

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED MARCH 31, 2020  
(UNAUDITED)  
WITH  
REPORT ON REVIEW**

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED MARCH 31, 2020  
(UNAUDITED)  
WITH  
REPORT ON REVIEW

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Report on review of interim condensed consolidated financial information

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**COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

**AS OF MARCH 31, 2020**

(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Note	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
<b>Non-current assets:</b>				
Property, plant and equipment		24,042,174	25,130,083	30,173,201
Investment properties	3	7,479,000	7,501,000	7,540,999
Financial assets at fair value through other comprehensive income		557,703	557,703	714,265
Right of use assets		2,058,559	2,136,226	237,934
Contracts retentions		29,124,310	26,473,729	24,200,296
<b>Total non-current assets</b>		<b>63,261,746</b>	<b>61,798,741</b>	<b>62,866,695</b>
<b>Current assets:</b>				
Inventories		25,061,125	26,474,745	22,157,428
Contracts assets		40,577,808	36,796,413	52,834,109
Accounts receivable and other debit balances	4	136,081,794	150,011,283	145,270,582
Financial assets at fair value through profit or loss		2,616,049	3,086,124	2,924,718
Cash and cash equivalents	5	27,849,326	16,653,400	20,086,326
<b>Total current assets</b>		<b>232,186,102</b>	<b>233,021,965</b>	<b>243,273,163</b>
<b>Total assets</b>		<b>295,447,848</b>	<b>294,820,706</b>	<b>306,139,858</b>
<b><u>EQUITY AND LIABILITIES</u></b>				
<b>Equity:</b>				
Capital	6	16,340,577	16,340,577	16,340,577
Treasury shares	7	(244,480)	(244,480)	(244,480)
Treasury shares reserve		1,266,488	1,266,488	1,266,488
Statutory reserve		8,069,426	8,069,426	7,670,607
Voluntary reserve		1,817,340	1,817,340	1,817,340
Cumulative changes in fair value		(542,297)	(542,297)	(385,735)
Foreign currency translation reserve		(106,474)	(485,243)	(389,071)
Retained earnings		17,265,894	20,686,962	22,799,472
<b>Equity attributable to equity holders of the Parent Company</b>		<b>43,866,474</b>	<b>46,908,773</b>	<b>48,875,198</b>
Non - controlling interests		1,074,963	2,098,370	1,608,649
<b>Total equity</b>		<b>44,941,437</b>	<b>49,007,143</b>	<b>50,483,847</b>
<b>Non-current liabilities:</b>				
Accounts payable and other credit balances – non-current portion	8	10,547,752	10,726,737	11,493,408
Long term loans – non-current portion	9	21,553,532	21,551,469	15,429,714
Lease liabilities - non-current portion		9,022,376	9,029,959	6,998,161
Murabaha payables – non-current portion	10	1,223,016	1,324,828	-
Provision for end of service indemnity		458,291	590,597	1,013,066
<b>Total non-current liabilities</b>		<b>42,804,967</b>	<b>43,223,590</b>	<b>34,934,349</b>
<b>Current liabilities:</b>				
Contracts liabilities		9,948,654	9,758,056	-
Accounts payable and other credit balances – current portion	8	141,306,827	145,668,968	156,712,871
Long term loans – current portion	9	729,834	749,311	826,674
Lease liabilities – current portion		5,400,196	5,486,235	5,194,270
Murabaha payables – current portion	10	12,011,626	10,391,730	12,557,866
Short-term loans and credit facilities	11	19,164,988	20,003,808	31,907,996
Due to banks	12	19,139,319	10,531,865	13,521,985
<b>Total current liabilities</b>		<b>207,701,444</b>	<b>202,589,973</b>	<b>220,721,662</b>
<b>Total liabilities</b>		<b>250,506,411</b>	<b>245,813,563</b>	<b>255,656,011</b>
<b>Total equity and liabilities</b>		<b>295,447,848</b>	<b>294,820,706</b>	<b>306,139,858</b>

The accompanying notes from (1) to (20) form an integral part of the interim condensed consolidated financial information

Abdul Rahman M. Al-Marouf  
Chairman

Rae ed Khalf 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 MARCH 31, 2020**

