

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

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

30 SEPTEMBER 2020



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 September 2020, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for three-month and nine-month periods then ended and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of 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 September 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 14 November 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 nine-month period ended 30 September 2020 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No.7 of 2010, concerning the Capital Markets Authority, and its related regulations, during the nine months period ended 30 September 2020 that might have had a material effect on the business of the Parent Company or on its financial position.



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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

For the period ended 30 September 2020

	Notes	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		2020	2019	2020	2019
		KD	KD	KD	KD
Revenue from contracts with customers	3	4,787,517	6,931,219	14,657,392	22,506,862
Cost of providing services		(4,304,240)	(3,142,711)	(12,725,867)	(13,394,398)
Cost of goods sold		(886)	-	(3,949)	(21,803)
GROSS PROFIT		482,391	3,788,508	1,927,576	9,090,661
Other income		252,394	272,333	575,479	728,317
General and administrative expenses		(793,588)	(635,582)	(2,042,177)	(2,011,546)
Net foreign exchange (loss) gain		(135,677)	95,452	(123,218)	371,662
Allowance for expected credit loss, net		27,369	(228,495)	(1,407,115)	(443,384)
Finance costs		(181,022)	(142,943)	(508,779)	(377,073)
(LOSS) PROFIT BEFORE TAX		(348,133)	3,149,273	(1,578,234)	7,358,637
Contribution to KFAS		-	(31,501)	-	(73,618)
NLST		8,350	(90,837)	-	(196,133)
Zakat		(1,287)	(34,217)	(4,628)	(78,454)
(LOSS) PROFIT FOR THE PERIOD		(341,070)	2,992,718	(1,582,862)	7,010,432
BASIC AND DILUTED (LOSS) EARNING PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE PARENT COMPANY	4	(1.55)	13.60	(7.19)	31.87

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 September 2020

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2020	2019	2020	2019
	KD	KD	KD	KD
(LOSS) PROFIT FOR THE PERIOD	(341,070)	2,992,718	(1,582,862)	7,010,432
Other comprehensive income (loss)				
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(8,935)	(798)	33,391	(4,440)
Other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods	(8,935)	(798)	33,391	(4,440)
Other comprehensive (loss) income for the period	(8,935)	(798)	33,391	(4,440)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(350,005)	2,991,920	(1,549,471)	7,005,992


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 September 2020

	Notes	30 September 2020 KD	(Audited) 31 December 2019 KD	30 September 2019 KD
ASSETS				
Non-current assets				
Property, plant and equipment		76,627,952	72,529,057	75,547,526
Right-of-use assets		653,503	697,144	718,665
Intangible assets		827,626	711,338	711,408
		<u>78,109,081</u>	<u>73,937,539</u>	<u>76,977,599</u>
Current assets				
Inventories		959,611	859,832	1,001,479
Trade and other receivables	5	12,328,530	16,604,407	14,933,406
Cash and cash equivalents		1,796,797	1,787,949	2,098,285
		<u>15,084,938</u>	<u>19,252,188</u>	<u>18,033,170</u>
TOTAL ASSETS		<u>93,194,019</u>	<u>93,189,727</u>	<u>95,010,769</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		3,129	(30,262)	(18,381)
Retained earnings		28,949,912	35,669,774	35,621,066
TOTAL EQUITY		<u>60,447,281</u>	<u>68,596,752</u>	<u>67,720,379</u>
LIABILITIES				
Non-current liabilities				
Loans and borrowings	6	21,130,976	9,288,487	11,283,433
Employee's end of service benefits		1,778,919	1,567,228	1,486,841
Lease liability		690,212	712,905	720,977
		<u>23,600,107</u>	<u>11,568,620</u>	<u>13,491,251</u>
CURRENT LIABILITIES				
Trade and other payables	7	6,635,377	6,870,800	8,252,053
Loans and borrowings	6	2,468,980	6,127,421	5,518,018
Lease liability		42,274	26,134	29,068
		<u>9,146,631</u>	<u>13,024,355</u>	<u>13,799,139</u>
TOTAL LIABILITIES		<u>32,746,738</u>	<u>24,592,975</u>	<u>27,290,390</u>
TOTAL EQUITY AND LIABILITIES		<u>93,194,019</u>	<u>93,189,727</u>	<u>95,010,769</u>


