

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND
INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 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 six-month period ended 30 June 2019

Contents	Page
Independent auditor's report on review of interim condensed consolidated financial information	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of income	3
Interim condensed consolidated statement of comprehensive income	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial information	7 – 16



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 June 2019 and the related interim condensed consolidated statements of income, comprehensive income for the three month and six month periods then ended and the related interim condensed statement of changes in equity and cash flows for the six 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 six month period ended 30 June 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.)

19 August 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)

		30 June 2019 (Unaudited)	31 December 2018 (Audited)	30 June 2018 (Unaudited)
	Note			
ASSETS				
Non-current assets				
Property and equipment	6	72,530,271	73,389,643	71,926,322
Right-of-use assets	3	733,735	-	-
Intangible assets		711,408	711,350	711,348
		<u>73,975,414</u>	<u>74,100,993</u>	<u>72,637,670</u>
Current assets				
Inventories		1,050,951	1,033,960	1,097,246
Trade and other receivables	7	15,341,024	15,961,335	15,606,221
Bank balances and cash	8	963,143	4,769,603	4,343,544
		<u>17,355,118</u>	<u>21,764,898</u>	<u>21,047,011</u>
Total assets		<u>91,330,532</u>	<u>95,865,891</u>	<u>93,684,681</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		(17,583)	(13,941)	21,353
Retained earnings		32,628,348	37,410,634	31,924,193
Total equity		<u>64,728,459</u>	<u>69,514,387</u>	<u>62,279,831</u>
LIABILITIES				
Non-current liabilities				
Employees' end of service benefits		1,443,783	1,446,693	1,333,287
Trade and other payables	10	2,700,167	-	1,425,646
Lease liabilities		727,627	-	-
Borrowings	11	10,201,762	3,240,649	9,511,586
		<u>15,073,339</u>	<u>4,687,342</u>	<u>12,270,519</u>
Current liabilities				
Trade and other payables	10	5,639,638	18,771,838	16,130,954
Lease liabilities		27,083	-	-
Borrowings	11	5,862,013	2,892,324	3,003,377
		<u>11,528,734</u>	<u>21,664,162</u>	<u>19,134,331</u>
Total liabilities		<u>26,602,073</u>	<u>26,351,504</u>	<u>31,404,850</u>
Total equity and liabilities		<u>91,330,532</u>	<u>95,865,891</u>	<u>93,684,681</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	Six months ended 30 June		Three months ended 30 June	
		2019	2018	2019	2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers		15,575,643	22,218,128	7,014,324	10,722,952
Cost of providing services		(10,251,687)	(10,159,287)	(5,188,790)	(4,947,549)
Cost of goods sold		(21,803)	(32,974)	(10,453)	(14,164)
Gross profit		5,302,153	12,025,867	1,815,081	5,761,239
General and administrative expenses	14	(1,375,964)	(2,283,104)	(706,856)	(1,190,270)
Net impairment loss on receivables	7	(214,889)	(448,508)	(95,908)	(142,834)
Foreign exchange income		276,210	503,919	4,718	759,808
Other income	15	455,984	622,721	186,991	21,345
Operating profit		4,443,494	10,420,895	1,204,026	5,209,288
Finance costs		(234,130)	(234,947)	(140,143)	(92,865)
Profit before contribution to Kuwait Foundation for Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		4,209,364	10,185,948	1,063,883	5,116,423
Contribution to KFAS		(42,117)	(107,699)	(10,639)	(57,005)
NLST		(105,296)	-	(26,595)	-
Zakat		(44,237)	(113,482)	(12,156)	(59,126)
Profit for the period		4,017,714	9,964,767	1,014,493	5,000,292
Basic and diluted earnings per share attributable to equity holders of the Parent Company (fils)	12	18.26	45.29	4.61	22.73

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)

	Six months ended 30 June		Three months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Profit for the period	4,017,714	9,964,767	1,014,493	5,000,292
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences arising on translation of foreign operations	(3,642)	25,125	(2,916)	31,135
Other comprehensive (loss) / income for the period	(3,642)	25,125	(2,916)	31,135
Total comprehensive income for the period	4,014,072	9,989,892	1,011,577	5,031,427

