

**COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC)  
AND SUBSIDIARIES  
STATE OF KUWAIT**

**INTERIM CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED SEPTEMBER 30, 2015  
(UNAUDITED)**

**WITH  
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION**

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC)  
AND SUBSIDIARIES  
STATE OF KUWAIT

INTERIM CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED SEPTEMBER 30, 2015  
(UNAUDITED)  
WITH  
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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Report on review of interim consolidated financial information

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**REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION**

The Board of Directors  
Combined Group Contracting Company - K.S.C. (Public)  
State of Kuwait

**Introduction**

We have reviewed the accompanying Interim Condensed Consolidated statement of financial position of Combined Group Contracting Company - K.S.C. (Public) (the Parent Company) and subsidiaries (the Group) as of September 30, 2015 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the nine months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim 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 consolidated financial information Performed by the Independent Auditor of the Company." A review of interim 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 does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

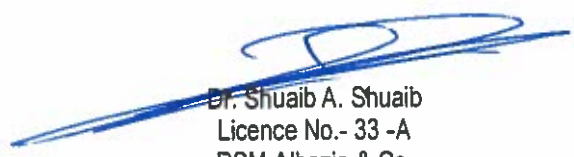
**Conclusion**

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

**Report on other Legal and Regulatory Requirements**

Furthermore, based on our review the interim 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 of 2012, its amendments and executive regulations, Memorandum of Incorporation or Articles of Association for the Parent Company during the period ended September 30, 2015 that might have had a material effect on the Parent Company's financial position or results of its operations.

  
Dr. Ali Owaid Rukheyes  
Licence No. 72-A  
Member Of Nexia International – (England)  
ALWaha Auditing Office

  
Dr. Shuaib A. Shuaib  
Licence No.- 33 -A  
RSM Albazie & Co.

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
 AS OF SEPTEMBER 30, 2015  
 (All amounts are in Kuwaiti Dinars)

	Note	September 30, 2015	December 31, 2014 (Audited)	September 30, 2014
<b>ASSETS</b>				
Non current assets:				
Property, plants and equipment		23,190,060	20,901,178	19,207,181
Investment properties	3	7,075,210	2,596,703	2,465,013
Investments in unconsolidated subsidiaries		93,001	93,001	93,001
Investment available for sale		700,000	700,000	700,000
Right of utilization of leasehold land		87,041	93,229	95,292
Contract retentions		26,294,753	21,831,591	18,253,486
Time deposits	4	280,000	280,000	280,000
Total non current assets:		<u>57,720,065</u>	<u>46,495,702</u>	<u>41,093,973</u>
Current assets:				
Inventories		26,433,762	25,739,303	32,479,955
Gross amount due from customers for contract work		66,179,217	53,732,348	49,886,066
Accounts receivable and other debit balances		102,416,577	88,065,006	94,560,570
Investments at fair value through profit or loss		3,100,724	3,105,792	3,427,012
Cash and cash equivalents	5	5,572,933	11,332,396	19,007,152
Total current assets		<u>203,703,213</u>	<u>181,974,845</u>	<u>199,360,755</u>
Total assets		<u>261,423,278</u>	<u>228,470,547</u>	<u>240,454,728</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Equity:				
Share capital	6	12,276,918	11,160,834	11,160,834
Treasury shares	7	(223,741)	(184,740)	(64,374)
Treasury shares reserve		1,266,488	1,266,488	1,266,488
Statutory reserve		5,580,417	5,580,417	5,314,683
Voluntary reserve		1,817,340	1,817,340	1,817,340
Foreign currency translation adjustments		173,991	4,730	64,973
Retained earnings		19,499,617	21,814,239	20,477,107
Equity attributable to shareholders of the Parent Company		<u>40,391,030</u>	<u>41,459,308</u>	<u>40,037,051</u>
Non - controlling interests		3,662,443	3,117,391	3,094,670
Total shareholders' equity		<u>44,053,473</u>	<u>44,576,699</u>	<u>43,131,721</u>
Non current liabilities:				
Accounts payable and other credit balances – non-current portion		43,837,596	28,300,639	14,882,765
Long term loans – non-current portion	8	2,498,755	1,534,955	2,301,272
Murabaha payables – non-current portion		434,549	879,686	1,630,393
Provision for end of service indemnity		9,263,332	8,123,115	7,543,542
Total non current liabilities		<u>56,034,232</u>	<u>38,838,395</u>	<u>26,357,972</u>
Current liabilities:				
Gross amount due to customers for contract work		6,286,110	1,432,631	555,278
Accounts payable and other credit balances– current portion		101,916,889	108,867,511	131,010,760
Long term loans – current portion	8	1,429,673	982,280	1,677,744
Finance lease obligation		2,806,000	1,246,000	1,606,550
Murabaha payables – current portion		4,531,722	4,230,298	767,232
Short-term loans and credit facilities	9	18,832,592	7,284,524	24,959,482
Due to banks	10	25,532,587	21,012,209	10,387,989
Total current liabilities		<u>161,335,573</u>	<u>145,055,453</u>	<u>170,965,035</u>
Total liabilities		<u>217,369,805</u>	<u>183,893,848</u>	<u>197,323,007</u>
Total shareholders' equity and liabilities		<u>261,423,278</u>	<u>228,470,547</u>	<u>240,454,728</u>

