

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

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

30 JUNE 2020





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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 (collectively, the "Group") as at 30 June 2020, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for three-month and six-month periods then ended and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on the 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 condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other matter

The interim condensed consolidated financial information of the Group for the period ended 30 June 2019 and consolidated financial statements for the year ended 31 December 2019 were reviewed and audited, respectively, by another auditor who issued an unmodified review conclusion and unmodified audit opinion dated 19 August 2019 and 23 March 2020 respectively. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six-month period ended 30 June 2020 that might have had a material effect on the business of the Parent Company or on its financial position.

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

15 August 2020
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

For the period ended 30 June 2020

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2020	2019	2020	2019
		KD	KD	KD	KD
Revenue from contracts with customers	3	3,698,415	7,014,324	9,869,875	15,575,643
Cost of providing services		(3,995,605)	(5,188,790)	(8,421,627)	(10,251,687)
Cost of goods sold		(1,206)	(10,453)	(3,063)	(21,803)
GROSS (LOSS) / PROFIT		(298,396)	1,815,081	1,445,185	5,302,153
Other income		230,309	186,991	323,085	455,984
General and administrative expenses		(678,578)	(706,856)	(1,248,589)	(1,375,964)
Net foreign exchange (loss) gain		(399,774)	4,718	12,459	276,210
Allowance for expected credit loss		(987,291)	(95,908)	(1,434,484)	(214,889)
Finance costs		(166,465)	(140,143)	(327,757)	(234,130)
(LOSS) /PROFIT BEFORE TAX		(2,300,195)	1,063,883	(1,230,101)	4,209,364
Reversal of) Contribution to KFAS		10,701	(10,639)	-	(42,117)
NLST		18,396	(26,595)	(8,350)	(105,296)
Zakat		7,360	(12,156)	(3,341)	(44,237)
(LOSS)/PROFIT FOR THE PERIOD		(2,263,738)	1,014,493	(1,241,792)	4,017,714
BASIC AND DILUTED (LOSS)/EARNING PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE PARENT COMPANY	4	(10.29)	4.61	(5.64)	18.26

The attached notes 1 to 13 form 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 (UNAUDITED)

For the period ended 30 June 2020

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2020	2019	2020	2019
	KD	KD	KD	KD
(LOSS) PROFIT FOR THE PERIOD	(2,263,738)	1,014,493	(1,241,792)	4,017,714
Other comprehensive income (loss)				
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(52,762)	(2,916)	42,326	(3,642)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	(52,762)	(2,916)	42,326	(3,642)
Other comprehensive income (loss) for the period	(52,762)	(2,916)	42,326	(3,642)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(2,316,500)	1,011,577	(1,199,466)	4,014,072


The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

		<i>(Audited)</i>	
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2020</i>	<i>2019</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Notes</i>			
ASSETS			
Non-current assets			
Property, plant and equipment	76,606,581	72,529,057	72,530,271
Right-of-use assets	677,145	697,144	733,735
Intangible assets	827,726	711,338	711,408
	<u>78,111,452</u>	<u>73,937,539</u>	<u>73,975,414</u>
Current assets			
Inventories	972,153	859,832	1,050,951
Trade and other receivables	5 12,927,854	16,604,407	15,341,024
Cash and cash equivalents	2,426,637	1,787,949	963,143
	<u>16,326,644</u>	<u>19,252,188</u>	<u>17,355,118</u>
TOTAL ASSETS	<u>94,438,096</u>	<u>93,189,727</u>	<u>91,330,532</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	22,000,000	22,000,000	22,000,000
Share premium	-	1,463,000	1,463,000
Statutory reserve	9,494,240	9,494,240	8,654,694
Foreign currency translation reserve	12,064	(30,262)	(17,583)
Retained earnings	29,290,982	35,669,774	32,628,348
TOTAL EQUITY	<u>60,797,286</u>	<u>68,596,752</u>	<u>64,728,459</u>
LIABILITIES			
Non-current liabilities			
Loans and borrowings	6 13,918,602	9,288,487	10,201,762
Employee's end of service benefits	1,731,518	1,567,228	1,443,783
Trade and other payables	-	-	2,700,167
Lease liability	703,184	712,905	727,627
	<u>16,353,304</u>	<u>11,568,620</u>	<u>15,073,339</u>
CURRENT LIABILITIES			
Trade and other payables	7 8,807,540	6,870,800	5,639,638
Loans and borrowings	6 8,442,645	6,127,421	5,862,013
Lease liability	37,321	26,134	27,083
	<u>17,287,506</u>	<u>13,024,355</u>	<u>11,528,734</u>
TOTAL LIABILITIES	<u>33,640,810</u>	<u>24,592,975</u>	<u>26,602,073</u>
TOTAL EQUITY AND LIABILITIES	<u>94,438,096</u>	<u>93,189,727</u>	<u>91,330,532</u>