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended March 31,	
		2020	2019
Operating revenue		53,341,918	73,182,355
Operating Costs		(53,787,992)	(67,352,586)
Gross (loss) profit	13	(446,074)	5,829,769
General and administrative expenses		(1,641,155)	(2,059,146)
Net provision for slow moving inventories		(73,594)	(62,186)
Depreciation and amortization		(172,825)	(177,273)
Operating (loss) income		(2,333,648)	3,531,164
		15,048	
Gain on sale of property, plant and equipment			111,191
Net investment (loss) income		(470,075)	338,722
Other income		121,935	266,533
Finance cost		(449,855)	(853,272)
Zakat and donations		(7,880)	(43,423)
(Loss) profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences and National Labor Support Tax and contribution to Zakat		(3,124,475)	3,350,915
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		-	(9,042)
National Labor Support Tax (NLST)		-	(43,903)
Contribution to Zakat		-	(5,548)
Profit for the period		(3,124,475)	3,292,422
Attributable to:			
Equity holders of the Parent Company		(3,421,068)	2,072,161
Non - controlling interests		296,593	1,220,261
		(3,124,475)	3,292,422
		<b>Fils</b>	<b>Fils</b>
Basic (loss) earnings per share attributable to Parent Company's equity holders	14	(21)	12.72

The accompanying notes from (1) to (20) form an integral part of the interim condensed 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 MARCH 31, 2020**  
(All amounts are in Kuwaiti Dinars)

	Three months ended March 31,	
	<u>2020</u>	<u>2019</u>
(Loss) profit for the period	<u>(3,124,475)</u>	<u>3,292,422</u>
Other comprehensive income:		
<u>Items that may be reclassified subsequently to statement of profit or loss</u>		
Foreign currency translation adjustments	<u>378,769</u>	<u>36,616</u>
Other comprehensive income for the period	<u>378,769</u>	<u>36,616</u>
Total (comprehensive loss) comprehensive income for the period	<u><u>(2,745,706)</u></u>	<u><u>3,329,038</u></u>
Attributable to:		
Equity holders of the Parent Company	<u>(3,042,299)</u>	<u>2,108,777</u>
Non-controlling interests	<u>296,593</u>	<u>1,220,261</u>
	<u><u>(2,745,706)</u></u>	<u><u>3,329,038</u></u>

The accompanying notes from (1) to (20) form an integral part of the interim condensed consolidated financial information

**COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2020**  
(All amounts are in Kuwaiti Dinars)

	Attributable to shareholders of the Parent Company								Sub-total	Non-controlling interests	Total equity
	Capital	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Cumulative changes in fair value	Foreign currency translation reserve	Retained earnings			
Balance at January 1, 2020	16,340,577	(244,480)	1,266,488	8,069,426	1,817,340	(542,297)	(485,243)	20,686,962	46,908,773	2,098,370	49,007,143
Total comprehensive income (comprehensive loss) for the period	-	-	-	-	-	-	378,769	(3,421,068)	(3,042,299)	296,593	(2,745,706)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,320,000)	(1,320,000)
<b>Balance at March 31, 2020</b>	<b>16,340,577</b>	<b>(244,480)</b>	<b>1,266,488</b>	<b>8,069,426</b>	<b>1,817,340</b>	<b>(542,297)</b>	<b>(106,474)</b>	<b>17,265,894</b>	<b>43,866,474</b>	<b>1,074,963</b>	<b>44,941,437</b>
Balance at January 1, 2019	16,340,577	(244,480)	1,266,488	7,670,607	1,817,340	(385,735)	(425,687)	20,727,311	46,766,421	1,378,388	48,144,809
Total comprehensive income for the period	-	-	-	-	-	-	36,616	2,072,161	2,108,777	1,220,261	3,329,038
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(990,000)	(990,000)
Balance at March 31, 2019	16,340,577	(244,480)	1,266,488	7,670,607	1,817,340	(385,735)	(389,071)	22,799,472	48,875,198	1,608,649	50,483,847

The accompanying notes from (1) to (20) form an integral part of the interim condensed 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 MARCH 31, 2020**

(All amounts are in Kuwaiti Dinars)