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	-	-	-	-	9,964,767	9,964,767
Other comprehensive income for the period	-	-	-	25,125	-	25,125
Total comprehensive income for the period	-	-	-	25,125	9,964,767	9,989,892
Dividend distributed for the year 2017	-	-	-	-	(6,600,000)	(6,600,000)
Liquidation of subsidiary	-	-	-	-	1,000	1,000
Balance at 30 June 2018 (unaudited)	22,000,000	1,463,000	6,871,285	21,353	31,924,193	62,279,831
Balance at 1 January 2019 (Audited)	22,000,000	1,463,000	8,654,694	(13,941)	37,410,634	69,514,387
Profit for the period	-	-	-	-	4,017,714	4,017,714
Other comprehensive loss for the period	-	-	-	(3,642)	-	(3,642)
Total comprehensive income for the period	-	-	-	(3,642)	4,017,714	4,014,072
Dividend distributed for the year 2018	-	-	-	-	(8,800,000)	(8,800,000)
Balance at 30 June 2019 (unaudited)	22,000,000	1,463,000	8,654,694	(17,583)	32,628,348	64,728,459

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)

		Six months ended 30 June	
		2019	2018
Note		(Unaudited)	(Unaudited)
Cash flows from operating activities			
	Profit for the period	4,017,714	9,964,767
	Adjustments for:		
	Depreciation	5,535,936	5,317,706
6			
	Depreciation on right-of-use assets	29,947	-
3			
	Finance costs	234,130	234,947
	Provision for employees' end of service benefits	157,486	178,939
	Provision for employees' end of service benefits no longer required	(90,728)	-
6			
	Provision for impairment of trade and other receivables	214,889	448,508
7			
	Provision for impairment of trade and other receivable no longer required	-	(4,909)
	Loss on liquidation of subsidiary	-	1,000
	Unrealised exchange loss on borrowings	(84,917)	(172,943)
11			
	Gain on sale of property and equipment	(170,370)	(590,205)
15			
		<u>9,844,087</u>	<u>15,377,810</u>
Changes in working capital			
	Inventories	(16,991)	(233,222)
	Trade and other receivables	394,138	56,547
	Trade and other payables	(10,429,550)	3,514,871
	Net cash (used in) / generated from operations	<u>(208,316)</u>	<u>18,716,006</u>
	Employees' end of service benefits paid	(70,051)	(42,488)
	Net cash (used in) / generated from operating activities	<u>(278,367)</u>	<u>18,673,518</u>
Cash flows from investing activities			
	Purchase of property and equipment	(4,735,337)	(7,154,454)
6			
	Proceeds from sale of property and equipment	256,920	1,050,333
	Net cash used in investing activities	<u>(4,478,417)</u>	<u>(6,104,121)</u>
Cash flows from financing activities			
	Finance costs paid	(217,246)	(234,947)
	Dividends paid to Parent Company's shareholder	(8,800,000)	(6,600,000)
9			
	Principal elements of lease payments	(25,886)	-
	Proceeds from borrowings	11,206,599	872,234
11			
	Repayment of borrowings	(1,190,880)	(6,110,952)
11			
	Net cash generated from / (used in) financing activities	<u>972,587</u>	<u>(12,073,665)</u>
	Exchange differences arising on translation of foreign operations	(22,263)	2,400
	Net (decrease) / increase in bank balances and cash	<u>(3,806,460)</u>	<u>498,132</u>
	Bank balances and cash at beginning of the period	4,769,603	3,845,412
	Bank balances and cash at end of the period	<u>7</u> <u>963,143</u>	<u>4,343,544</u>
Non-cash transactions are as follows:			
	Trade and other receivables (Impact of IFRS 9)	-	277,034
	Retained earnings	-	(277,034)
	Right-of-use assets	(761,522)	-
	Lease liabilities	761,522	-
	Lease liabilities	16,884	-
	Finance costs	(16,884)	-

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 2,531 employees as at 30 June 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 consolidated financial statements for the year ended 31 December 2018 were authorised for issue by the Board of Directors resolution dated 11 March 2019 and approved by the shareholders in the Annual General Assembly Meeting held on 21 April 2019.