 Jassim Mustafa Boodai
 Vice Chairman and Chief Executive Officer

The attached notes 1 to 13 form 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 (UNAUDITED)

For the period ended 30 June 2020

	<i>Share capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Total KD</i>
As at 1 January 2020	22,000,000	1,463,000	9,494,240	(30,262)	35,669,774	68,596,752
Profit for the period	-	-	-	-	(1,241,792)	(1,241,792)
Other comprehensive income for the period	-	-	-	42,326	-	42,326
Total comprehensive income (loss) for the period	-	-	-	42,326	(1,241,792)	(1,199,466)
Dividend paid (note 13)	-	(1,463,000)	-	-	(5,137,000)	(6,600,000)
At 30 June 2020	22,000,000	-	9,494,240	12,064	29,290,982	60,797,286
As at 1 January 2019	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 (loss) income for the period	-	-	-	(3,642)	4,017,714	4,014,072
Dividend paid (note 13)	-	-	-	-	8,800,000	8,800,000
At 30 June 2019	22,000,000	1,463,000	8,654,694	(17,583)	32,628,348	64,728,459

The attached notes 1 to 13 form 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
(UNAUDITED)

For the period ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 KD	2019 KD
OPERATING ACTIVITIES			
(Loss)/profit for the period		(1,241,792)	4,017,714
<i>Adjustments to reconcile (loss) profit for the period to net cash flows:</i>			
Depreciation of property, plant and equipment		3,994,305	5,535,936
Depreciation on right-of-use assets		33,700	29,947
Finance costs		327,757	234,130
Provision for employees' end of service benefit		148,758	157,486
Provision for employees' end of service benefit no longer required		-	(90,728)
Allowance for expected credit losses		1,434,484	214,889
Foreign exchange loss/(gain)		113,335	(276,210)
Gain on sale of property, plant and equipment		(222,877)	(170,370)
		<u>4,587,670</u>	<u>9,652,794</u>
<i>Working capital adjustments:</i>			
Trade and other receivables		2,430,761	585,431
Trade and other payables		1,812,309	(10,429,550)
Inventories		(28,721)	(16,991)
		<u>8,802,019</u>	<u>(208,316)</u>
Cash flows from (used in) operations		<u>8,802,019</u>	<u>(208,316)</u>
Employees' end of service benefits paid		(19,053)	(70,051)
		<u>8,782,966</u>	<u>(278,367)</u>
Net cash flows from (used in) operating activities			
INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(7,846,568)	(4,735,337)
Proceeds from sale of items of property, plant and equipment		236,049	256,920
Net cashflow on acquisition of a subsidiary	10	(295,415)	-
		<u>(7,905,934)</u>	<u>(4,478,417)</u>
Net cash flows used in investing activities			
FINANCING ACTIVITIES			
Finance costs paid		(310,927)	(217,246)
Proceeds from loans and borrowings		9,887,120	11,206,599
Dividends paid	13	(6,600,000)	(8,800,000)
Payment of lease liabilities		(26,075)	(25,886)
Repayments of loans and borrowings		(3,055,116)	(1,190,880)
		<u>(104,998)</u>	<u>972,587</u>
Net cash flows (used in) from financing activities			
Net foreign exchange differences		(133,346)	(22,263)
		<u>(133,346)</u>	<u>(22,263)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		<u>638,688</u>	<u>(3,806,460)</u>
Cash and cash equivalents as at 1 January		1,787,949	4,769,603
		<u>1,787,949</u>	<u>4,769,603</u>
CASH AND CASH EQUIVALENTS AS AT 30 JUNE			
		<u>2,426,637</u>	<u>963,143</u>

The attached notes 1 to 13 form 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)

As at and for the period ended 30 June 2020

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Integrated Holding Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2020 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 15 August 2020.

The Parent Company was incorporated on 4 June 2005 in accordance with Companies Law of Kuwait and is listed on Boursa Kuwait. The Parent Company’s registered office is located at Building 7, Block 6, East Ahmadi, P.O. 750, Dasman 15458 Kuwait.

The main activities of the Parent Company are as follows:

- ▶ 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 type 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 Parent Company’s share in the capital of the borrower company is not less than 20%;
- ▶ Acquiring industrial property rights including patents, trademarks, industrial marks or industrial drawings or other rights related thereto and lease the same to other companies for use inside or outside Kuwait;
- ▶ Acquiring necessary movable and immoveable properties for carrying out its business to the extend permitted by the law; and
- ▶ Utilising the financial surpluses available with the Parent Company through investing the same in financial portfolios managed by specialised companies and entities.