	Three months ended March 31,	
	2020	2019
<b>Cash flows from operating activities:</b>		
(Loss) profit for the period before contribution to KAFS, NLST and contribution to Zakat	(3,124,475)	3,350,915
Adjustments for:		
Depreciation and amortization	1,960,172	2,430,711
Net provision for slow moving inventories	73,594	62,186
Gain on sale of property, plant and equipment	(15,048)	(111,191)
Net investment loss (income)	470,075	(338,722)
Interest income	(4,574)	(2,355)
Finance cost	449,855	853,272
Provision for end of service indemnity	358,534	484,259
	<u>168,133</u>	<u>6,729,075</u>
Changes in operating assets and liabilities:		
Inventories	1,340,026	3,369,988
Net contracts assets / liabilities	(3,590,797)	(2,208,830)
Accounts receivable and other debit balances and contracts retentions	11,283,482	(14,802,446)
Accounts payable and other credit balances	(3,975,480)	14,059,317
Cash flows generated from operations	<u>5,225,364</u>	<u>7,147,104</u>
Paid for end of service indemnity	(537,518)	(920,336)
Net cash flows generated from operating activities	<u>4,687,846</u>	<u>6,226,768</u>
<b>Cash flows from investing activities:</b>		
Paid for purchase of property, plant and equipment	(842,656)	(2,907,859)
Proceeds from sale of property, plant and equipment	106,055	405,767
Paid for purchase of right of utilization	(20,947)	-
Interest income received	-	2,355
Net cash flows used in investing activities	<u>(757,548)</u>	<u>(2,499,737)</u>
<b>Cash flows from financing activities:</b>		
Long term loans	(27,060)	(245,262)
Paid for lease liabilities	(198,714)	(91,944)
Murabaha payables	1,487,590	(314,297)
Short term loans and credit facilities	(838,820)	15,047
Due to banks	8,607,454	2,890,264
Finance cost paid	(444,632)	(853,272)
Cash dividends paid	(190)	-
Dividends paid to non-controlling interests	(1,320,000)	(990,000)
Net cash flows generated from financing activities	<u>7,265,628</u>	<u>410,536</u>
Net increase in cash and cash equivalents	<u>11,195,926</u>	<u>4,137,567</u>
Cash and cash equivalents at beginning of the period	<u>16,653,400</u>	<u>15,948,759</u>
Cash and cash equivalents at end of the period (Note 5)	<u>27,849,326</u>	<u>20,086,326</u>

The accompanying notes from (1) to (20) form an integral part of the interim condensed consolidated financial information

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

**MARCH 31, 2020**

(All amounts are in Kuwaiti Dinars)

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1. Incorporation and objectives of the Parent Company

The Combined Group Contracting Company K.S.C. (Public) "Parent Company" (previously known as Combined Group Company for trading and Contracting-Suleiman Khaled Abdullatif Al-Hamad- W.L.L), it is a Kuwaiti shareholding company (Public) registered in Kuwait, and was incorporated based on Memorandum of Incorporation Ref. No. 215/B/Vol.4 dated November 15, 1965 and its subsequent amendments, the latest of which was notarized in the commercial registry under No. 7/14 dated July 22, 2020.

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

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

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

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

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 condensed consolidated financial information was authorized for issue by the Board of Directors of the Parent Company on August 12, 2020.

2. Basis of presentation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2019.

The interim condensed 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 Group's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial information. Operating results for the period ended March 31, 2020 are not necessarily indicative of the results that may be expected for the year ending on December 31, 2020. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2019.



**COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2020**

(All amounts are in Kuwaiti Dinars)

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**Application of new and revised International Financial Reporting Standards (IFRSs)**

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective. Several other 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.

**Revised IFRSs that are effective for the current year:**

The following revised IFRSs, which became effective for annual periods beginning on or after January 1, 2020, have been adopted in the interim condensed consolidated financial information. Their adoption has not had any material impact on the disclosures or on the amounts reported in the interim condensed consolidated financial information.

**Definition of a Business - Amendments to IFRS 3**

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired 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 outputs
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

These amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. This amendment is not expected to have a material impact on the Group's interim condensed consolidated financial information.

**Amendments to IFRS 16 "leases" – COVID-19-Related Rent Concessions**

COVID-19-Related Rent Concessions, issued in May 2020, added paragraphs 46A, 46B, 60A, C20A and C20B. A lessee shall apply that amendment for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not authorized for issue at May 28, 2020.

