

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

**Interim Condensed Consolidated Financial Information and Independent
Auditor's Review Report for the three month period ended 31 March 2019
(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 three month period ended 31 March 2019

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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 31 March 2019 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three 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'. 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 International Accounting Standard 34.

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 three month period ended 31 March 2019 that might have a material effect on the Parent Company's activities or on its financial position.

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


20 May 2019
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 | 31 March 2019 (Unaudited) | 31 December 2018 (Audited) | 31 March 2018 (Unaudited) |
|--------------------------------------|------|---------------------------------|----------------------------------|---------------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property and equipment | 6 | 72,008,423 | 73,389,643 | 69,997,217 |
| Right-of-use assets | 3 | 749,958 | - | - |
| Intangible assets | | 711,444 | 711,350 | 711,146 |
| | | <u>73,469,825</u> | <u>74,100,993</u> | <u>70,708,363</u> |
| Current assets | | | | |
| Inventories | | 1,100,943 | 1,033,960 | 990,989 |
| Trade and other receivables | 7 | 15,844,200 | 15,961,335 | 15,849,327 |
| Cash and cash equivalents | 8 | 3,549,893 | 4,769,603 | 7,662,168 |
| | | <u>20,495,036</u> | <u>21,764,898</u> | <u>24,502,484</u> |
| Total assets | | <u>93,964,861</u> | <u>95,865,891</u> | <u>95,210,847</u> |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Share capital | | 22,000,000 | 22,000,000 | 22,000,000 |
| Share premium | | 1,463,000 | 1,463,000 | 1,463,000 |
| Statutory reserve | | 8,654,694 | 8,654,694 | 6,871,285 |
| Foreign currency translation reserve | | (14,667) | (13,941) | (9,782) |
| Retained earnings | | 40,413,855 | 37,410,634 | 33,522,901 |
| Total equity | | <u>72,516,882</u> | <u>69,514,387</u> | <u>63,847,404</u> |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Employees' end of service benefits | | 1,388,439 | 1,446,693 | 1,268,653 |
| Trade and other payables | 10 | - | - | 2,924,971 |
| Lease liabilities | | 708,830 | - | - |
| Borrowings | 11 | 2,579,167 | 3,240,649 | 10,738,697 |
| | | <u>4,676,436</u> | <u>4,687,342</u> | <u>14,932,321</u> |
| Current liabilities | | | | |
| Trade and other payables | 10 | 12,831,723 | 18,771,838 | 12,548,539 |
| Lease liabilities | | 56,148 | - | - |
| Borrowings | 11 | 3,883,672 | 2,892,324 | 3,882,583 |
| | | <u>16,771,543</u> | <u>21,664,162</u> | <u>16,431,122</u> |
| Total liabilities | | <u>21,447,979</u> | <u>26,351,504</u> | <u>31,363,443</u> |
| Total equity and liabilities | | <u>93,964,861</u> | <u>95,865,891</u> | <u>95,210,847</u> |


 Jassim Mustafa Boodai
 Vice Chairman and Chief Executive Officer

The accompanying notes set out on pages 7 to 16 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 | Three months ended | |
|---|------|---------------------|---------------------|
| | | 31 March | |
| | | 2019 (Unaudited) | 2018 (Unaudited) |
| Revenue from contracts with customers | | 8,561,319 | 11,495,176 |
| Cost of providing services | | (5,062,897) | (5,211,738) |
| Cost of goods sold | | (11,350) | (18,810) |
| Gross profit | | 3,487,072 | 6,264,628 |
| General and administrative expenses | 14 | (669,108) | (1,092,834) |
| Net impairment loss on receivables | 7 | (118,981) | (305,674) |
| Foreign exchange income / (loss) | | 271,492 | (255,889) |
| Other income | 15 | 268,993 | 601,376 |
| Operating profit | | 3,239,468 | 5,211,607 |
| Finance costs | | (93,987) | (142,082) |
| Profit before contribution to Kuwait Foundation for Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat | | 3,145,481 | 5,069,525 |
| Contribution to KFAS | | (31,478) | (50,694) |
| NLST | | (78,701) | - |
| Zakat | | (32,081) | (54,356) |
| Profit for the period | | 3,003,221 | 4,964,475 |
| Basic and diluted earnings per share attributable to equity holders of the Parent Company (fils) | 12 | 13.65 | 22.57 |

