

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

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

31 MARCH 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 31 March 2020, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-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 31 March 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 20 May 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 three-month period ended 31 March 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)

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 31 March 2020

	Notes	Three months ended 31 March	
		2020 KD	2019 KD
Revenue from contracts with customers	3	6,171,460	8,561,319
Cost of providing services		(4,426,022)	(5,062,897)
Cost of goods sold		(1,857)	(11,350)
GROSS PROFIT		1,743,581	3,487,072
Other income		92,776	268,993
Net foreign exchange gain		412,233	271,492
General and administrative expenses		(570,012)	(669,108)
Allowance for expected credit loss		(447,193)	(118,981)
Finance costs		(161,292)	(93,987)
PROFIT BEFORE TAX		1,070,093	3,145,481
Contribution to KFAS		(10,701)	(31,478)
NLST		(26,746)	(78,701)
Zakat		(10,701)	(32,081)
PROFIT FOR THE PERIOD		1,021,945	3,003,221
BASIC AND DILUTED EARNING PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE PARENT COMPANY	4	4.65	13.65

The attached notes 1 to 12 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 31 March 2020

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>
PROFIT FOR THE PERIOD	1,021,945	3,003,221
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	95,088	(726)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	95,088	(726)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	95,088	(726)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,117,033	3,002,495

The attached notes 1 to 12 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 31 March 2020

		31 March 2020 KD	(Audited) 31 December 2019 KD	31 March 2019 KD
ASSETS				
Non-current assets				
Property, plant and equipment		77,614,147	72,529,057	72,008,423
Right-of-use assets		705,737	697,144	749,958
Intangible assets		712,104	711,338	711,444
		<u>79,031,988</u>	<u>73,937,539</u>	<u>73,469,825</u>
Current assets				
Inventories		872,275	859,832	1,100,943
Trade and other receivables	5	14,632,074	16,604,407	15,844,200
Cash and cash equivalents		7,070,742	1,787,949	3,549,893
		<u>22,575,091</u>	<u>19,252,188</u>	<u>20,495,036</u>
TOTAL ASSETS		<u><u>101,607,079</u></u>	<u><u>93,189,727</u></u>	<u><u>93,964,861</u></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		9,494,240	9,494,240	8,654,694
Foreign currency translation reserve		64,826	(30,262)	(14,667)
Retained earnings		36,691,719	35,669,774	40,413,855
TOTAL EQUITY		<u>69,713,785</u>	<u>68,596,752</u>	<u>72,516,882</u>
LIABILITIES				
Non-current liabilities				
Loans and borrowings	6	14,459,171	9,288,487	2,579,167
Employee's end of service benefits		1,626,699	1,567,228	1,388,439
Lease liability		729,416	712,905	708,830
		<u>16,815,286</u>	<u>11,568,620</u>	<u>4,676,436</u>
Current liabilities				
Trade and other payables	7	8,321,242	6,870,800	12,831,723
Loans and borrowings	6	6,724,376	6,127,421	3,883,672
Lease liability		32,390	26,134	56,148
		<u>15,078,008</u>	<u>13,024,355</u>	<u>16,771,543</u>
TOTAL LIABILITIES		<u>31,893,294</u>	<u>24,592,975</u>	<u>21,447,979</u>
TOTAL EQUITY AND LIABILITIES		<u><u>101,607,079</u></u>	<u><u>93,189,727</u></u>	<u><u>93,964,861</u></u>

Jassim Mustafa Boodai
Vice Chairman and Chief Executive Officer

The attached notes 1 to 12 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 31 March 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	-	-	-	-	1,021,945	1,021,945
Other comprehensive income for the period	-	-	-	95,088	-	95,088
Total comprehensive income for the period	-	-	-	95,088	1,021,945	1,117,033
At 31 March 2020	22,000,000	1,463,000	9,494,240	64,826	36,691,719	69,713,785
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	-	-	-	-	3,003,221	3,003,221
Other comprehensive loss for the period	-	-	-	(726)	-	(726)
Total comprehensive income (loss) for the period	-	-	-	(726)	3,003,221	3,002,495
At 31 March 2019	22,000,000	1,463,000	8,654,694	(14,667)	40,413,855	72,516,882

The attached notes 1 to 12 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 31 March 2020