The accompanying notes from (1) to (18) form an integral part of the interim consolidated financial information

Abdul Rahman M. Al-Marouf  
 Chairman

Abdul Khalif Al-Abdullah  
 Vice Chairman

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)  
 FOR THE PERIOD ENDED SEPTEMBER 30, 2015  
 (All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2015	2014	2015	2014
Operating revenue		55,578,111	45,766,296	183,177,728	132,417,339
Operating Costs		(51,116,340)	(41,376,412)	(170,541,577)	(122,300,570)
Gross profit	11	4,461,771	4,389,884	12,636,151	10,116,769
General and administrative expenses		(2,986,506)	(2,150,839)	(7,468,955)	(5,562,604)
Provision for doubtful debts		(148,935)	-	(448,935)	-
Depreciation and amortization		(295,715)	(211,934)	(824,131)	(626,829)
Operating revenue		1,030,615	2,027,111	3,894,130	3,927,336
Gain on sale of investment property		-	-	-	83,100
Net investment (loss) income		(199,048)	184,710	(5,068)	609,352
Other income		240,008	184,898	690,394	1,184,156
Finance charges		(292,356)	(492,356)	(954,746)	(1,288,436)
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences and National Labor Support Tax and contribution to Zakat		779,219	1,904,363	3,624,710	4,515,508
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(362)	(15,699)	(28,817)	(37,396)
National Labor Support Tax (NLST)		(14,270)	(46,014)	(110,489)	(103,910)
Contribution to Zakat		(5,708)	(18,406)	(44,196)	(41,564)
Net profit for the period		758,879	1,824,244	3,441,208	4,332,638
Attributable to:					
Shareholders of the Parent Company		597,502	1,489,722	2,698,156	3,556,707
Non - controlling interests		161,377	334,522	743,052	775,931
		758,879	1,824,244	3,441,208	4,332,638
Earnings per share attributable to shareholders of the Parent Company ( fils)	12	4.88	12.15	22.03	29.00

The accompanying notes from (1) to (18) form an integral part of the interim consolidated financial information

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
 INCOME (UNAUDITED)  
 FOR THE PERIOD ENDED SEPTEMBER 30, 2015  
 (All amounts are in Kuwaiti Dinars)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Net profit for the period	758,879	1,824,244	3,441,208	4,332,638
Other comprehensive income :				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation adjustments	21,396	123,979	169,261	91,804
Other comprehensive income for the period	21,396	123,979	169,261	91,804
Total comprehensive income for the period	780,275	1,948,223	3,610,469	4,424,442
Attributable to:				
Shareholders of the Parent Company	618,898	1,613,701	2,867,417	3,648,511
Non-controlling interests	161,377	334,522	743,052	775,931
	780,275	1,948,223	3,610,469	4,424,442

The accompanying notes from (1) to (18) form an integral part of the interim consolidated financial information.

**COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company									
	Capital	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Foreign currency translation Adjustments	Retained earnings	Sub-total	Non-controlling interests	Total
Balance at December 31, 2014	11,160,834	(184,740)	1,266,488	5,580,417	1,817,340	4,730	21,814,239	41,459,308	3,117,391	44,576,699
Purchase of treasury shares	-	(39,001)	-	-	-	-	-	(39,001)	-	(39,001)
Total comprehensive income for the period	-	-	-	-	-	169,261	2,698,156	2,867,417	743,052	3,610,469
Cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	(198,000)	(198,000)
Cash dividends 2014 (35 fils per share) - (Note 13)	-	-	-	-	-	-	(3,896,694)	(3,896,694)	-	(3,896,694)
Bonus shares 2014 (10%) - (Note 13)	1,116,084	-	-	-	-	-	(1,116,084)	-	-	-
Balance at September 30, 2015	12,276,918	(223,741)	1,266,488	5,580,417	1,817,340	173,991	19,499,617	40,391,030	3,662,443	44,053,473
Balance at December 31, 2013	10,629,366	(64,374)	1,266,488	5,314,683	1,817,340	(26,831)	21,168,634	40,105,306	2,318,739	42,424,045
Total comprehensive income for the period	-	-	-	-	-	91,804	3,556,707	3,648,511	775,931	4,424,442
Cash dividends 2013 (35 fils per share) - (Note 13)	-	-	-	-	-	-	(3,716,766)	(3,716,766)	-	(3,716,766)
Bonus shares 2013 (5%) - (Note 13)	531,468	-	-	-	-	-	(531,468)	-	-	-
Balance at September 30, 2014	11,160,834	(64,374)	1,266,488	5,314,683	1,817,340	64,973	20,477,107	40,037,051	3,094,670	43,131,721

The accompanying notes from (1) to (18) form an integral part of the interim consolidated financial information

**COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2015**  
(All amounts are in Kuwaiti Dinars)

	Nine months ended September 30,	
	2015	2014
<b>Cash flows from operating activities</b>		
Profit for the period before contribution to KAFS and NLST and contribution to Zakat	3,624,710	4,515,508
Adjustments for:		
Provision for doubtful debts	448,935	-
Depreciation and amortization	5,232,898	4,685,507
Gain on sale of investment property	-	(83,100)
Net Investment loss (income)	5,068	(609,352)
Gain on sale of properties, plants and equipments	(390,628)	(358,481)
Interest income	(4,644)	(5,297)
Finance charges	954,746	1,288,436
Provision for end of service indemnity	1,681,715	1,244,882
	<u>11,552,800</u>	<u>10,678,103</u>
Changes in operating assets and liabilities:		
Inventory	(694,459)	(854,100)
Gross amount due from / to customers for contract works	(7,593,390)	(10,016,587)
Accounts receivable and other debit balances	(19,094,407)	(30,594,279)
Accounts payable and other credit balances	8,574,995	44,884,769
Cash (used in) generated from operations	(7,254,461)	14,097,906
Paid for end of service indemnity	(541,498)	(341,629)
Payment of Kuwait Foundation for the Advancement of Sciences	(32,837)	(36,035)
Payment of National Labor Support Tax	(187,749)	(138,776)
Payment of Zakat	(48,609)	(16,128)
Net cash (used in) generated from operating activities	<u>(8,065,154)</u>	<u>13,565,338</u>
<b>Cash flows from investing activities</b>		
Paid for purchase of properties, plants and equipments	(7,828,108)	(7,785,683)
Proceeds from sale of properties, plants and equipments	729,416	2,300,791
Paid for purchase of investment properties	(2,847,746)	(1,780,000)
Proceeds from sale of investment property	-	1,595,000
Paid for purchase of investments at fair value through profit or loss	-	(28,968)
Interest income received	4,644	5,297
Net cash used in investing activities	<u>(9,941,794)</u>	<u>(5,693,563)</u>
<b>Cash flows from financing activities</b>		
Finance charges paid	(954,746)	(1,288,436)
Long term loans	1,411,193	(754,257)
Finance lease obligation	-	316,600
Murabaha payables	(143,713)	2,397,625
Short term loans and credit facilities	11,548,068	(2,636,729)
Due to banks	4,520,378	1,356,035
Paid for purchase of treasury shares	(39,001)	-
Cash dividends paid	(3,896,694)	(3,716,766)
Dividends paid to non-controlling interests	(198,000)	-
Net cash generated from (used in) financing activities	<u>12,247,485</u>	<u>(4,325,928)</u>
Net (decrease) increase in cash and cash equivalents	<u>(5,759,463)</u>	<u>3,545,847</u>
Cash and cash equivalents at beginning of the period	<u>11,332,396</u>	<u>15,461,305</u>
Cash and cash equivalents at end of the period (Note5)	<u>5,572,933</u>	<u>19,007,152</u>