The accompanying notes set out on pages 7 to 16 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)

| | Three months ended | |
|--|---------------------------|--------------------|
| | 31 March | |
| | 2019 | 2018 |
| | (Unaudited) | (Unaudited) |
| Profit for the period | 3,003,221 | 4,964,475 |
| Other comprehensive income | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | |
| Exchange differences arising on translation of foreign operations | (726) | (6,010) |
| Other comprehensive loss for the period | (726) | (6,010) |
| Total comprehensive income for the period | 3,002,495 | 4,958,465 |

The accompanying notes set out on pages 7 to 16 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 owners of the Parent Company | | | | | Total equity |
|--|--|---------------|-------------------|--------------------------------------|-------------------|--------------|
| | Share capital | Share premium | Statutory reserve | Foreign currency translation reserve | Retained earnings | |
| Balance as of 31 December 2017 (Audited) | 22,000,000 | 1,463,000 | 6,871,285 | (3,772) | 28,835,460 | 59,165,973 |
| Impact of adoption of IFRS 9 at 1 January 2018 | - | - | - | - | (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 |
| Profit for the period | - | - | - | - | 4,964,475 | 4,964,475 |
| Other comprehensive loss for the period | - | - | - | (6,010) | - | (6,010) |
| Total comprehensive income for the period | - | - | - | (6,010) | 4,964,475 | 4,958,465 |
| Balance at 31 March 2018 (unaudited) | 22,000,000 | 1,463,000 | 6,871,285 | (9,782) | 33,522,901 | 63,847,404 |
| Balance as of 31 December 2018 (Audited) | 22,000,000 | 1,463,000 | 8,654,694 | (13,941) | 37,410,634 | 69,514,387 |
| Profit for the period | - | - | - | - | 3,003,221 | 3,003,221 |
| Other comprehensive loss for the period | - | - | - | (726) | - | (726) |
| Total comprehensive income for the period | - | - | - | (726) | 3,003,221 | 3,002,495 |
| Balance at 31 March 2019 (unaudited) | 22,000,000 | 1,463,000 | 8,654,694 | (14,667) | 40,413,855 | 72,516,882 |

The accompanying notes set out on pages 7 to 16 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 cash flows
(All amounts are in Kuwaiti Dinars unless otherwise stated)

| | Note | Three months ended 31 March | |
|---|------|-----------------------------|---------------------|
| | | 2019 (Unaudited) | 2018 (Unaudited) |
| Cash flows from operating activities | | | |
| Profit for the period | | 3,003,221 | 4,964,475 |
| Adjustments for: | | | |
| Depreciation | 6 | 2,730,698 | 2,633,884 |
| Depreciation on right-of-use assets | 3 | 14,985 | - |
| Finance costs | | 93,987 | 142,082 |
| Provision for employees' end of service benefits | | 83,508 | 99,426 |
| Provision for employees' end of service benefits no longer required | | (90,728) | - |
| Provision for impairment of trade and other receivables | 7 | 118,981 | 305,674 |
| Unrealised exchange (loss) / income on borrowings | 11 | (69,171) | 88,651 |
| Gain on sale of property and equipment | 15 | (20,000) | (584,675) |
| | | <u>5,865,481</u> | <u>7,649,517</u> |
| Changes in working capital | | | |
| Inventories | | (66,983) | (126,965) |
| Trade and other receivables | | (19,222) | (48,634) |
| Trade and other payables | | (5,938,306) | 1,431,781 |
| Net cash (used in) / generated from operations | | <u>(159,030)</u> | <u>8,905,699</u> |
| Employees' end of service benefits paid | | (51,657) | (26,302) |
| Net cash (used in) / generated from operating activities | | <u>(210,687)</u> | <u>8,879,397</u> |
| Cash flows from investing activities | | | |
| Purchase of property and equipment | 6 | (1,299,877) | (2,600,515) |
| Proceeds from sale of property and equipment | | 20,000 | 1,035,660 |
| Net cash used in investing activities | | <u>(1,279,877)</u> | <u>(1,564,855)</u> |
| Cash flows from financing activities | | | |
| Finance costs paid | | (93,987) | (142,082) |
| Proceeds from borrowings | 11 | 4,113,081 | 872,234 |
| Repayment of borrowings | 11 | (3,714,044) | (4,266,229) |
| Net cash generated from / (used in) financing activities | | <u>305,050</u> | <u>(3,536,077)</u> |
| Exchange differences arising on translation of foreign operations | | (34,196) | 38,291 |
| Net (decrease) / increase in cash and cash equivalents | | <u>(1,219,710)</u> | <u>3,816,756</u> |
| Cash and cash equivalents at beginning of the period | | 4,769,603 | 3,845,412 |
| Cash and cash equivalents at end of the period | 8 | <u>3,549,893</u> | <u>7,662,168</u> |
| Non-cash transactions are as follows: | | | |
| Impact of IFRS 9 | | | |
| Trade and other receivables | | - | 277,034 |
| Retained earnings | | - | (277,034) |
| Right-of-use assets | | (761,522) | - |
| Lease liabilities | | 761,522 | - |

