

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2021
(UNAUDITED)
WITH
REPORT ON REVIEW**

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2021
(UNAUDITED)
WITH
REPORT ON REVIEW

CONTENTS

Report on review of interim condensed consolidated financial information

	<u>Pages</u>
Interim condensed consolidated statement of financial position (unaudited)	2
Interim condensed consolidated statement of profit or loss (unaudited)	3
Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)	4
Interim condensed consolidated statement of changes in equity (unaudited)	5
Interim condensed consolidated statement of cash flows (unaudited)	6
Notes to interim condensed consolidated financial information (unaudited)	7 – 15

RSM Albazie & Co.

Arraya Tower 2, Floors 41 & 42
Abdulaziz Hamad Alsaqar St., Sharq
P.O. Box 2115, Safat 13022, State of Kuwait

T +965 22961000
F +965 22412761

www.rsm.global/kuwait

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors of
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 its subsidiaries "the Group" as of June 30, 2021 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for the three and six months periods then ended, and the related interim condensed consolidated statement of changes in equity and cash flows for the six months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this 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 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

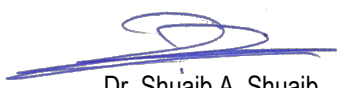
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim 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 and its Executive Regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association during the six months period ended June 30, 2021, that might have had a material effect on the Parent Company's financial position or results of its operation.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law 7 of 2010, as amended, relating to the Capital Markets Authority and its related regulations during the six months period ended June 30, 2021 that might have had a material effect on the Parent Company's financial position or result of its operations.

State of Kuwait
August 11, 2021



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

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF JUNE 30, 2021
 (All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Note	June 30, 2021	December 31, 2020 (Audited)	June 30, 2020
Non-current assets:				
Property, plant, and equipment		18,095,282	20,305,884	22,380,154
Investment properties	3	7,280,348	7,309,000	7,457,000
Financial assets at fair value through other comprehensive income		534,068	534,068	557,703
Right of use assets		1,384,183	1,883,647	1,935,103
Contracts retentions	4	20,564,425	17,964,547	28,046,681
Total non-current assets		47,858,306	47,997,146	60,376,641
Current assets:				
Inventories		12,680,057	15,259,743	24,580,852
Contracts assets		26,486,290	33,574,776	35,427,421
Accounts receivable and other debit balances	4	84,643,301	102,395,927	118,086,872
Financial assets at fair value through profit or loss		3,371,749	2,823,526	2,607,113
Cash and cash equivalents	5	39,227,295	32,426,843	26,586,209
Total current assets		166,408,692	186,480,815	207,288,467
Total assets		214,266,998	234,477,961	267,665,108
<u>EQUITY AND LIABILITIES</u>				
Equity:				
Capital	6	17,157,606	17,157,606	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	8,069,426
Voluntary reserve		1,817,340	1,817,340	1,817,340
Cumulative changes in fair value		(565,932)	(565,932)	(542,297)
Foreign currency translation reserve		(162,736)	(21,238)	(204,587)
Retained earnings		11,451,929	10,885,526	13,780,518
Equity attributable to shareholders of the Parent Company		38,789,641	38,364,736	40,282,985
Non - controlling interests		704,597	1,375,076	1,339,454
Total equity		39,494,238	39,739,812	41,622,439
Non-current liabilities:				
Provision for end of service indemnity		9,690,097	9,787,741	10,409,377
Accounts payable and other credit balances – non-current portion	8	25,826,961	29,662,915	23,002,687
Long term loans – non-current portion	9	10,978,000	6,044,000	9,016,050
Lease liabilities – non-current portion		894,830	1,055,585	1,201,385
Murabaha payables – non-current portion	10	215,881	313,743	412,621
Total non-current liabilities		47,605,769	46,863,984	44,042,120
Current liabilities:				
Contracts liabilities		13,159,884	21,536,561	11,807,544
Accounts payable and other credit balances – current portion	8	88,175,975	95,284,090	127,751,093
Long term loans – current portion	9	3,049,733	3,435,463	692,572
lease liabilities – current portion		5,114,273	5,414,276	5,345,898
Murabaha payables – current portion	10	2,145,419	4,472,980	10,644,620
Short-term loans	11	13,500,488	13,168,003	18,168,621
Due to banks	12	2,021,219	4,562,792	7,590,201
Total current liabilities		127,166,991	147,874,165	182,000,549
Total liabilities		174,772,760	194,738,149	226,042,669
Total equity and liabilities		214,266,998	234,477,961	267,665,108