Mohammad Naser Abdulaziz Alfozan
Chairman

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 September 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
Loss for the period	-	-	-	-	(1,582,862)	(1,582,862)
Other comprehensive income for the period	-	-	-	33,391	-	33,391
Total comprehensive income (loss) for the period	-	-	-	33,391	(1,582,862)	(1,549,471)
Dividend paid (note 13)	-	(1,463,000)	-	-	(5,137,000)	(6,600,000)
At 30 September 2020	22,000,000	-	9,494,240	3,129	28,949,912	60,447,281
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	-	-	-	-	7,010,432	7,010,432
Other comprehensive loss for the period	-	-	-	(4,440)	-	(4,440)
Total comprehensive (loss) income for the period	-	-	-	(4,440)	7,010,432	7,005,992
Dividend paid (note 13)	-	-	-	-	(8,800,000)	(8,800,000)
At 30 September 2019	22,000,000	1,463,000	8,654,694	(18,381)	35,621,066	67,720,379

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 September 2020

	Notes	Nine months ended 30 September	
		2020 KD	2019 KD
OPERATING ACTIVITIES			
(Loss)/profit for the period		(1,582,862)	7,010,432
<i>Adjustments to reconcile (loss) profit for the period to net cash flows:</i>			
Depreciation of property, plant and equipment		6,007,889	6,062,303
Depreciation on right-of-use assets		50,439	44,918
Finance costs		508,779	377,073
Net provision for employees' end of service benefit		236,946	120,385
Net allowance for expected credit losses on trade receivables	5	1,407,115	443,384
Foreign exchange loss/(gain)		123,218	(138,007)
Gain on sale of property, plant and equipment		(319,901)	(355,370)
		6,431,623	13,565,118
<i>Working capital adjustments:</i>			
Trade and other receivables		2,963,627	573,482
Trade and other payables		(359,854)	(10,517,777)
Inventories		(16,179)	32,481
Cash flows from operations		9,019,217	3,653,304
Employees' end of service benefits paid		(49,006)	(80,607)
Net cash flows from operating activities		8,970,211	3,572,697
INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(9,937,140)	(8,278,135)
Proceeds from sale of items of property, plant and equipment		333,009	441,920
Net cashflow on acquisition of a subsidiary	10	(295,415)	-
Net cash flows used in investing activities		(9,899,546)	(7,836,215)
FINANCING ACTIVITIES			
Finance costs paid		(483,702)	(351,826)
Proceeds from loans and borrowings		12,327,120	13,706,599
Dividends paid	13	(6,600,000)	(8,800,000)
Payment of lease liabilities		(39,017)	(38,827)
Repayments of loans and borrowings		(4,321,339)	(2,900,114)
Net cash flows from financing activities		883,062	1,615,832
Net foreign exchange differences		55,121	(23,632)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		8,848	(2,671,318)
Cash and cash equivalents as at 1 January		1,787,949	4,769,603
CASH AND CASH EQUIVALENTS AS AT 30 JUNE		1,796,797	2,098,285

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 September 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 nine months ended 30 September 2020 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 9 November 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 immovable 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 information of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 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>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
<i>Unaudited</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Type of goods or service</i>				
Revenue from rendering of services;				
Equipment hire	4,132,001	6,454,470	13,004,563	20,927,203
Transportation	404,451	476,749	1,398,218	1,554,404
Sale of goods	251,065	-	254,611	25,255
	4,787,517	6,931,219	14,657,392	22,506,862
<i>Geographical markets:</i>				
Kuwait	3,515,956	5,903,521	11,404,288	18,984,553
Qatar	1,271,561	1,027,698	3,253,104	3,522,309
	4,787,517	6,931,219	14,657,392	22,506,862
<i>Timing of revenue recognition:</i>				
Goods transferred at a point in time	251,065	-	254,611	25,255
Services transferred over time	4,536,452	6,931,219	14,402,781	22,481,607
	4,787,517	6,931,219	14,657,392	22,506,862