The accompanying notes set out on pages 7 to 16 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 (unaudited)

(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.

The Group had 2,532 employees as at 31 March 2019 (31 December 2018: 2,606)

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.

The accompanying interim condensed consolidated financial information for the period ended 31 March 2019 was authorised for issuance by the Board of Directors on 13 May 2019.

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 three month period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the year ending 31 December 2019. For further information, refer to the annual audited consolidated financial statements of the Group and notes thereto for the year ended 31 December 2018.

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 2018, except for the adoption of new standards and amendments effective as of 1 January 2019, which are set below:

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

Notes to the interim condensed consolidated financial information (unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

2 BASIS OF PREPARATION (Continued)

- (a) *New standards, amendments and interpretations effective for the financial period beginning on 1 January 2019*

IFRS 16 - 'Leases' (effective 1 January 2019). IFRS 16 supersedes IAS 17 'Lease' and related interpretations. It resulted in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessor did not significantly change.

The impact of the adoption of the standard and the new accounting policies are disclosed in note 3.

There are no other amendments that have significant effect on the Group's interim condensed consolidated financial information. There are no other IFRS or IFRIC interpretations that were effective for the first time for the financial year beginning on 1 January 2019.

3 CHANGE IN ACCOUNTING POLICY

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

- a) The Group's leases accounting policy

The Group leases various properties. Rental contracts are typically made for fixed periods between 3 to 12 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of properties were classified as operating leases. Payments made under operating leases were charged to the condensed interim statement of income on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to interim condensed consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

Notes to the interim condensed consolidated financial information (unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3 CHANGE IN ACCOUNTING POLICY (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the interim condensed consolidated statement of income. Short-term leases are leases with a lease term of 12 months or less. The Group does not have low-value assets.

b) Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using or incremental borrowing rates between 4% and 4.66%.

| | |
|--|------------------|
| | 2019 |
| Operating lease commitments as at 31 December 2018 | 1,029,244 |
| Discounted using the lessee's borrowing rate of at the date of initial application | (267,722) |
| Lease liability recognised as at 1 January 2019 | 761,522 |
| Of which are: | |
| Current lease liabilities | 55,913 |
| Non-current lease liabilities | 705,609 |
| | 761,522 |

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

Notes to the interim condensed consolidated financial information (unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3 CHANGE IN ACCOUNTING POLICY (Continued)

b) Adjustment recognised on adoption of IFRS 16 (continued)

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

| | <u>31 March 2019</u> | <u>1 January 2019</u> |
|----------------------------------|----------------------|-----------------------|
| Properties | 749,958 | 761,522 |
| Total right-of-use assets | 749,958 | 761,522 |

The change in accounting policy affected the following items in the interim condensed consolidated statement of financial position on 1 January 2019:

- right-of-use assets – increase by KD 761,522
- lease liabilities – increase by KD 761,522

The movement in the right-of-use assets is as follows:

| | |
|------------------------------|----------------|
| Balance beginning of period | 761,522 |
| Depreciation | (14,985) |
| Foreign currency translation | 3,421 |
| Balance end of period | <u>749,958</u> |

Finance cost from lease liabilities of KD 98 is recognised in the interim condensed consolidated statement of income.