The accompanying interim condensed consolidated financial information for the period ended 30 June 2019 was authorised for issue by the Board of Directors on 7 August 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 six month period ended 30 June 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)

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 interim condensed consolidated financial information 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 interim condensed consolidated 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 consolidated 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>30 June 2019</u>	<u>1 January 2019</u>
Properties	733,735	761,522
Total right-of-use assets	733,735	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	(29,947)
Foreign currency translation	2,160
Balance end of period	<u>733,735</u>

Finance cost from lease liabilities of KD 16,884 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

	30 June 2019 (Unaudited)	31 December 2018 (Audited)	30 June 2018 (Unaudited)
Opening net book amount	73,389,643	70,526,563	70,526,563
Additions	4,735,337	14,554,504	7,154,454
Disposal related to sale of subsidiary	-	(250)	-
Disposals	(760,549)	(5,161,116)	(1,980,987)
Depreciation charged	(5,535,936)	(10,813,856)	(5,317,707)
Accumulated depreciation related to sale of subsidiary	-	140	-
Depreciation related to disposals	673,999	4,262,443	1,520,859
Exchange differences	27,777	21,215	23,140
Closing net book amount	72,530,271	73,389,643	71,926,322

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

	30 June 2019 (Unaudited)	31 December 2018 (Audited)	30 June 2018 (Unaudited)
Trade receivables	15,130,488	15,554,260	15,953,452
Less: loss allowance	(2,822,847)	(2,604,549)	(2,666,835)
	12,307,641	12,949,711	13,286,617
Retention receivables	268,188	313,703	288,349
Amount due from a related party (note 13)	37,639	2,746	-
Deposits	215,053	213,169	172,128
Advance to suppliers and employees	608,989	685,319	553,133
Prepaid expenses	227,877	166,615	174,407
Other receivables	1,675,637	1,630,072	1,131,587
	15,341,024	15,961,335	15,606,221

The movement in loss allowance is as follows:

	30 June 2019 (Unaudited)	31 December 2018 (Audited)	30 June 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	214,889	678,846	448,508
Provision for impairment of trade and other receivable no longer required	-	(93,282)	(4,909)
Amount written off	-	(207,938)	(1,904)
Foreign currency translation	3,409	6,775	4,992
Closing balance	2,822,847	2,604,549	2,666,835

At 30 June 2019, trade receivable amounting to KD 913,605 (31 December 2018: KD 652,143 and 30 June 2018: KD 251,061) were due from one customer, of which past dues are KD 420,185 (31 December 2018: KD 109,507 and 30 June 2018: Nil) for more than six months and KD 109,819 (31 December 2018: Nil and 30 June 2018: Nil) for more than one year. The Expected Credit Loss ("ECL") recognised for that customer as at reporting date amounted to KD 204,783 (31 December 2018: KD 60,367 and 30 June 2018: KD 3,661). The Group has granted extended credit period to the customer and management has evaluated that trade receivables which are past due will be fully recovered.

8 BANK BALANCES AND CASH

	30 June 2019 (Unaudited)	31 December 2018 (Audited)	30 June 2018 (Unaudited)
Cash on hand	14,886	25,380	26,881
Bank balances	948,257	4,744,223	4,316,663
	963,143	4,769,603	4,343,544

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 amounting to KD 6,600,000).