A lessee shall apply COVID-19-Related Rent Concessions retrospectively, recognizing the cumulative effect of initially applying that amendment as an adjustment to the opening retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment. This amendment is not expected to have a material impact on the Group's interim condensed consolidated financial information.

Other than the above, several other 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.

**Critical judgments and estimates for impact of COVID-19**

The World Health Organization declared on March 11, 2020, the Novel Coronavirus (COVID-19) as a global pandemic. This event has caused widespread disruptions to business, with a consequential negative impact on economic activity. The Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption, due to COVID-19 outbreak, on its operations and financial performance.

The Group has performed an assessment of COVID-19 implications on the financial results of the Group, in light of the available guidance of IFRS, and incorporated the outcome in these interim condensed consolidated financial statements and explained the changes below related to the critical judgement and estimates (Note 20).

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

**MARCH 31, 2020**

(All amounts are in Kuwaiti Dinars)

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Critical judgements and estimates:

The Group has conducted critical judgements and estimates due to current and futuristic factors. The preparation of interim condensed consolidated financial information requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these interim condensed consolidated financial information, significant judgement is exercised by management in applying the Group's accounting policies. The key sources of estimation uncertainty are consistent with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2019, with the exception of the impact of the COVID-19 outbreak on the Group which is detailed below:

Expected credit loss on financial assets measured at amortized cost

The Group has updated the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at March 31, 2020. Revised ECLs were estimated based on a range of forecasted economic conditions at the reporting date and considering the fact that situation is fast evolving, the Group has also considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination. These are reviewed and monitored for appropriateness on a quarterly basis.

Further information on the Group's policy on expected credit losses is disclosed in Note (2 - d) to the consolidated financial statements as at and for the year ended December 31, 2019.

Fair value measurement of financial instruments

As at March 31, 2020, The Group has considered potential impacts of the current market volatility in determination of the reported amounts of the Group's unquoted financial assets, and this represents management's best assessment based on observable available information as at the reporting date. Given the impact of COVID-19, the Group is closely monitoring whether the fair values of the financial assets and liabilities represent the price that would be achieved for transactions between market participants in the current circumstances.

Further information on the Group's policy in relation to fair value measurements is disclosed in Notes (2 - d) to the consolidated financial statements as at and for the year ended December 31, 2019.

Investment properties, property and equipment and investment in associate ("non-financial assets")

As at the reporting date, the Group has not identified any significant impact on the carrying values of its non-financial assets due to the uncertainty involved in determining the effect on projected cash flows generated from these non-financial assets or the market participants expectations of the price depending on the approach used in determining the fair value of those assets at December 31, 2019. The Group is aware that certain geographies and sectors in which these assets exist are negatively impacted, and as the situation continues to unfold, the Group consistently monitors the market outlook and uses relevant assumptions in reflecting the values of these nonfinancial assets appropriately in the interim condensed consolidated financial information.

Lease modification

The Group, as a lessor, has assessed that the changes in lease payments that result from clauses in the original contract or in applicable law or regulation are part of the original terms and conditions of the lease, even if the effect of those clauses (arising from an event such as the COVID-19 pandemic) was not previously contemplated. In such a case there is no lease modification for the purposes of IFRS 16.

Commitments and contingent liabilities

The Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group, customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issues were noted.

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

**MARCH 31, 2020**

(All amounts are in Kuwaiti Dinars)

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from December 31, 2019. As a result, this condensed consolidated interim financial information has been appropriately prepared on a going concern basis.

3. Investment properties

Investment properties with carrying value amounting to KD 7,479,000 (December 31, 2019 – KD 7,501,000, March 31, 2019 – KD 7,540,999) are registered in the name of local banks against finance lease obligation with purchase option.