There was no impact on retained earnings on 1 January 2019 as the Group did not have any finance lease as at 31 December 2018.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an arrangement contains a Lease.

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

Notes to the interim condensed consolidated financial information (unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3 CHANGE IN ACCOUNTING POLICY (Continued)

c) Critical judgements in determining the lease term

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

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 2018.

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 2018. 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.

6 PROPERTY AND EQUIPMENT

| | 31 March 2019 (Unaudited) | 31 December 2018 (Audited) | 31 March 2018 (Unaudited) |
|--|---------------------------------|----------------------------------|---------------------------------|
| Opening net book amount | 73,389,643 | 70,526,563 | 70,526,563 |
| Additions | 1,299,877 | 14,554,504 | 2,600,515 |
| Disposal related to sale of subsidiary | - | (250) | - |
| Disposals | (56,823) | (5,161,116) | (1,921,412) |
| Depreciation charged | (2,730,698) | (10,813,856) | (2,633,884) |
| Accumulated depreciation related to sale of subsidiary | - | 140 | - |
| Depreciation related to disposals | 56,823 | 4,262,443 | 1,470,425 |
| Exchange differences | 49,601 | 21,215 | (44,990) |
| Closing net book amount | 72,008,423 | 73,389,643 | 69,997,217 |

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

Notes to the interim condensed consolidated financial information (unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

7 TRADE AND OTHER RECEIVABLES

| | 31 March 2019 (Unaudited) | 31 December 2018 (Audited) | 31 March 2018 (Unaudited) |
|---|--|---|--|
| Trade receivables | 15,517,776 | 15,554,260 | 16,236,932 |
| Less: loss allowance | (2,728,714) | (2,604,549) | (2,518,802) |
| | 12,789,062 | 12,949,711 | 13,718,130 |
| Retention receivables | 277,116 | 313,703 | 265,910 |
| Amount due from a related party (note 13) | 43,543 | 2,746 | 3,381 |
| Deposits | 210,965 | 213,169 | 217,767 |
| Advance to suppliers and employees | 659,304 | 685,319 | 228,215 |
| Prepaid expenses | 238,439 | 166,615 | 464,474 |
| Other receivables | 1,625,771 | 1,630,072 | 951,450 |
| | 15,844,200 | 15,961,335 | 15,849,327 |

The movement in loss allowance is as follows:

| | 31 March 2019 (Unaudited) | 31 December 2018 (Audited) | 31 March 2018 (Unaudited) |
|---|--|---|--|
| Opening balance | 2,604,549 | 1,943,114 | 1,943,114 |
| Impact of IFRS 9 | - | 277,034 | 277,034 |
| Provision for impairment of trade and other receivables | 118,981 | 678,846 | 305,674 |
| Provision for impairment of trade and other receivable no longer required | - | (93,282) | - |
| Amount written off | - | (207,938) | - |
| Foreign currency translation | 5,184 | 6,775 | (7,020) |
| Closing balance | 2,728,714 | 2,604,549 | 2,518,802 |

8 CASH AND CASH EQUIVALENTS

| | 31 March 2019 (Unaudited) | 31 December 2018 (Audited) | 31 March 2018 (Unaudited) |
|---------------------|--|---|--|
| Cash on hand | 17,172 | 25,380 | 29,972 |
| Short term deposits | - | - | 4,000,000 |
| Bank balances | 3,532,721 | 4,744,223 | 3,632,196 |
| | 3,549,893 | 4,769,603 | 7,662,168 |

9 ANNUAL GENERAL ASSEMBLY

The Annual General Assembly of the Parent Company's shareholders held on 21 April 2019 approved the consolidated financial statements of the Group for the year ended 31 December 2018 and the distribution of cash dividends of 40 fils per share amounting to KD 8,800,000 (31 December 2017: cash dividend of 30 fils per shares).