The shareholders of the Parent Company at the annual general assembly meeting (“AGM”) held on 15 April 2020 approved the consolidated financial statements for the year ended 31 December 2019. Dividends declared and paid by the Parent Company for the year then ended are provided in Note 13.

2 BASIS OF PREPARATION AND CHANGES IN GROUP’S ACCOUNTING POLICIES

2.1 Basis of preparation

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

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (“KD”), which is also the functional currency of the Parent Company.

The interim condensed consolidated financial information provides comparative information in respect of the previous period. Certain reclassifications have been made to conform the prior period’s financial information and notes thereto to current period’s presentation.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2020

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

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

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial information of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial information of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the interim condensed consolidated financial information of the Group.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue:

	<i>For the six months ended 30 June 2020</i>			
<i>Unaudited</i>	<i>Equipment hire KD</i>	<i>Transportation KD</i>	<i>Sale of goods KD</i>	<i>Total KD</i>
Type of goods or service				
Revenue from rendering of services	8,872,562	993,767	-	9,866,329
Sale of goods	-	-	3,546	3,546
	<u>8,872,562</u>	<u>993,767</u>	<u>3,546</u>	<u>9,869,875</u>
Geographical markets:				
Kuwait	6,929,593	955,193	3,546	7,888,332
Qatar	1,942,969	38,574	-	1,981,543
	<u>8,872,562</u>	<u>993,767</u>	<u>3,546</u>	<u>9,869,875</u>
Timing of revenue recognition:				
Goods transferred at a point in time	-	-	3,546	3,546
Services transferred over time	8,872,562	993,767	-	9,866,329
	<u>8,872,562</u>	<u>993,767</u>	<u>3,546</u>	<u>9,869,875</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2020

3 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

For the six months ended 30 June 2019

<i>Unaudited</i>	<i>Equipment hire KD</i>	<i>Transportation KD</i>	<i>Sale of goods KD</i>	<i>Total KD</i>
<i>Type of goods or service</i>				
Revenue from rendering of services	14,472,733	1,077,655	-	15,550,388
Sale of goods	-	-	25,255	25,255
	<u>14,472,733</u>	<u>1,077,655</u>	<u>25,255</u>	<u>15,575,643</u>
<i>Geographical markets:</i>				
Kuwait	12,024,450	1,031,327	25,255	13,081,032
Qatar	2,448,283	46,328	-	2,494,611
	<u>14,472,733</u>	<u>1,077,655</u>	<u>25,255</u>	<u>15,575,643</u>
<i>Timing of revenue recognition:</i>				
Goods transferred at a point in time	-	-	25,255	25,255
Services transferred over time	14,472,733	1,077,655	-	15,550,388
	<u>14,472,733</u>	<u>1,077,655</u>	<u>25,255</u>	<u>15,575,643</u>

4 (LOSS)/EARNINGS PER SHARE

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

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
(Loss)/profit for the period (KD)	<u>(2,263,738)</u>	<u>1,014,493</u>	<u>(1,241,792)</u>	<u>4,017,714</u>
Weighted average number of ordinary shares outstanding during the period	<u>220,000,000</u>	<u>220,000,000</u>	<u>220,000,000</u>	<u>220,000,000</u>
Basic and diluted (loss)/earnings per share (fils)	<u>(10.29)</u>	<u>4.61</u>	<u>(5.64)</u>	<u>18.26</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2020

5 TRADE AND OTHER RECEIVABLES

	<i>30 June 2020 KD (Unaudited)</i>	<i>31 December 2019 KD (Audited)</i>	<i>30 June 2019 KD (Unaudited)</i>
Trade receivables	15,993,406	15,934,470	15,130,488
Less: Allowance for expected credit loss	(5,885,643)	(4,407,633)	(2,822,847)
	10,107,763	11,526,837	12,307,641
Retention receivables	144,063	123,896	268,188
Amount due from related parties (Note 8)	172,387	77,551	37,639
Deposits	227,515	219,011	215,053
Advance to suppliers and employees	963,652	467,164	608,989
Prepaid expenses	278,120	220,825	227,877
Other receivables	1,034,354	3,969,123	1,675,637
	12,927,854	16,604,407	15,341,024

Movements in the allowance for expected credit losses on trade accounts receivables were as follows:

	<i>30 June 2020 KD (Unaudited)</i>	<i>31 December 2019 KD (Audited)</i>	<i>30 June 2019 KD (Unaudited)</i>
Opening balance	4,407,633	2,604,549	2,604,549
Allowance for expected credit loss	1,434,484	2,193,160	214,889
Reversal of allowance	-	(99,904)	-
Write off	-	(288,636)	-
Foreign exchange difference	43,526	(1,536)	3,409
	5,885,643	4,407,633	2,822,847

6 LOANS AND BORROWINGS

	<i>30 June 2020 KD (Unaudited)</i>	<i>31 December 2019 KD (Audited)</i>	<i>30 June 2019 KD (Unaudited)</i>
Term loan	2,036,782	3,961,195	4,361,170
Tawaruq payables	17,769,465	9,524,713	9,772,605
Murabaha payables	2,555,000	1,930,000	1,930,000
	22,361,247	15,415,908	16,063,775

The amounts payable under Murabaha and Tawaruq agreements are repayable within 1 to 5 years. The amount due is settled on a deferred payment basis and carry profit at 2.25% to 2.75% (31 December 2019: 3.50% to 3.75%, 30 June 2019 0.9% to 4.5%)

Term loans carry finance charges at EIBOR+ 0.75% and are repayable within 5 years.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2020

6 LOANS AND BORROWINGS (continued)

Currency wise breakup of the loans and borrowings are as follows:

	30 June 2020 KD (Unaudited)	31 December 2019 KD (Audited)	30 June 2019 KD (Unaudited)
Currency			
Kuwait Dinars	20,324,465	12,315,141	11,702,605
Euro	2,036,782	3,100,767	4,361,170
	22,361,247	15,415,908	16,063,775
	30 June 2020 KD (Unaudited)	31 December 2019 KD (Audited)	30 June 2019 KD (Unaudited)
Non-current	13,918,602	9,288,487	10,201,762
Current	8,442,645	6,127,421	5,862,013
	22,361,247	15,415,908	16,063,775

7 TRADE AND OTHER PAYABLES

	30 June 2020 KD (Unaudited)	31 December 2019 KD (Audited)	30 June 2019 KD (Unaudited)
Trade payables	1,620,941	1,321,152	1,339,007
Notes payable	3,705,096	2,675,439	2,965,704
Amount due to related parties (Note 8)	64,399	50,321	61,780
Accrued expenses	1,290,256	1,250,298	2,472,433
Employee payables	1,586,450	1,119,694	1,147,485
Other payables	540,398	453,896	353,396
	8,807,540	6,870,800	8,339,805

8 RELATED PARTY DISCLOSURES

Related parties represent major shareholders, associates, directors and key management personnel of the Parent Company, and entities controlled, jointly controlled or significantly influenced by such parties. The Parent Company's management approves pricing policies and terms of transactions with related parties.

The related parties' balances and transactions included in the interim condensed consolidated financial information are as follows:

	Others KD	Partner KD	30 June 2020 KD (Unaudited)	30 June 2019 KD (Unaudited)
Transactions with related parties				
Revenue from contracts with customers	187,988	-	187,988	37,639

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2020

8 RELATED PARTY DISCLOSURES (continued)

			<i>30 June 2020 KD (Unaudited)</i>	<i>31 December 2019 KD (Audited)</i>	<i>30 June 2019 KD (Unaudited)</i>
	<i>Others KD</i>	<i>Partner KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Balances with related parties					
Amount due from related parties	172,387	-	172,387	77,551	37,639
Amount due to related parties	-	64,399	64,399	50,321	61,780

Compensation of key management personnel:

Key management personnel comprise of the key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The aggregate value of balances outstanding related to key management personnel were as follows:

	<i>Transaction value for period ended 30 June</i>
	<i>2020 KD</i>
Salaries and short-term employee benefits	475,000
End of services benefits	24,121
	499,121

9 SEGMENTAL INFORMATION

The 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 resource 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, revenue and profit for the period ended 30 June 2020, 31 December 2019 and 30 June 2019.

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

	<i>30 June 2020</i>		
	<i>Inside Kuwait KD</i>	<i>Outside Kuwait KD</i>	<i>Total KD</i>
Segment revenue	7,888,332	1,981,543	9,869,875
Segment results	(1,417,832)	176,040	(1,241,792)
Depreciation	(3,402,475)	(625,530)	(4,028,005)
Finance cost	(292,232)	(35,525)	(327,757)
Assets	78,560,884	15,877,212	94,438,096
Liabilities	19,196,607	14,444,203	33,640,810
Capital expenditure	7,179,428	667,140	7,846,568