The accompanying notes from (1) to (21) 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 ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2021
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
Operating revenue		31,900,593	35,658,155	68,513,206	89,000,073
Operating Costs		(31,243,287)	(36,679,099)	(65,857,899)	(90,467,091)
Gross profit (loss)	13	657,306	(1,020,944)	2,655,307	(1,467,018)
General and administrative expenses		(1,963,598)	(1,382,874)	(3,494,137)	(3,024,029)
Allowance for expected credit loss	4	(67,711)	-	(67,711)	-
Provision for obsolete and slow moving inventories		(111,259)	(56,783)	(111,259)	(130,377)
Depreciation and amortization		(84,244)	(171,807)	(189,184)	(344,632)
Operating loss		(1,569,506)	(2,632,408)	(1,206,984)	(4,966,056)
Gain on sale of property, plant and equipment		17,487	10,389	109,445	25,437
Net investment income (loss)		357,774	(8,936)	548,223	(479,011)
Other income	14	2,666,646	111,012	3,239,578	232,947
Finance cost		(393,525)	(694,727)	(659,193)	(1,144,582)
Zakat and donations		(11,189)	(6,215)	(19,504)	(14,095)
Profit (loss) for the period before contribution to Kuwait Foundation for the Advancement of Sciences and National Labor Support Tax		1,067,687	(3,220,885)	2,011,565	(6,345,360)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(1,139)	-	(1,139)	-
National Labor Support Tax (NLST)		(18,796)	-	(32,017)	-
Profit (loss) for the period		1,047,752	(3,220,885)	1,978,409	(6,345,360)
Attributable to:					
Shareholders of the Parent Company		933,713	(3,485,376)	1,592,888	(6,906,444)
Non - controlling interests		114,039	264,491	385,521	561,084
		1,047,752	(3,220,885)	1,978,409	(6,345,360)
		Fils	Fils	Fils	Fils
Basic earnings (loss) per share attributable to Parent Company's shareholders	15	5.46	(20.37)	9.31	(40.36)

The accompanying notes from (1) to (21) form an integral part of the interim condensed consolidated financial information

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2021
(All amounts are in Kuwaiti Dinars)

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Profit (loss) for the period	<u>1,047,752</u>	<u>(3,220,885)</u>	<u>1,978,409</u>	<u>(6,345,360)</u>
Other comprehensive (loss) income: <u>Items that may be reclassified subsequently</u> <u>to statement of profit or loss</u>				
Foreign currency translation adjustments	<u>(57,793)</u>	<u>(98,113)</u>	<u>(141,498)</u>	<u>280,656</u>
Other comprehensive (loss) income for the period	<u>(57,793)</u>	<u>(98,113)</u>	<u>(141,498)</u>	<u>280,656</u>
Total comprehensive income (loss) for the period	<u>989,959</u>	<u>(3,318,998)</u>	<u>1,836,911</u>	<u>(6,064,704)</u>
Attributable to:				
Shareholders of the Parent Company	<u>875,920</u>	<u>(3,583,489)</u>	<u>1,451,390</u>	<u>(6,625,788)</u>
Non-controlling interests	<u>114,039</u>	<u>264,491</u>	<u>385,521</u>	<u>561,084</u>
	<u>989,959</u>	<u>(3,318,998)</u>	<u>1,836,911</u>	<u>(6,064,704)</u>

The accompanying notes from (1) to (21) form an integral part of the interim condensed consolidated financial information

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2021
(All amounts are in Kuwaiti Dinars)