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

Notes to the interim condensed consolidated financial information (unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

10 TRADE AND OTHER PAYABLES

| | 31 March 2019 (Unaudited) | 31 December 2018 (Audited) | 31 March 2018 (Unaudited) |
|--------------------------------|--|---|--|
| Current | | | |
| Trade payables | 8,751,549 | 14,432,630 | 8,782,429 |
| Accrued and provision expenses | 2,366,629 | 2,751,020 | 2,189,982 |
| Accrued staff cost | 1,200,378 | 1,243,651 | 1,314,814 |
| Other payables | 513,167 | 344,537 | 261,314 |
| | 12,831,723 | 18,771,838 | 12,548,539 |
| Non-current | | | |
| Trade payables | - | - | 2,924,971 |
| | 12,831,723 | 18,771,838 | 15,473,510 |

11 BORROWINGS

| | 31 March 2019 (Unaudited) | 31 December 2018 (Audited) | 31 March 2018 (Unaudited) |
|--------------------|--|---|--|
| Current | | | |
| Term Loans | 2,363,243 | 2,396,318 | 2,755,727 |
| Tawaruq payables | 890,429 | 496,006 | 872,234 |
| Murabaha payables | 630,000 | - | 254,622 |
| | 3,883,672 | 2,892,324 | 3,882,583 |
| Non-Current | | | |
| Term Loans | 2,579,167 | 3,240,649 | 10,738,697 |
| | 2,579,167 | 3,240,649 | 10,738,697 |
| | 6,462,839 | 6,132,973 | 14,621,280 |

Borrowings represents amounts obtained from local and international banks to finance the Group's normal activities. Borrowings bear profit/interest rates ranging from 0.9% to 4.5% (31 December 2018: from 0.9% to 4.5% and 31 March 2018: from 0.9% to 4.5%) 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:

| | 31 March 2019 (Unaudited) | 31 December 2018 (Audited) | 31 March 2018 (Unaudited) |
|------------------------------|--|---|--|
| Opening | 6,132,973 | 17,926,624 | 17,926,624 |
| Proceeds from borrowings | 4,113,081 | 1,621,004 | 872,234 |
| Repayment of borrowings | (3,714,044) | (13,127,170) | (4,266,229) |
| Foreign currency translation | (69,171) | (287,485) | 88,651 |
| Closing | 6,462,839 | 6,132,973 | 14,621,280 |

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

Notes to the interim condensed consolidated financial information (unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

12 EARNINGS PER SHARE

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

| | Three months ended 31 March | |
|---|--------------------------------|---------------------|
| | 2019 (Unaudited) | 2018 (Unaudited) |
| Profit for the period attributable to equity holders of the Parent Company | 3,003,221 | 4,964,475 |
| Number of shares outstanding: | | |
| Weighted average number of shares outstanding | 220,000,000 | 220,000,000 |
| Basic and diluted earnings per share attributable to equity holders of the parent company (Fils) | 13.65 | 22.57 |

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

| | 31 March 2019 (Unaudited) | 31 December 2018 (Audited) | 31 March 2018 (Unaudited) |
|--|---------------------------------|----------------------------------|---------------------------------|
| Amounts due from a related party - Burgan Company for Well Drilling, Trading & Maintenance KSCC – Affiliate (note 7) | 43,543 | 2,746 | 3,381 |

Transactions included in the interim condensed consolidated statement of income

| | Three months ended 31 March | |
|------------------------------------|--------------------------------|---------------------|
| | 2019 (Unaudited) | 2018 (Unaudited) |
| Revenue | 44,735 | 6,946 |
| Key management compensation | | |
| Short term benefits | 232,009 | 211,361 |
| Termination benefits | 12,306 | 11,713 |