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

	30 June 2019 (Unaudited)	31 December 2018 (Audited)	30 June 2018 (Unaudited)
Current			
Trade payables	1,604,544	14,432,630	11,703,800
Accrued and provision expenses	2,472,433	2,751,020	2,767,853
Accrued staff cost	1,147,485	1,243,651	1,268,917
Other payables	415,176	344,537	390,384
	5,639,638	18,771,838	16,130,954
Non-current			
Trade payables	2,700,167	-	1,425,646
	8,339,805	18,771,838	17,556,600

11 BORROWINGS

	30 June 2019 (Unaudited)	31 December 2018 (Audited)	30 June 2018 (Unaudited)
Current			
Term Loans	2,354,405	2,396,318	2,435,608
Tawaruq payables	3,094,034	496,006	567,769
Murabaha payables	413,574	-	-
	5,862,013	2,892,324	3,003,377
Non-Current			
Term Loans	2,006,765	3,240,649	9,511,586
Tawaruq payables	6,678,571	-	-
Murabaha payables	1,516,426	-	-
	10,201,762	3,240,649	9,511,586
	16,063,775	6,132,973	12,514,963

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 30 June 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:

	30 June 2019 (Unaudited)	31 December 2018 (Audited)	30 June 2018 (Unaudited)
Opening	6,132,973	17,926,624	17,926,624
Proceeds from borrowings	11,206,599	1,621,004	872,234
Repayment of borrowings	(1,190,880)	(13,127,170)	(6,110,952)
Foreign currency translation	(84,917)	(287,485)	(172,943)
Closing	16,063,775	6,132,973	12,514,963

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.

	Six months ended 30 June		Three months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Profit for the period attributable to equity holders of the Parent Company	4,017,714	9,964,767	1,014,493	5,000,292
Number of shares outstanding:				
Weighted average number of shares	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)	18.26	45.29	4.61	22.73

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 June 2019 (Unaudited)	31 December 2018 (Audited)	30 June 2018 (Unaudited)
Amounts due from a related party - Burgan Company for Well Drilling, Trading & Maintenance KSCC – Affiliate (note 7)	37,639	2,746	-

Transactions included in the interim condensed consolidated statement of income

	Six months ended 30 June		Three months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Revenue	67,110	17,126	22,375	10,180
Key management compensation				
Short term benefits	475,122	693,562	243,113	482,201
Termination benefits	24,809	26,282	12,503	14,569

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

	Six months ended 30 June		Three months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Staff costs	689,838	1,589,089	348,138	840,245
Depreciation expenses	127,740	100,328	64,893	50,550
Rent expenses	131,317	144,633	66,837	68,100
Professional fees	-	70,550	-	70,550
Other expenses	427,069	378,504	226,988	160,825
Total	1,375,964	2,283,104	706,856	1,190,270

15 OTHER INCOME

	Six months ended 30 June		Three months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Gain on sale of property and equipment	170,370	590,205	150,370	5,530
Other income	285,614	32,516	36,621	15,815
Total	455,984	622,721	186,991	21,345

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 30 June 2019 and 30 June 2018 and year ended 31 December 2018.

	30 June 2019 (unaudited)		
	Inside Kuwait	Outside Kuwait	Total
Assets	76,756,255	14,574,277	91,330,532
Liabilities	14,526,865	12,075,208	26,602,073
Revenues and other income	13,774,049	2,533,788	16,307,837
Expenses	(9,966,780)	(2,089,213)	(12,055,993)
Profit for the period	3,594,294	423,420	4,017,714
Depreciation	(4,891,015)	(674,868)	(5,565,883)
Finance cost	(212,975)	(21,155)	(234,130)
Capital expenditures	3,915,863	819,474	4,735,337

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
	30 June 2018 (unaudited)		
	Inside Kuwait	Outside Kuwait	Total
Assets	83,662,154	10,022,527	93,684,681
Liabilities	23,217,677	8,187,173	31,404,850
Revenues and other income	20,963,202	2,381,566	23,344,768
Expenses	(11,500,508)	(1,644,546)	(13,145,054)
Profit for the period	9,232,024	732,743	9,964,767
Depreciation	(4,841,425)	(476,282)	(5,317,707)
Finance cost	(230,670)	(4,277)	(234,947)
Capital expenditures	5,665,386	1,489,068	7,154,454

17 COMMITMENTS

	30 June 2019 (Unaudited)	31 December 2018 (Audited)	30 June 2018 (Unaudited)
Capital commitments	152,928	210,301	240,109
Letters of credit	3,420,462	831,171	2,540,907
Letter of guarantees	1,295,800	2,404,531	1,995,717
	4,869,190	3,446,003	4,776,733