The accompanying notes from (1) to (18) form an integral part of the interim consolidated financial information



**COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**SEPTEMBER 30, 2015**

(All amounts are in Kuwaiti Dinars)

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**1. Incorporation and objectives of the Parent Company**

Combined Group Trading and Contracting Company - Suleiman Khaled Abdul-Latif Al-Hamad and Partners was incorporated pursuant to an Articles of Association of a Limited Liability Company, duly authenticated at the Ministry of Justice - Department of Real Estate Registration and Documentation under Ref. No. 215/B/Vol.4 on November 15, 1965.

According to a Limited Liability Company amendment Articles of Association, authenticated at the Ministry of Justice - Department of Real Estate Registration and Documentation under Ref. No. 6218/Vol.1 dated September 19, 2005, the following was considered:

- a) Transfer the legal entity of Combined Group Trading and Contracting Company - Suleiman Khaled Abdul-Latif Al-Hamad and Partners – W.L.L. to Kuwaiti Shareholding Company- K.S.C. (Closed).
- b) According to Article No.(2) of the amendment Articles of Association; the Company's name become: "Combined Group Contracting Company - K.S.C. (Public)" (previously Combined Group Trading and Contracting Company – Suleiman Khaled Abdul-Latif Al-Hamad and Partners .W.L.L.).

As per the issued letter from the Department of Shareholding Companies No.12 dated June 4, 2015 and as per the Extraordinary General Assembly meeting held on May 12, 2015 the following have been approved:

- a) Increase the Company's capital from KD 11,160,834 to KD 12,276,918 which amounted to KD 1,116,084 through the distribution of bonus shares equal to 11,160,834 shares with the percentage of 10% of the Company capital by 10 shares for every 100 shares, to be allocated to the existing shareholders in the Parent Company's records on the proceeding working date for the share adjusted price and delegate the board of director to vote for the shares fractions if any.
- b) Amended Articles No. (5) from the Article of Incorporation and article No. (6) from Article of Association of the Parent Company to be the following: "The Company's Capital is KD 12,276,918 distributed over 122,769,177 shares with value of 100 fils for share and all shares are in kind and in cash" ( Cash equal KD 7,276,918 and in Kind equal KD 5,000,000) (Note 6).

The Parent Company is registered in the commercial register under Ref. No. 13595 dated September 19, 2005.

The Parent Company had been listed in Kuwait Stock Exchange Market since January 23, 2006.

The main objectives for which the Parent Company was established are as follows:

- Carry out general contracting, mechanical works, healthy engineering works, constructions works of building, ways, bridges and managing, controlling them and their related works.
- Manufacturing, producing and importing of various building materials (after the approval of Public Authority for Industry).
- Trading, packing and packaging cement, sand and related materials.
- Ready-mix works.
- Manufacturing and executing the dye works and decorations those are necessary to execute the civil works (after the approval of Public Authority for Industry).
- Asphalt production.
- Purchasing and importing the equipments and tools that are necessary to execute the Parent Company objectives.
- Owning the transportation intermediaries that are necessary for the Parent Company activities.
- Representation of the companies and enter tenders that have similar purposes.
- Investing the excess funds available with the Parent Company in portfolios and funds managed by specialized companies.

**COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**SEPTEMBER 30, 2015**  
 (All amounts are in Kuwaiti Dinars)

The Parent company may perform directly all of the above activities inside and outside the State of Kuwait, or through agents on its behalf. The Parent company may have an interest or participation in entities of similar activities which could assist the Parent company in achieving its objectives inside and outside the State of Kuwait, or may also acquire, participate or append such entities.

The registered Parent Company's address is P.O. Box 4819 Safat, 13049 State of Kuwait and located in Ardiya area, Block No. 2, building No. 284.

The interim consolidated financial information were authorized for issue by the Board of Directors of the Parent Company on November 11, 2015.