4. Accounts receivable and other debit balances

	<b>March 31, 2020</b>	December 31, 2019 (Audited)	March 31, 2019
Ministries and government agencies	<u>41,371,969</u>	48,655,505	38,857,362
Companies and institutions	<u>2,028,161</u>	3,507,369	8,563,351
Trade receivables	<u>14,710,049</u>	13,244,116	12,443,542
Other receivables	<u>750,967</u>	694,803	688,213
Total receivables	<u>58,861,146</u>	66,101,793	60,552,468
Allowance for expected credit losses	<u>(3,826,685)</u>	(3,826,685)	(3,482,717)
Net receivables	<u>55,034,461</u>	62,275,108	57,069,751
Contracts retentions	<u>31,406,185</u>	36,639,752	33,509,050
Allowance for expected credit losses	<u>(1,862,077)</u>	(1,862,077)	(2,928,551)
Net contracts retentions	<u>29,544,108</u>	34,777,675	30,580,499
Advance payments for contracts	<u>41,780,102</u>	42,526,067	44,940,635
Prepaid expenses	<u>3,464,228</u>	3,868,300	5,200,114
Staff receivables	<u>1,417,059</u>	1,248,024	1,382,271
Refundable deposits	<u>4,339,193</u>	4,716,586	4,052,948
Advance payment for incorporation of companies	<u>580,450</u>	585,117	649,556
Due from related parties (Note 16)	<u>1,029,409</u>	1,121,622	1,394,808
Allowance for expected credit losses	<u>(1,107,216)</u>	(1,107,216)	-
	<u>136,081,794</u>	150,011,283	145,270,582

5. Cash and cash equivalents

	<b>March 31, 2020</b>	December 31, 2019 (Audited)	March 31, 2019
Cash on hand and at banks	<u>27,504,377</u>	15,868,143	19,063,327
Short term deposits	<u>344,949</u>	785,257	1,022,999
	<u>27,849,326</u>	16,653,400	20,086,326

The effective interest rate on short term bank deposits is ranging from 1.25% to 2.75% (December 31, 2019 – 1.25% to 2.75%, March 31, 2019 – 1.25% to 2.75%) per annum; these deposits have an average maturity of less than three months.

6. Capital

The authorized, issued and fully paid-up capital consists of KD 16,340,577 (December 31, 2019 – KD 16,340,577, March 31, 2019 – KD 16,340,577) distributed over 163,405,773 shares (December 31, 2019 – 163,405,773 shares, March 31, 2019 – 163,405,773 shares) of 100 fils each.

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7. Treasury shares

	<b>March 31, 2020</b>	December 31, 2019 (Audited)	March 31, 2019
Number of treasury shares (share)	<b>471,589</b>	471,589	471,589
Percentage of issued shares (%)	<b>0.289%</b>	0.289%	0.289%
Market value (KD)	<b>83,943</b>	123,084	126,857
Cost (KD)	<b>244,480</b>	244,480	244,480

Based on Capital Markets Authority resolution, the Parent Company's management had allotted an amount equal to treasury shares balance from the available reserves as of the interim condensed consolidated financial information date. Such amount will not be available for distribution during treasury shares holding period.

8. Accounts payable and other credit balances

	<b>March 31, 2020</b>	December 31, 2019 (Audited)	March 31, 2019
Contracts advances	<b>29,321,943</b>	31,342,142	42,613,333
Suppliers	<b>29,691,867</b>	25,467,778	30,214,038
Accrued expenses	<b>54,909,118</b>	49,222,583	51,034,684
Contractors	<b>16,996,504</b>	29,233,348	19,076,230
Retentions payable	<b>28,819,425</b>	27,528,950	25,860,503
Provision for penalties	<b>1,971,446</b>	1,971,446	1,971,446
Other payables	<b>185,366</b>	866,561	277,640
National Labor Support Tax payable	<b>90,187</b>	90,187	216,865
Payable to Kuwait Foundation for Advancement of Sciences	<b>46,782</b>	46,782	51,807
Zakat share payable	-	-	35,100
Board of Directors' remuneration payable	-	703,387	476,555
Due to related parties (Note 16)	<b>805,538</b>	714,406	148,089
Dividends payable to shareholders	<b>22,183</b>	22,373	106,352
Deposits from others	-	10,494	59,943
	<b><u>162,860,359</u></b>	<u>167,220,437</u>	<u>172,142,585</u>

Presented as follows:

	<b>March 31, 2020</b>	December 31, 2019 (Audited)	March 31, 2019
Non- current portion	<b>21,553,532</b>	21,551,469	15,429,714
Current portion	<b>141,306,827</b>	145,668,968	156,712,871
	<b><u>162,860,359</u></b>	<u>167,220,437</u>	<u>172,142,585</u>