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2020

9 SEGMENTAL INFORMATION (continued)

	31 December 2019		
	Inside Kuwait KD	Outside Kuwait KD	Total KD
Assets	78,098,227	15,091,500	93,189,727
Liabilities	10,600,473	13,992,502	24,592,975
Capital expenditure	5,198,637	4,018,412	9,217,049
	30 June 2019		
	Inside Kuwait KD	Outside Kuwait KD	Total KD
Segment revenue	13,081,032	2,494,611	15,575,643
Segment results	3,596,242	421,472	4,017,714
Depreciation	(4,893,113)	(672,770)	(5,565,883)
Finance cost	(212,975)	(21,155)	(234,130)
Assets	76,787,135	14,543,397	91,330,532
Liabilities	12,604,170	13,997,903	26,602,073
Capital expenditure	3,915,863	819,474	4,735,337

10 BUSINESS COMBINATION

Acquisition during the period

On 5 April 2020, the Group acquired 100% equity interest in Techno Service General Trading Company W.L.L(Techno Service). Techno Service is a limited liability company registered and incorporated in Kuwait and is engaged in providing thermal spray coatings, repair and maintenance, welding and specialized fabrication services in the State of Kuwait.

The acquisition of Techno Service has been accounted based on provisional fair values of the identifiable assets and liabilities on the acquisition date and the management is in the process of determining the fair values of the assets and liabilities acquired. The consideration paid, provisional fair values of the assets and liabilities recognised at the date of acquisition, are summarised as follows:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2020

10 BUSINESS CONTINUATION (continued)

	<i>KD</i>
Assets	
Property and equipment	55,865
Inventory	83,600
Trade and other receivables	188,692
Cash and cash equivalents	54,586
	<u>382,743</u>
Liabilities	
Employees end of service benefits	24,392
Trade and other payables	124,431
	<u>148,823</u>
Fair value of net assets acquired by the Group	<u>233,920</u>
Consideration paid	350,000
Less: net assets acquired by the Group	(233,920)
Goodwill (included in intangible assets)	<u>116,080</u>
Consideration settled in cash	(350,000)
Cash and cash equivalents in subsidiary acquired	54,585
Cash outflow on acquisition	<u>(295,415)</u>

11 COMMITMENTS AND CONTINGENCIES

Capital commitments

The Group has commitments in respect of future capital expenditure amounting to KD 27,196 (31 December 2019: KD 39,326 and 30 June 2019: KD 152,928) relating to ongoing projects under construction.

Contingent liabilities

At 30 June 2020, the Group's bankers had outstanding letter of guarantees and credits amounting to KD 2,749,323 (31 December 2019: KD 4,417,710 and 30 June 2019: KD 4,716,262) for the performance of certain contracts for which it is anticipated that no material liabilities will arise.

12 IMPACT OF COVID-19

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity and the Group's business in various significant ways.

The currently known impact of COVID-19 on the Group are:

- ▶ A decline in net income from rental and leasing operations for the first six months of 2020 compared to the same period in 2019 by 37% due to loss of operations.
- ▶ Allowance for the expected credit loss in the six months period ended 30 June 2020 amounts to KD 1,434,484.
- ▶ Due to additional allowance for expected credit losses, the Group recorded loss of KD 1,241,792 for the six months period ended 30 June 2020.

In addition to the already known effects of the COVID-19 outbreak and resulting government measures, the macroeconomic uncertainty causes disruption to economic activity, and it is unknown what the longer term impact on the Group's business may be. The COVID-19 virus can evolve in various directions. If society, and as a consequence business, is exposed to COVID-19 for a longer period of time, this may result in prolonged negative results and pressure on the Group's liquidity.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2020

12 IMPACT OF COVID-19 (continued)

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the Group may experience further negative results, liquidity restraints and incur additional impairments on its assets in 2020. Given the ongoing economic uncertainty, the exact impact on the Group's activities in the remainder of 2020 and thereafter cannot be predicted at this stage.

13 DISTRIBUTIONS MADE AND PROPOSED

The Board of Directors in their meeting held on 23 March 2020, proposed a cash dividend of 30 fils per share amounting to KD 6,600,000 for the year ended 31 December 2019 (2018: 40 fils per share aggregating to KD 8,800,000) to be paid by fully utilizing the share premium reserve and remaining from retained earnings as at 31 December 2019 amounting to KD 1,463,000 and KD 5,137,000 respectively.

The Annual general Meeting (AGM) of the shareholders held on 16 April 2020 has approved the payment of cash dividends of 30 fils per share amounting to KD 6,600,000 for the year ended 31 December 2019 (2018: 40 fils per share aggregating to KD 8,800,000), to be paid through fully utilizing share premium and retained earnings as at 31 December 2019 of KD 1,463,000 and KD 5,137,000 respectively (2018: fully paid out of retained earnings).

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