**2. Basis of preparation**

The interim consolidated financial information has been prepared in accordance with International Accounting Standard 34. The accounting policies used in the preparation of the interim consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the financial year ended December 31, 2014.

The interim consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation. Operating results for the financial period ended September 30, 2015 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2015. For further information, refer to the consolidated financial statements and notes thereto for the financial year ended December 31, 2014.

**3. Investment properties**

Investment properties amounting to KD 4,197,675 are registered in the name of local banks against finance lease obligation with a promise to purchase (December 31, 2014 - KD 1,853,870, September 30, 2014 -Nil).

**4. Term Deposits**

The effective interest rate on time deposits is 2.75% per annum (December 31, 2014 – 2.75%, September 30, 2014 – 2.75%) this deposits mature within 4 years from the date of deposit.

**5. Cash and cash equivalents**

	September 30, 2015	December 31, 2014 (Audited)	September 30, 2014
Cash on hand and at banks	5,072,933	10,832,396	18,507,152
Short term deposits	500,000	500,000	500,000
	<u>5,572,933</u>	<u>11,332,396</u>	<u>19,007,152</u>

The effective interest rate on short term deposits is 1.75% per annum (December 31, 2014 –1.75%, September 30, 2014 –1.25%), these deposits have a maturity of 90 days from the date of deposit.

**6. Share capital**

The authorized, issued and fully paid-up capital KD12,276,918 (December 31, 2014 \_ KD 11,160,834, September 30, 2014\_ KD 11,160,834), consists of 122,769,177 shares (December 31, 2014 – 111,608,343 shares, September 30, 2014 – 111,608,343 shares) of nominal value of 100 fils each and all shares are in cash and in kind ( Cash equal KD 7,276,918 and in Kind equal KD 5,000,000) (Note 1).

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES  
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
 SEPTEMBER 30, 2015

(All amounts are in Kuwaiti Dinars)

7. Treasury shares

	September 30, 2015	December 31, 2014 (Audited)	September 30, 2014
Number of treasury shares (shares)	320,578	247,647	105,370
Percentage of issued shares (%)	0.261%	0.222%	0.094%
Market value (KD)	246,845	227,835	90,618
Cost (KD)	223,741	184,740	64,374

8. Long-term loans

Long-term loans are summarized as follows:

	Current portion	Non-current portion	Total
- Loan from local bank guaranteed by a formal mortgage on Ardiya land and its construction, and is repayable in monthly installments for the period of 15 years until March 27, 2020 after a grace period of one year, and carries an interest rate of 3.5% per annum over the Central Bank of Kuwait discount rate.	110,007	446,246	556,253
- Loan from local bank for financing the purchase of machinery and equipments guaranteed by a formal mortgage of the Parent company factories on Salibya industry area; and repayable in monthly installments for the period of 5 years until March 1, 2017, carries an interest rate of 4% per annum over the Central Bank of Kuwait discount rate.	600,000	200,000	800,000
- Loan from foreign bank for financing the purchase of machinery and equipments repayable in quarterly installments for the period of 3 years until March 15, 2018, carries an interest rate of 2% per annum over the Central Bank of Kuwait discount rate.	-	1,421,504	1,421,504
- Loans from Gulf banks repayable in monthly and quarterly installments and carries an interest rate ranging from 2.75% to 3.5% and maturing during 2016 and 2017 to finance purchase of machineries and equipments for the Group and granted by the mortgage of these machineries and equipments from a foreign branch.	719,666	431,005	1,150,671
<b>Balance as of September 30, 2015</b>	<b>1,429,673</b>	<b>2,498,755</b>	<b>3,928,428</b>
Balance as of December 31, 2014	982,280	1,534,955	2,517,235
Balance as of September 30, 2014	1,677,744	2,301,272	3,979,016

9. Short-term loans and credit facilities

Short term loans and credit facilities represent advance payments by the banks against construction contracts, which are to be settled by deducting 10% to 15% from the amounts to be received for the completed work. These loans carry interest rate ranging from 2.75% to 4.5% per annum (December 31, 2014 – from 2.75% to 4.5% %, September 30, 2014 - from 2.75% to 4.5%).