	<i>Three months ended 31 March</i>	
	2020	2019
	KD	KD
OPERATING ACTIVITIES		
Profit for the period	1,021,945	3,003,221
<i>Adjustments to reconcile profit for the period to net cash flows:</i>		
Depreciation of property, plant and equipment	2,011,678	2,730,698
Depreciation on right-of-use assets	17,020	14,985
Finance costs	161,292	93,987
Provision for employees' end of service benefit	61,046	83,508
Provision for employees' end of service benefit no longer required	-	(90,728)
Allowance for expected credit losses	447,193	118,981
Foreign exchange gain	68,954	(69,171)
Gain on sale of property, plant and equipment	(47,200)	(20,000)
	3,741,928	5,865,481
<i>Working capital adjustments:</i>		
Trade and other receivables	1,525,140	(19,222)
Trade and other payables	1,450,442	(5,938,306)
Inventories	(12,443)	(66,983)
Cash flows from (used in) operations	6,705,067	(159,030)
Employees' end of service benefits paid	(15,647)	(51,657)
Net cash flows from (used in) operating activities	6,689,420	(210,687)
INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(6,627,588)	(1,299,877)
Proceeds from sale of items of property, plant and equipment	47,200	20,000
Net cash flows used in investing activities	(6,580,388)	(1,279,877)
FINANCING ACTIVITIES		
Payment of lease liabilities	(13,161)	-
Finance costs paid	(152,747)	(93,987)
Proceeds from loans and borrowings	7,954,120	4,113,081
Repayments of loans and borrowings	(2,255,435)	(3,714,044)
Net cash flows from financing activities	5,532,777	305,050
Net foreign exchange differences	(359,016)	(34,196)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,282,793	(1,219,710)
Cash and cash equivalents as at 1 January	1,787,949	4,769,603
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	7,070,742	3,549,893

The attached notes 1 to 12 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 31 March 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 three months ended 31 March 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 12.

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 information 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.

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 31 March 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 three months ended 31 March 2020</i>			
	<i>Equipment Hire</i> <i>KD</i>	<i>Transportation</i> <i>KD</i>	<i>Sale of goods</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<i>Type of goods or service</i>				
Rendering of services	5,567,469	601,916	-	6,169,385
Sale of goods	-	-	2,075	2,075
	<u>5,567,469</u>	<u>601,916</u>	<u>2,075</u>	<u>6,171,460</u>
<i>Geographical markets:</i>				
Kuwait	4,408,833	575,109	2,075	4,986,017
Qatar	1,158,636	26,807	-	1,185,443
	<u>5,567,469</u>	<u>601,916</u>	<u>2,075</u>	<u>6,171,460</u>
<i>Timing of revenue recognition:</i>				
Goods transferred at a point in time	-	-	2,075	2,075
Services transferred over time	5,567,469	601,916	-	6,169,385
	<u>5,567,469</u>	<u>601,916</u>	<u>2,075</u>	<u>6,171,460</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 31 March 2020

3 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

	<i>For the three months ended 31 March 2019</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>				
Rendering of services	7,979,987	567,770	-	8,547,757
Sale of goods	-	-	13,562	13,562
	<u>7,979,987</u>	<u>567,770</u>	<u>13,562</u>	<u>8,561,319</u>
<i>Geographical markets:</i>				
Kuwait	6,695,961	545,637	13,562	7,255,160
Qatar	1,284,026	22,133	-	1,306,159
	<u>7,979,987</u>	<u>567,770</u>	<u>13,562</u>	<u>8,561,319</u>
<i>Timing of revenue recognition:</i>				
Goods transferred at a point in time	-	-	13,562	13,562
Services transferred over time	7,979,987	567,770	-	8,547,757
	<u>7,979,987</u>	<u>567,770</u>	<u>13,562</u>	<u>8,561,319</u>

4 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the 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 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 EPS are identical.

	<i>Three months ended 31 March</i>	
	<i>2020</i>	<i>2019</i>
Profit for the period (KD)	<u>1,021,945</u>	<u>3,003,221</u>
Weighted average number of ordinary shares outstanding during the period	<u>220,000,000</u>	<u>220,000,000</u>
Basic and diluted earnings per share (fils)	<u>4.65</u>	<u>13.65</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 31 March 2020

5 TRADE AND OTHER RECEIVABLES

	<i>31 March 2020 KD (Unaudited)</i>	<i>31 December 2019 KD (Audited)</i>	<i>31 March 2019 KD (Unaudited)</i>
Trade receivables	16,737,961	15,934,470	15,517,776
Less: Allowance for expected credit loss	(4,960,807)	(4,407,633)	(2,728,714)
	11,777,154	11,526,837	12,789,062
Retention receivables	119,641	123,896	277,116
Amount due from related parties (Note 8)	178,660	77,551	43,543
Deposits	217,330	219,011	210,965
Advance to suppliers and employees	672,202	467,164	659,304
Prepaid expenses	267,172	220,825	238,439
Other receivables	1,399,915	3,969,123	1,625,771
	14,632,074	16,604,407	15,844,200

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

	<i>31 March 2020 KD (Unaudited)</i>	<i>31 December 2019 KD (Audited)</i>	<i>31 March 2019 KD (Unaudited)</i>
Opening balance	4,407,633	2,604,549	2,604,549
Allowance for expected credit loss	447,193	2,193,160	118,981
Reversal of allowance	-	(99,904)	-
Write off	-	(288,636)	-
Foreign exchange difference	105,981	(1,536)	5,184
	4,960,807	4,407,633	2,728,714