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9. Long-term loans

Long-term loans are summarized as follows:

	<u>Current portion</u>	<u>Non-current portion</u>	<u>Total</u>
- 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.	27,466	-	27,466
- Loan from local bank for financing the purchase of Machinery, equipment and Vehicles and developing the production of the Asphalt and ready mix factory guaranteed by a formal mortgage of the Parent Company factories at Salibya industry area; and repayable in Semi Annual installments for the period of 5 years until November 15, 2021, carries an interest rate of 3.5%.	250,000	250,000	500,000
- Loan from local bank guaranteed by a mortgage of two investments portfolios and is repayable in one payment in December 20, 2021, carries an interest rate of 1% per annum over the Central Bank of Kuwait discount rate.	-	2,500,000	2,500,000
- Loan from a local bank to finance working capital, payable on March 31, 2022. The loan carries an annual interest rate of 2% above the discount rate set by the Central Bank of Kuwait.	-	5,000,000	5,000,000
- Loan from a local bank to finance the purchase of property and equipment and to be paid in semi-annual installments for a period of 5 years until September 15, 2023. The loan carries a fixed interest rate of 3.5%.	416,000	1,252,000	1,668,000
- Loans from Gulf banks for finance the purchase of machines and equipment and guaranteed by mortgage of the machineries and equipment of foreign branches and repayable in monthly and quarterly installments for a period of 3 years ended during 2021, carries an interest rate ranging annually between 2.25% to 3.5%.	36,368	20,376	56,744
<b>Balance as of March 31, 2020</b>	<b><u>729,834</u></b>	<b><u>9,022,376</u></b>	<b><u>9,752,210</u></b>
Balance as of December 31, 2019 (Audited)	<u>749,311</u>	<u>9,029,959</u>	<u>9,779,270</u>
Balance as of March 31, 2019	<u>826,674</u>	<u>6,998,161</u>	<u>7,824,835</u>

The carrying amounts of the Group's term loans are denominated in the following currencies:

	<b>March 31, 2020</b>	December 31, 2019 (Audited)	March 31, 2019
Kuwaiti Dinar	<u>9,695,466</u>	9,717,904	<u>7,774,172</u>
UAE Dirham	<u>56,744</u>	61,366	<u>50,663</u>
	<b><u>9,752,210</u></b>	<u>9,779,270</u>	<b><u>7,824,835</u></b>

10. Murabaha payable

	<b>March 31, 2020</b>	December 31, 2019 (Audited)	March 31, 2019
Gross amount of Murabaha payables	<u>12,563,553</u>	11,105,271	<u>13,693,273</u>
Less: Unamortized future finance charge	<u>(93,636)</u>	(122,944)	<u>(122,341)</u>
Present value of Murabaha payables	<b><u>12,469,917</u></b>	<u>10,982,327</u>	<b><u>13,570,932</u></b>

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Presented as follows:

	<b>March 31, 2020</b>	December 31, 2019 (Audited)	March 31, 2019
Non- current portion	<b>458,291</b>	590,597	1,013,066
current portion	<b>12,011,626</b>	10,391,730	12,557,866
Present value of Murabaha payable	<b>12,469,917</b>	10,982,327	13,570,932

The Murabaha payables related to subsidiaries, are secured by pledge of building within Property, plant and equipment and partnership guarantee from the Parent Company.

11. Short-term loans and credit facilities

Short term loans and credit facilities represent advance payments by the banks against construction contracts, which will be settled by deducting 10% to 20% from the amounts to be received for the completed work. These loans carry annual interest rate ranging from 3% to 4.75% (December 31, 2019 - from 4.25% to 6% March 31, 2019 - from 4.125% to 5.75%) over the Central Bank of Kuwait discount rate. Short term loans and credit facilities are secured by money transfer order for the revenue from projects to the banks.

12. Due to banks

Due to banks represents in overdrafts facility and promissory notes.

Overdraft facility carry annual interest rate ranging from 1% to 2.5% (December 31, 2019 - from 1% to 2.5%, March 31, 2019 – 1% to 2.5%) over the Central Bank of Kuwait discount rate and is payable on demand.

Promissory notes carry annual interest rate at 2% (December 31, 2019 - 2%, March 31, 2019 – 2%), over the Central Bank of Kuwait discount rate and is payable within 180 days.