	Attributable to shareholders of the Parent Company										
	Capital	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Cumulative changes in fair value	Foreign currency translation reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance at January 1, 2021	17,157,606	(244,480)	1,266,488	8,069,426	1,817,340	(565,932)	(21,238)	10,885,526	38,364,736	1,375,076	39,739,812
Comprehensive (loss) income for the period	-	-	-	-	-	-	(141,498)	1,592,888	1,451,390	385,521	1,836,911
Cash dividends – (Note 16)	-	-	-	-	-	-	-	(1,026,485)	(1,026,485)	-	(1,026,485)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,056,000)	(1,056,000)
Balance at June 30, 2021	17,157,606	(244,480)	1,266,488	8,069,426	1,817,340	(565,932)	(162,736)	11,451,929	38,789,641	704,597	39,494,238
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
comprehensive income (loss) for the period	-	-	-	-	-	-	280,656	(6,906,444)	(6,625,788)	561,084	(6,064,704)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,320,000)	(1,320,000)
Balance at June 30, 2020	16,340,577	(244,480)	1,266,488	8,069,426	1,817,340	(542,297)	(204,587)	13,780,518	40,282,985	1,339,454	41,622,439

The accompanying notes from (1) to (21) form an integral part of the interim condensed consolidated financial information

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2021
(All amounts are in Kuwaiti Dinars)

	Six months ended June 30,	
	2021	2020
Cash flows from operating activities:		
Profit (loss) for the period before contribution to KAFS, NLST	2,011,565	(6,345,360)
Adjustments for:		
Allowance for expected credit losses	67,711	-
Depreciation and amortization	3,012,024	4,342,164
Provision for obsolete and slow moving inventories	111,259	130,377
Gain on sale of property, plant and equipment	(109,445)	(25,437)
Net investment (income) loss	(548,223)	479,011
Interest income	-	(4,574)
Finance cost	659,193	1,144,582
Provision for end of service indemnity	659,178	677,704
	<u>5,863,262</u>	<u>398,467</u>
Changes in operating assets and liabilities:		
Inventories	2,468,427	1,763,516
Net contracts assets / liabilities	(1,288,191)	3,418,480
Accounts receivable and other debit balances and contracts retentions	15,088,648	30,356,033
Accounts payable and other credit balances	(11,489,239)	(16,185,811)
Cash flows generated from operations	<u>10,642,907</u>	<u>19,750,685</u>
Paid for end of service indemnity	<u>(756,822)</u>	<u>(995,064)</u>
Net cash flows generated from operating activities	<u>9,886,085</u>	<u>18,755,621</u>
Cash flows from investing activities:		
Paid for purchase of investment properties	(15,349)	-
Paid for purchase of property, plant and equipment	(932,305)	(1,609,683)
Proceeds from sale of property, plant and equipment	308,882	308,533
Paid for purchase right of utilization	-	(20,525)
Net cash flows used in investing activities	<u>(638,772)</u>	<u>(1,321,675)</u>
Cash flows from financing activities:		
Long term loans	4,548,270	(70,648)
Paid for lease liabilities	14,153	(269,003)
Murabaha payables	(2,425,423)	74,914
Short term loans	332,485	(1,835,187)
Due to banks	(2,541,573)	(2,941,664)
Finance cost paid	(659,193)	(1,139,359)
Dividends paid	(659,580)	(190)
Dividends paid to non-controlling interests	(1,056,000)	(1,320,000)
Net cash flows used in financing activities	<u>(2,446,861)</u>	<u>(7,501,137)</u>
Net increase in cash and cash equivalents	6,800,452	9,932,809
Cash and cash equivalents at beginning of the period	32,426,843	16,653,400
Cash and cash equivalents at end of the period (Note 5)	<u>39,227,295</u>	<u>26,586,209</u>

The accompanying notes from (1) to (21) form an integral part of the interim condensed consolidated financial information

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2021

(All amounts are in Kuwaiti Dinars)

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 Article of Association 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. 14/7 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 11, 2021.

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, 2020.

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 and should be read in conjunctions with the Group's annual consolidated financial statements for the year ended December 31, 2020. 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 June 30, 2021 are not necessarily indicative of the results that may be expected for the year ending on December 31, 2021.

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 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2021
(All amounts are in Kuwaiti Dinars)

3. Investment properties

Investment properties with carrying value amounting to KD 7,280,348 (December 31, 2020 - KD 7,309,000, June 30, 2020 – KD 7,457,000) are registered in the name of a local bank against a finance lease obligation with purchase option.