Short term loans and credit facilities are secured by partners' personal guarantees and money transfer order for the revenue from projects to the banks.

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES  
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
 SEPTEMBER 30, 2015

(All amounts are in Kuwaiti Dinars)

10. Due to banks

Due to banks represents in overdrafts facility and promissory notes.

Overdrafts facility carries interest rate 2.5% over the Central Bank of Kuwait discount rate per annum (December 31, 2014 - 2.5% over the Central Bank of Kuwait discount rate , September 30, 2014 – from 2.75% to 4.5%) and due upon demand.

Promissory notes carries interest rate 2.5% over the Central Bank of Kuwait discount rate (December 31, 2014 - 2.5% over the Central Bank of Kuwait discount rate , September 30, 2014 – from 2.75% to 4.5%). and due within 180 day.

Due to banks are secured by partners' personal guarantees and money transfer order for the revenue from projects to the banks.

11. Gross profit

	Three months ended September 30, 2015					Three months ended September 30, 2014
	Projects	Vehicles, machinery & garage	Asphalt factories and central mixers	Eliminations of inter-divisional transaction	Total	Total
Operating revenue	48,353,367	3,851,279	5,645,640	(2,272,175)	55,578,111	45,766,296
Operating Costs	(44,418,703)	(3,300,985)	(5,668,827)	2,272,175	(51,116,340)	(41,376,412)
Gross profit (loss)	<u>3,934,664</u>	<u>550,294</u>	<u>(23,187)</u>	<u>-</u>	<u>4,461,771</u>	<u>4,389,884</u>

	Nine months ended September 30, 2015					Nine months ended September 30, 2014
	Projects	Vehicles, machinery & garage	Asphalt factories and central mixers	Eliminations of inter-divisional transactions	Total	Total
Operating revenue	171,577,421	7,712,505	8,126,312	(4,238,510)	183,177,728	132,417,339
Operating Costs	(160,344,393)	(6,622,179)	(7,813,515)	4,238,510	(170,541,577)	(122,300,570)
Gross profit	<u>11,233,028</u>	<u>1,090,326</u>	<u>312,797</u>	<u>-</u>	<u>12,636,151</u>	<u>10,116,769</u>

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12. Earnings per share

Earnings per share is computed by dividing net profit for the period attributable to shareholders of the Parent Company over the weighted average number of outstanding shares, as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Net profit for the period attributable to shareholders' equity of the Parent Company	597,502	1,489,722	2,698,156	3,556,707
	Share	Share	Share	Share
<u>Number of outstanding shares:</u>				
Number of issued shares at beginning of the period	111,608,343	111,608,343	111,608,343	111,608,343
Add: Bonus shares	11,160,834	11,160,834	11,160,834	11,160,834
Less: weighted average number of treasury shares	(313,652)	(105,371)	(287,929)	(105,371)
Weighted average number of outstanding shares	122,455,525	122,663,806	122,481,248	122,663,806
Earnings per share (fils)	4.88	12.15	22.03	29.00

Earnings per share for the period ended September 30, 2014 was 31.89 fils before retroactive adjustment relating to the issue of bonus shares which is approved by Parent company's Shareholders General Assembly (Note 13).

13. General Assembly

The Parent Company Shareholders' General Assembly held on May 12, 2015 approved the distribution of cash dividends of 35 fils per share and bonus shares of 10 shares for every 100 shares and remuneration for Board of Directors of KD 422,253 for the financial year ended December 31, 2014.

The Parent Company Shareholders' General Assembly held on May 11, 2014 approved the distribution of cash dividends of 35 fils per share and bonus shares of 5 shares for every 100 shares and remuneration for Board of Directors of KD 70,000 for the financial year ended December 31, 2013.