Integrated Holding Company K.S.C.P. and its Subsidiaries**Notes to the interim condensed consolidated financial information (unaudited)***(All amounts are in Kuwaiti Dinars unless otherwise stated)***14 GENERAL AND ADMINISTRATIVE EXPENSES**

| | Three months ended 31 March | |
|-----------------------|--------------------------------|---------------------|
| | 2019 (Unaudited) | 2018 (Unaudited) |
| Staff costs | 341,700 | 748,844 |
| Depreciation expenses | 62,847 | 49,778 |
| Rent expenses | 64,480 | 76,533 |
| Other expenses | 200,081 | 217,679 |
| Total | 669,108 | 1,092,834 |

15 OTHER INCOME

| | Three months ended 31 March | |
|--|--------------------------------|---------------------|
| | 2019 (Unaudited) | 2018 (Unaudited) |
| Gain on sale of property and equipment | 20,000 | 584,675 |
| Other income | 248,993 | 16,701 |
| Total | 268,993 | 601,376 |

16 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 31 March 2019 and 31 March 2018 and year ended 31 December 2018.

| | 31 March 2019 (unaudited) | | |
|---------------------------|---------------------------|----------------|-------------|
| | Inside Kuwait | Outside Kuwait | Total |
| Assets | 79,545,126 | 14,419,735 | 93,964,861 |
| Liabilities | 9,636,398 | 11,811,581 | 21,447,979 |
| Revenues and other income | 7,742,904 | 1,358,900 | 9,101,804 |
| Expenses | (5,024,080) | (980,516) | (6,004,596) |
| Profit for the period | 2,628,229 | 374,992 | 3,003,221 |
| Depreciation | (2,423,365) | (322,318) | (2,745,683) |
| Finance cost | (90,595) | (3,392) | (93,987) |
| Capital expenditures | 1,018,894 | 280,983 | 1,299,877 |

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

Notes to the interim condensed consolidated financial information (unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

16 SEGMENT INFORMATION (Continued)

| | 31 December 2018 (Audited) | | |
|---------------------------|----------------------------|----------------|--------------|
| | Inside Kuwait | Outside Kuwait | Total |
| Assets | 82,982,434 | 12,883,457 | 95,865,891 |
| Liabilities | 15,694,411 | 10,657,093 | 26,351,504 |
| Revenues and other income | 39,955,715 | 4,576,832 | 44,532,547 |
| Expenses | (23,533,712) | (3,416,108) | (26,949,820) |
| Profit for the year | 16,086,893 | 1,148,724 | 17,235,617 |
| Depreciation | (9,788,461) | (1,025,395) | (10,813,856) |
| Finance cost | (335,110) | (12,000) | (347,110) |
| Capital expenditures | 9,789,485 | 4,765,019 | 14,554,504 |
| | | | |
| | 31 March 2018 (unaudited) | | |
| | Inside Kuwait | Outside Kuwait | Total |
| Assets | 85,585,944 | 9,624,903 | 95,210,847 |
| Liabilities | 24,585,384 | 6,778,059 | 31,363,443 |
| Revenues and other income | 10,689,297 | 1,407,255 | 12,096,552 |
| Expenses | (6,043,779) | (946,216) | (6,989,995) |
| Profit for the period | 4,507,329 | 457,146 | 4,964,475 |
| Depreciation | (2,401,599) | (232,285) | (2,633,884) |
| Finance cost | (138,189) | (3,893) | (142,082) |
| Capital expenditures | 2,149,553 | 450,962 | 2,600,515 |

17 COMMITMENTS

| | 31 March 2019 (Unaudited) | 31 December 2018 (Audited) | 31 March 2018 (Unaudited) |
|----------------------|---------------------------------|----------------------------------|---------------------------------|
| Capital commitments | 80,573 | 210,301 | 485,112 |
| Letters of credit | 3,022,666 | 831,171 | 2,876,440 |
| Letter of guarantees | 2,466,314 | 2,404,531 | 2,130,941 |
| | 5,569,553 | 3,446,003 | 5,492,493 |