Due to banks relating to Parent Company and subsidiaries are secured by money transfer order for the revenue from projects and personal guarantees by some of the subsidiaries' partners to the banks.

13. Gross (loss) profit

	<b>Three months ended March 31, 2020</b>					Three months ended March 31, 2019
	Projects	Vehicles, machinery & garage	Asphalt factories and central mixers	Eliminations of inter- divisional transactions	Total	Total
Operating revenue	55,767,794	454,551	1,205,176	(4,085,602)	<b>53,341,919</b>	73,182,355
Operating Costs	(56,375,240)	(695,473)	(802,882)	4,085,602	<b>(53,787,993)</b>	(67,352,586)
Gross (loss) profit	<b>(607,446)</b>	<b>(240,922)</b>	<b>402,294</b>	-	<b>(446,074)</b>	5,829,769

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14. Basic (loss) earnings per share attributable to Parent Company's equity holders

There are no potential dilutive ordinary shares. The information necessary to calculate basic earnings per share based on net profit for the period attributable to equity holders and the weighted average number of shares outstanding during the period is as follows:

	Three months ended March 31,	
	2020	2019
(Loss) profit for the period attributable to equity holders of the Parent Company	<b>(3,421,068)</b>	2,072,161
<u>Weighted average number of outstanding shares:</u>	<b>Shares</b>	Shares
Number of issued shares at beginning of the period	<b>163,405,773</b>	163,405,773
Less: weighted average number of treasury shares	<b>(471,589)</b>	(471,589)
Weighted average number of outstanding shares	<b>162,934,184</b>	162,934,184
	<b>Fils</b>	Fils
Basic (loss) earnings per share attributable to Parent Company's equity holders	<b>(21)</b>	12.72

15. General Assembly

The Shareholders' General Assembly of the Parent Company held on June 29, 2020, approved to distribute 5 bonus shares for every 100 shares amounting to KD 817,029 and remuneration to Board of Directors of KD 276,832 and not to distribute cash dividends for the year ended December 31, 2019, which was notarized in the commercial registry of the parent company dated July 22, 2020.

The Shareholders' General Assembly of the Parent Company held on May 5, 2019 approved the distribution of cash dividends of 20% of nominal value which represents 20 fils per share amounting to KD 3,258,684 and remuneration for Board of Directors of KD 436,555 for the year ended December 31, 2018.

16. Related parties disclosures

The Group has entered into various transactions with related parties, i.e. equity holders, board of directors, key management personnel, subsidiaries under common control and other related parties. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in Interim condensed consolidated statement of financial position:

	Joint ventures	Other related parties	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
Accounts receivable and other debit balances (Note 4)	220,611	808,798	<b>1,029,409</b>	1,121,622	1,394,808
Accounts payable and other credit balances (Note 8)	447,293	358,245	<b>805,538</b>	714,406	148,089

Transactions included in interim condensed consolidated statement of profit or loss:

Key management compensation:

	Three months ended March 31,	
	2020	2019
Salaries and other short term benefits	<b>221,914</b>	262,664
Terminal benefits	<b>9,683</b>	10,632
	<b>231,597</b>	273,296

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17. Segment information

The Group is divided into functional divisions to manage its various lines of business. The Group operates mainly in the State of Kuwait and abroad. For the purposes of segment reporting, the Group's management has classified the Groups' activities among the following reportable geographic segments based on geographic location of customers and segment assets:

- State of Kuwait.
- GCC.

	<b>Three months ended March 31, 2020</b>			Total
	State of Kuwait	GCC	Non-controlling interests	
Operating revenue	<b>27,780,179</b>	<b>25,561,739</b>	-	<b>53,341,918</b>
Operating costs	<b>(29,447,112)</b>	<b>(24,340,880)</b>	-	<b>(53,787,992)</b>
Gross (loss) profit	<b>(1,666,933)</b>	<b>1,220,859</b>	-	<b>(446,074)</b>
Segment results	<b>(3,925,160)</b>	<b>504,092</b>	<b>296,593</b>	<b>(3,124,475)</b>
Total segment assets	<b>215,633,312</b>	<b>79,814,536</b>	-	<b>295,447,848</b>
Total segment liabilities	<b>178,281,510</b>	<b>72,224,901</b>	-	<b>250,506,411</b>