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 September 2020

4 (LOSS)/EARNINGS PER SHARE

Basic (loss) earnings per share 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 (loss) earnings per share 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</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	2020	2019	2020	2019
(Loss)/profit for the period (KD)	(341,070)	2,992,718	(1,582,862)	7,010,432
Weighted average number of ordinary shares outstanding during the period	220,000,000	220,000,000	220,000,000	220,000,000
Basic and diluted (loss)/earnings per share (fils)	(1.55)	13.60	(7.19)	31.87

5 TRADE AND OTHER RECEIVABLES

	<i>30 September</i> 2020 <i>KD</i> <i>(Unaudited)</i>	<i>31 December</i> 2019 <i>KD</i> <i>(Audited)</i>	<i>30 September</i> 2019 <i>KD</i> <i>(Unaudited)</i>
Trade receivables	14,648,410	15,934,470	15,202,668
Less: Allowance for expected credit loss	(5,844,138)	(4,407,633)	(3,051,326)
	8,804,272	11,526,837	12,151,342
Retention receivables	209,758	123,896	133,006
Amount due from related parties (Note 8)	177,027	77,551	69,898
Deposits	159,781	219,011	225,867
Advance to suppliers and employees	820,459	467,164	587,614
Prepaid expenses	203,682	220,825	137,047
Other receivables	1,953,551	3,969,123	1,628,632
	12,328,530	16,604,407	14,933,406

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

	<i>30 September</i> 2020 <i>KD</i> <i>(Unaudited)</i>	<i>31 December</i> 2019 <i>KD</i> <i>(Audited)</i>	<i>30 September</i> 2019 <i>KD</i> <i>(Unaudited)</i>
Opening balance	4,407,633	2,604,549	2,604,549
Allowance for expected credit loss	1,421,406	2,193,160	443,384
Reversal of allowance	(14,291)	(99,904)	-
Write off	-	(288,636)	-
Foreign exchange difference	29,390	(1,536)	3,393
	5,844,138	4,407,633	3,051,326

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 September 2020

6 LOANS AND BORROWINGS

	<i>30 September 2020 KD (Unaudited)</i>	<i>31 December 2019 KD (Audited)</i>	<i>30 September 2019 KD (Unaudited)</i>
Term loan	1,801,048	3,961,195	3,700,242
Tawaruq payables	16,803,908	9,524,713	11,171,209
Murabaha payables	4,995,000	1,930,000	1,930,000
	23,599,956	15,415,908	16,801,451

The amounts payable under Murabaha and Tawarruq 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 September 2019 0.9% to 4.5%)

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

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

<i>Currency</i>	<i>30 September 2020 KD (Unaudited)</i>	<i>31 December 2019 KD (Audited)</i>	<i>30 September 2019 KD (Unaudited)</i>
Kuwait Dinars	22,404,446	12,315,141	13,101,209
Euro	1,195,509	3,100,767	3,700,242
	23,599,956	15,415,908	16,801,451

	<i>30 September 2020 KD (Unaudited)</i>	<i>31 December 2019 KD (Audited)</i>	<i>30 September 2019 KD (Unaudited)</i>
Non-current	21,130,976	9,288,487	11,283,433
Current	2,468,980	6,127,421	5,518,018
	23,599,956	15,415,908	16,801,451