14. Related party disclosures

The Group has entered into various transactions with related parties, i.e. shareholders, key management personnel and other related parties in the normal course of its business other related services. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in the Interim condensed consolidated statement of financial position:

	September 30,	December 31,	September 30,
	2015	2014 (Audited)	2014
Accounts receivable and other debit balances	2,147,220	2,861,518	1,571,531
	September 30,	December 31,	September 30,
	2015	2014 (Audited)	2014
Accounts payable and other credit balances	359,697	114,373	189,578

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Transactions included in the Interim condensed consolidated statement of profit or loss:

- Key management compensation:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Salaries and other short term benefits	353,091	372,860	944,813	1,020,243
Provision for end of service indemnity	3,806	6,697	27,222	18,332
	<u>356,897</u>	<u>379,557</u>	<u>972,035</u>	<u>1,038,575</u>

**15. Capital commitments**

As of the date of interim condensed consolidated statement of financial position, the Group has capital commitments in respect of the following:

	September 30, 2015	December 31, 2014 (Audited)	September 30, 2014
Purchase of investment available for sale	400,000	400,000	400,000
Purchase of property, plant and equipment	-	1,627,103	519,512
	<u>400,000</u>	<u>2,027,103</u>	<u>919,512</u>

**16. Segment information**

The Group is organized into functional divisions to manage its various lines of business. The Group operates mainly in the State of Kuwait and outside. For the purposes of segment reporting, the Group's management has decided its products and services into the following segments:

- State of Kuwait segment.
- Gulf Countries segment.

Details of the above segments, which constitute the segment information, are as follows:

	September 30, 2015			Total
	State of Kuwait	G.C.C Countries	Non- controlling interests	
Operating revenue	105,741,932	77,435,796	-	183,177,728
Operating costs	(97,474,864)	(73,066,713)	-	(170,541,577)
Gross profit	8,267,068	4,369,083	-	12,636,151
Segment results	2,379,489	318,667	743,052	3,441,208
Segment assets	168,806,165	92,617,113	-	261,423,278
Segment liabilities	131,433,275	85,936,530	-	217,369,805

	September 30, 2014			Total
	State of Kuwait	G.C.C Countries	Non- controlling interests	
Operating revenue	87,100,605	45,316,734	-	132,417,339
Operating costs	(81,272,351)	(41,028,219)	-	(122,300,570)
Gross profit	5,828,254	4,288,515	-	10,116,769
Segment results	1,652,482	1,904,225	775,931	4,332,638
Segment assets	177,690,082	62,764,646	-	240,454,728
Segment liabilities	141,089,973	56,233,034	-	197,323,007

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17. Contingent liabilities and claims

a) At the date of interim consolidated statement of financial position, the Group was contingently liable in respect of the following:

	September 30, 2015	December 31, 2014 (Audited)	September 30, 2014
Letters of credit	23,985,580	22,104,931	13,247,059
Performance guarantees	109,130,241	118,653,380	116,395,921
Guarantees for advance payments	54,948,655	61,546,443	61,042,200
Guarantees for bids	40,388,800	40,573,382	23,848,454
Guarantees for retentions	40,191,784	8,548,785	11,905,577
Other guarantees	29,229,360	9,796,074	20,287,791
	<u>297,874,420</u>	<u>261,222,995</u>	<u>246,727,002</u>

b) There are certain lawsuits raised by / against the Group, the results of which cannot be assessed till being finally cleared by the court. In the opinion of the Group's external Legal counsels, there will be no material adverse impact on the Group interim consolidated financial information, and hence, no additional provisions were recorded in the Group's records due to the sufficiency of the currently recorded provisions for those claims as of the date of interim condensed consolidated statement of financial position.

18. Fair value of financial instruments

The Group measures financial assets such as investments at fair value through profit or loss and available for sale investments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table presents the Group's investments that are measured at fair value as of September 30, 2015:

Assets	Level 1	Level 2	Total
Investments at fair value through profit or loss	<u>2,539,995</u>	<u>560,729</u>	<u>3,100,724</u>

The following table presents the Group's investments that are measured at fair value as of December 31, 2014:

Assets	Level 1	Level 2	Total
Investments at fair value through profit or loss	<u>2,519,063</u>	<u>586,729</u>	<u>3,105,792</u>

The following table presents the Group's investments that are measured at fair value as of September 30, 2014:

Assets	Level 1	Level 2	Total
Investments at fair value through profit or loss	<u>2,778,009</u>	<u>649,003</u>	<u>3,427,012</u>

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As of interim condensed consolidated statement of financial position date the fair values of financial instruments approximate their carrying amounts, with the exception of certain financial assets available for sale carried at cost. The management of the Group has assessed that fair value of its financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

During the period, there were no transfers between Level 1, Level 2 and Level 3.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period.