6 LOANS AND BORROWINGS

	<i>31 March 2020 KD (Unaudited)</i>	<i>31 December 2019 KD (Audited)</i>	<i>31 March 2019 KD (Unaudited)</i>
Term loan	2,562,814	3,961,195	4,942,410
Tawaruq payables	16,690,733	9,524,713	890,429
Murabaha payables	1,930,000	1,930,000	630,000
	21,183,547	15,415,908	6,462,839

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 3.25% to 3.75% (31 December 2019: 3.50% to 3.75%, 31 March 2019 3.50% to 3.75%)

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 31 March 2020

6 LOANS AND BORROWINGS (continued)

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

	31 March 2020 KD (Unaudited)	31 December 2019 KD (Audited)	31 March 2019 KD (Unaudited)
Currency			
Kuwait Dinars	18,620,733	12,315,141	1,520,429
Euro	2,562,814	3,100,767	4,942,410
	21,183,547	15,415,908	6,462,839
	31 March 2020 KD (Unaudited)	31 December 2019 KD (Audited)	31 March 2019 KD (Unaudited)
Current	6,724,376	6,127,421	3,883,672
Non-current	14,459,171	9,288,487	2,579,167
	21,183,547	15,415,908	6,462,839

7 TRADE AND OTHER PAYABLES

	31 March 2020 KD (Unaudited)	31 December 2019 KD (Audited)	31 March 2019 KD (Unaudited)
Note payables	3,614,563	2,675,439	7,319,990
Trade payables	1,702,339	1,321,152	1,431,559
Accrued expenses	1,283,395	1,250,298	2,366,629
Employee payables	1,152,600	1,119,694	1,200,378
Amount due to a related party	48,336	50,321	6,407
Other payables	520,009	453,896	506,760
	8,321,242	6,870,800	12,831,723

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	31 March 2020 (Unaudited) KD	31 December 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Transactions with related parties				
Revenue from contracts with customers	93,987	93,987	118,022	44,735

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 31 March 2020

8 RELATED PARTY DISCLOSURES (continued)

	<i>Partner</i> <i>KD</i>	<i>Others</i> <i>KD</i>	<i>31 March</i> <i>2020</i> <i>(Unaudited)</i> <i>KD</i>	<i>31 December</i> <i>2019</i> <i>(Audited)</i> <i>KD</i>	<i>31 March</i> <i>2019</i> <i>(Unaudited)</i> <i>KD</i>
<i>Balances with related parties</i>					
Amount due from related parties	-	178,660	178,660	77,551	43,543
Amount due to a related party	48,336	-	48,336	50,321	6,407

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 transactions relating to key management personnel were as follows:

	<i>Transaction value for the</i> <i>period ended 31 March</i>	
	<i>2020</i> <i>KD</i>	<i>2019</i> <i>KD</i>
Salaries and short-term employee benefits	238,146	232,009
End of services benefits	12,133	12,306
	250,279	244,315

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 31 March 2020, 31 December 2019 and 31 March 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>31 March 2020</i>		
	<i>Inside Kuwait</i> <i>(KD)</i>	<i>Outside Kuwait</i> <i>(KD)</i>	<i>Total</i> <i>(KD)</i>
Segment revenue	4,986,017	1,185,443	6,171,460
Segment results	511,366	510,579	1,021,945
Depreciation	(1,707,809)	(320,889)	(2,028,698)
Finance cost	(141,547)	(19,745)	(161,292)
Assets	85,495,247	16,111,832	101,607,079
Liabilities	17,794,640	14,098,654	31,893,294
Capital expenditure	6,160,654	466,934	6,627,588

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 31 March 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

	31 March 2019		
	Inside Kuwait KD	Outside Kuwait KD	Total KD
Segment revenue	7,255,161	1,306,158	8,561,319
Segment results	2,628,229	374,992	3,003,221
Depreciation	(2,423,365)	(322,318)	(2,745,683)
Finance cost	(90,595)	(3,392)	(93,987)
Assets	79,545,126	14,419,735	93,964,861
Liabilities	9,636,398	11,811,581	21,447,979
Capital expenditure	1,018,894	280,983	1,299,877

10 COMMITMENTS AND CONTINGENCIES

Capital commitments

The Group has commitments in respect of future capital expenditure amounting to KD 31,859 (31 December 2019: KD 39,326 and 31 March 2019: KD 80,573) relating to ongoing projects under construction.

Contingent liabilities

At 31 March 2020, the Group's bankers had outstanding letter of guarantees and credits amounting to KD 3,092,231 (31 December 2019: KD 4,417,710 and 31 March 2019: KD 5,488,980) for the performance of certain contracts for which it is anticipated that no material liabilities will arise.

11 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:

- ▶ Management has recorded expected credit losses of KD 447,193 for the three months ended 31 March 2020.
- ▶ Profit for the period ended 31 March 2020 has decreased by 67% compared to three months ended 31 March 2019.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

11 IMPACT OF COVID-19 (continued)

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.

12 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 proposed dividends on ordinary shares are subject to approval at the annual general meeting (AGM) and are not recognised as a liability as at 31 March 2020. The proposed dividend for the year ended 31 December 2019 were approved on 16 April 2020.

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