7 TRADE AND OTHER PAYABLES

	<i>30 September 2020 KD (Unaudited)</i>	<i>31 December 2019 KD (Audited)</i>	<i>30 September 2019 KD (Unaudited)</i>
Trade payables	1,953,766	1,321,152	1,343,828
Notes payable	932,217	2,675,439	2,650,975
Amount due to related parties (Note 8)	39,476	50,321	58,011
Accrued expenses	1,261,439	1,250,298	2,687,895
Employee payables	1,801,256	1,119,694	1,121,186
Other payables	647,223	453,896	390,158
	6,635,377	6,870,800	8,252,053

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 September 2020

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:

	<i>Others</i>	<i>30 September 2020 KD (Unaudited)</i>	<i>30 September 2019 KD (Unaudited)</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Transactions with related parties</i>			
Revenue from contracts with customers	316,592	316,592	99,369
	<i>Others</i>	<i>30 September 2020 KD (Unaudited)</i>	<i>31 December 2019 KD (Audited)</i>
	<i>KD</i>	<i>KD</i>	<i>30 September 2019 KD (Unaudited)</i>
<i>Balances with related parties</i>			
Amount due from related parties	177,027	177,027	77,551
Amount due to related parties	39,476	39,476	50,321

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 September</i>	
	<i>2020 KD</i>	<i>2019 KD</i>
Salaries and short-term employee benefits	699,227	714,549
End of services benefits	35,346	33,752
	734,573	748,301

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 September 2020, 31 December 2019 and 30 September 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

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 September 2020

9 SEGMENTAL INFORMATION (continued)

	30 September 2020		
	Inside Kuwait KD	Outside Kuwait KD	Total KD
Segment revenue	11,404,288	3,253,104	14,657,392
Segment results	(1,846,425)	263,563	(1,582,862)
Depreciation	(5,022,417)	(1,035,911)	(6,058,328)
Finance cost	(464,547)	(44,232)	(508,779)
Assets	69,154,613	24,039,406	93,194,019
Liabilities	31,456,497	1,290,241	32,746,738
Capital expenditure	4,541,498	5,395,642	9,937,140

	31 December 2019		
	Inside Kuwait KD	Outside Kuwait KD	Total KD
Assets	78,098,227	15,091,500	93,189,727
Liabilities	23,453,271	1,139,704	24,592,975
Capital expenditure	5,198,637	4,018,412	9,217,049

	30 September 2019		
	Inside Kuwait KD	Outside Kuwait KD	Total KD
Segment revenue	18,984,553	3,522,309	22,506,862
Segment results	6,295,676	714,756	7,010,432
Depreciation	(5,284,522)	(822,699)	(6,107,221)
Finance cost	(345,391)	(31,682)	(377,073)
Assets	79,050,662	15,960,107	95,010,769
Liabilities	25,345,717	1,944,673	27,290,390
Capital expenditure	6,016,694	2,261,441	8,278,135

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 COMBINATION (continued)

	KD
Assets	
Property and equipment	55,865
Inventory	83,600
Trade and other receivables	188,693
Cash and cash equivalents	54,585
	<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>

From the date of acquisition, Techno Service General Trading Company W.L.L contributed KD 126,052 of revenue and KD 13,035 to loss before tax from continuing operations of the Group. If the combination had taken place at the beginning of 2020, the Group's revenue from continuing operations would have been KD 169,326 and the loss before tax from continuing operations would have been KD 41,911.

The goodwill of KD 116,080 comprises the fair value of expected synergies arising from acquisition

11 COMMITMENTS AND CONTINGENCIES

Capital commitments

The Group has commitments in respect of future capital expenditure amounting to KD 2,536 (31 December 2019: KD 39,326 and 30 September 2019: KD 81,773) relating to ongoing projects under construction.

Contingent liabilities

At 30 September 2020, the Group's bankers had outstanding letter of guarantees and credits amounting to KD 8,889,743 (31 December 2019: KD 4,417,710 and 30 September 2019: KD 1,981,815) 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 nine months of 2020 compared to the same period in 2019 by 35% due to loss of operations.
- ▶ Allowance for the expected credit loss in the nine months period ended 30 September 2020 amounts to KD 1,407,115.

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)

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.

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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