and their close relatives, directors and key management personnel and entities controlled, jointly controlled or significantly influenced by such parties. All related party transactions are carried out on terms approved by Group's management and at an arm's length term. The related parties' balances and transactions included in the interim condensed consolidated financial information are as follows:

Balances included in the interim condensed consolidated statement of financial position

	30 September 2018 (Unaudited)	31 December 2017 (Audited)	30 September 2017 (Audited)
Amounts due from related parties - Burgan Company for Well Drilling, Trading & Maintenance KSCC - Affiliate (note 7)	<u>7,748</u>	<u>6,865</u>	<u>35,861</u>

Integrated Holding Company K.S.C.P. and its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts are in Kuwaiti Dinars unless otherwise stated)

13 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Transactions included in the interim condensed consolidated statement of income

	Nine months ended 30 September		Three months ended 30 September	
	2018 (Unaudited)	2017 (Audited)	2018 (Unaudited)	2017 (Not audited or reviewed)
Revenue	33,109	57,851	15,983	22,604
Key management compensation				
Short term benefits	1,064,301	1,032,825	370,739	413,828
Post-employment benefits	39,079	34,709	12,797	7,554

14 GENERAL AND ADMINISTRATIVE EXPENSES

	Nine months ended 30 September		Three months ended 30 September	
	2018 (Unaudited)	2017 (Audited)	2018 (Unaudited)	2017 Not audited or reviewed
Staff costs	2,108,818	1,133,859	519,729	133,748
Depreciation expenses	147,687	148,688	47,359	56,603
Provision for impairment of trade and other receivables (note 7)	404,846	494,752	(43,662)	494,752
Marketing expenses	-	160,326	-	63,186
Rent expenses	228,355	184,186	83,722	64,337
Professional fees	87,434	26,981	16,884	5,311
Other expenses	482,554	441,044	104,050	252,822
Total	3,459,694	2,589,836	728,082	1,070,759

15 OTHER INCOME

	Nine months ended 30 September		Three months ended 30 September	
	2018 (Unaudited)	2017 (Audited)	2018 (Unaudited)	2017 (Not audited or reviewed)
Gain on sale of property and equipment	1,110,672	274,262	520,467	5,000
Other income	71,542	125,498	39,026	61,353
Total	1,182,214	399,760	559,493	66,353

16 COMMITMENTS

	30 September 2018 (Unaudited)	31 December 2017 (Audited)	30 September 2017 (Audited)
Letters of credit	2,610,653	61,859	1,336,902
Letter of guarantees	2,053,738	2,058,760	1,213,470
Capital commitments	421,625	548,345	-
	5,086,016	2,668,964	2,550,372

Notes to the interim condensed consolidated financial information

(All amounts are in Kuwaiti Dinars unless otherwise stated)

17 SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by board of directors represented by the chief operating decision-maker for the purposes of allocating resources and assessing performance. The chief operating decision-maker organises the entity based on different geographical areas, inside and outside Kuwait. There are no inter-segmental transactions. The following table presents the geographical analysis of the Group's assets, liabilities, revenues, expenses, and profit for the period ended 30 September 2018 and 30 September 2017 and year ended 31 December 2017.

	30 September 2018 (unaudited)		
	Inside Kuwait	Outside Kuwait	Total
Assets	81,708,617	11,715,403	93,424,020
Liabilities	17,351,391	9,706,769	27,058,160
Revenues and other income	30,023,015	3,330,960	33,353,975
Expenses	(16,569,678)	(2,423,042)	(18,992,720)
Profit for the period	13,114,736	936,246	14,050,982
Depreciation	(7,308,578)	(731,626)	(8,040,204)
Finance cost	(305,215)	(5,058)	(310,273)
Capital expenditures	7,279,459	3,563,391	10,842,850

	31 December 2017 (Audited)		
	Inside Kuwait	Outside Kuwait	Total
Assets	83,669,823	8,660,854	92,330,677
Liabilities	26,584,730	6,579,974	33,164,704
Revenues and other income	36,105,887	4,379,957	40,485,844
Expenses	(23,010,984)	(3,396,082)	(26,407,066)
Profit for the year	12,333,907	978,070	13,311,977
Depreciation	(9,549,930)	(1,027,652)	(10,577,582)
Finance cost	(760,994)	(5,806)	(766,800)
Capital expenditures	7,631,496	931,287	8,562,783

	30 September 2017 (Audited)		
	Inside Kuwait	Outside Kuwait	Total
Assets	77,664,324	9,956,631	87,620,955
Liabilities	32,571,179	223,978	32,795,157
Revenues and other income	24,744,904	3,459,280	28,204,184
Expenses	(15,725,099)	(2,868,188)	(18,593,287)
Profit for the period	8,397,802	597,551	8,995,353
Depreciation	(7,118,871)	(785,485)	(7,904,356)
Finance cost	(610,550)	(4,994)	(615,544)
Capital expenditures	2,441,906	796,832	3,238,738