	<b>Three months ended March 31, 2019</b>			Total
	State of Kuwait	GCC	Non-controlling interests	
Operating revenue	55,712,313	17,470,042	-	73,182,355
Operating costs	(53,134,737)	(14,217,849)	-	(67,352,586)
Gross profit	2,577,576	3,252,193	-	5,829,769
Segment results	584,831	1,487,330	1,220,261	3,292,422
Total segment assets	242,349,165	63,790,693	-	306,139,858
Total segment liabilities	204,454,441	51,201,570	-	255,656,011

18. Contingent liabilities and claims

- a. At the date of interim condensed consolidated statement of financial position, the Group was contingent liabilities in respect of the following:

	<b>March 31, 2020</b>	December 31, 2019 (Audited)	March 31, 2019
Letters of credit	<b>16,090,647</b>	15,579,181	16,629,285
Performance guarantees	<b>134,162,672</b>	147,110,130	161,296,767
Guarantees for advance payments	<b>50,470,262</b>	49,532,593	72,277,779
Guarantees for bids	<b>17,249,809</b>	11,004,304	12,827,996
Guarantees for retentions	<b>43,262,623</b>	35,313,005	27,233,055
Other guarantees	<b>11,298,937</b>	11,706,716	13,060,675
	<b>272,534,950</b>	270,245,929	303,325,557

- b. There are certain lawsuits raised by / against the Group, the results of which can not be assessed until being finally cleared by the court. In the opinion of the Group's management, there will be no material adverse impact on the Group's interim condensed 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 date.



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19. Fair value measurement

The Group measures financial assets such as financial assets at fair value through profit or loss and available for sale financial assets 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 interim condensed consolidated financial information 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 assets that are measured at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income	-	-	557,703	557,703
Financial assets at fair value through profit or loss	<u>2,554,200</u>	<u>61,849</u>	<u>-</u>	<u>2,616,049</u>
	<u>2,554,200</u>	<u>61,849</u>	<u>557,703</u>	<u>3,173,752</u>

The following table presents the Group's assets that are measured at fair value as of December 31, 2019 (Audited):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income	-	-	557,703	557,703
Financial assets at fair value through profit or loss	<u>3,024,308</u>	<u>61,816</u>	<u>-</u>	<u>3,086,124</u>
	<u>3,024,308</u>	<u>61,816</u>	<u>557,703</u>	<u>3,643,827</u>

The following table presents the Group's assets that are measured at fair value as of March 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income	-	-	714,265	714,265
Financial assets at fair value through profit or loss	<u>2,863,153</u>	<u>61,565</u>	<u>-</u>	<u>2,924,718</u>
	<u>2,863,153</u>	<u>61,565</u>	<u>714,265</u>	<u>3,638,983</u>

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

20. Impact of COVID-19

The outbreak of the Novel Coronavirus (COVID-19) during 2020 resulted of several procedures by various governments to contain the virus, which had negative impact on economic activity and the Group's results during the period ended March 31, 2020, below are summary of such impacts:

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- **Impairment of non-financial assets**

Investment properties

The Group has assessed the economic conditions in the region consequent to the outbreak of the Coronavirus pandemic and accordingly performed valuation of its investment properties. Accordingly, the Group has concluded there is no impact due to Covid-19.

- **Expected Credit Losses ("ECL") and impairment of financial assets**

The Group assessed the exposures in potentially affected sectors for any indicators of impairment. Accordingly, the Group has concluded there is no impact due to Covid-19.

- **Fair value of quoted and unquoted financial assets**

Local and foreign financial markets have exhibited a significant downturn and volatility, resulting in the decline in fair value of quoted and unquoted equity investments held by the Group classified as "FVTPL" by the amount of KD 470,075. Accordingly, the Group has incurred material losses arising from changes in fair values during the period ended March 31, 2020.

As a result of COVID-19 pandemic and the ongoing uncertainty related to the economic negative impact until the date of preparation of the interim condensed consolidated financial information, the actual impact on the Group's activities during the remaining period of 2020 and thereafter cannot be anticipated at this stage. Accordingly, the Group will assess any future impacts on its operation results and financial performance.