4. Accounts receivable and other debit balances

	June 30, 2021	December 31, 2020 (Audited)	June 30, 2020
Ministries and Government agencies	16,876,927	27,809,657	30,392,558
Companies and institutions	1,775,191	3,332,625	1,089,077
Trade receivables	13,479,504	15,715,443	15,477,387
Other receivables	873,009	567,216	723,726
Total receivables	33,004,631	47,424,941	47,682,748
Allowance for expected credit losses (a)	(4,318,896)	(4,318,896)	(3,826,685)
Net receivables	28,685,735	43,106,045	43,856,063
Contracts retentions	10,705,195	10,081,112	24,366,254
Allowance for expected credit losses (a)	(1,862,077)	(1,862,077)	(1,862,077)
Net contract retentions	8,843,118	8,219,035	22,504,177
Advance payments for contracts	34,439,093	41,824,889	40,923,045
Prepaid expenses	5,538,095	3,179,350	3,279,902
Staff receivables	2,104,753	1,727,883	1,400,474
Refundable deposits	4,498,831	4,016,249	4,309,850
Advance payment for incorporation of companies	583,981	572,605	548,391
Due from related parties (Note 17)	1,124,622	857,087	2,372,186
Allowance for expected credit losses (a)	(1,174,927)	(1,107,216)	(1,107,216)
	84,643,301	102,395,927	118,086,872
Contract retentions – non-current portion:			
Contract retentions	20,597,806	17,997,928	28,080,062
Allowance for expected credit losses (a)	(33,381)	(33,381)	(33,381)
	20,564,425	17,964,547	28,046,681

a. Allowance for expected credit losses:

The movement of allowance for expected credit losses as follows:

	June 30, 2021	December 31, 2020 (Audited)	June 30, 2020
Balance at the beginning of the year	7,321,570	6,829,359	6,829,359
Charge during the year	67,711	511,296	-
Provision no longer required	-	(19,085)	-
Balance at end of the year	7,389,281	7,321,570	6,829,359

5. Cash and cash equivalents

	June 30, 2021	December 31, 2020 (Audited)	June 30, 2020
Cash on hand and at banks	35,390,060	29,992,159	26,241,260
Short term deposits	3,837,235	2,434,684	344,949
	39,227,295	32,426,843	26,586,209

The effective interest rate on short term bank deposits is ranging from 1.25% to 2.75% (December 31, 2020 – 1.25% to 2.75%, June 30, 2020 – 1.25% to 2.75%) per annum; these deposits have an average maturity of 90 days from its deposit date.

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2021

(All amounts are in Kuwaiti Dinars)

6. Capital

The authorized, issued and fully paid-up capital consists of KD 17,157,606 (December 31, 2020 – KD 17,157,606, June 30, 2020 – KD 16,340,577) distributed over 171,576,061 shares (December 31, 2020 – 171,576,061 shares, June 30, 2020 – 163,405,773 shares) of 100 Fils each.

7. Treasury shares

	<u>June 30,</u> <u>2021</u>	December 31, 2020 (Audited)	<u>June 30,</u> <u>2020</u>
Number of treasury shares (share)	495,168	495,168	471,589
Percentage of issued shares (%)	0.289%	0.289%	0.289%
Market value (KD)	158,454	99,529	86,772
Cost (KD)	244,480	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

	<u>June 30,</u> <u>2021</u>	December 31, 2020 (Audited)	<u>June 30,</u> <u>2020</u>
Contract advances	13,475,517	11,411,980	27,747,855
Suppliers	11,534,517	20,245,398	24,661,747
Accrued expenses	47,482,786	49,470,386	50,122,793
Contractors	11,232,812	11,860,797	15,502,997
Retentions payable	26,179,302	27,856,226	29,318,430
Provision for penalties	2,353,516	2,353,516	1,971,446
Other payables	875,421	521,982	137,285
National Labor Support Tax payable	32,017	-	90,187
Payable to Kuwait Foundation for Advancement of Sciences	47,921	46,782	46,782
Board of Directors' remuneration payable	64,171	335,976	703,387
Due to related parties (Note 17)	336,824	822,735	428,688
Dividends payable to shareholders	388,132	21,227	22,183
	<u>114,002,936</u>	<u>124,947,005</u>	<u>150,753,780</u>

Presented as follows:

	<u>June 30,</u> <u>2021</u>	December 31, 2020 (Audited)	<u>June 30,</u> <u>2020</u>
Non - Current portion	25,826,961	29,662,915	23,002,687
Current portion	88,175,975	95,284,090	127,751,093
	<u>114,002,936</u>	<u>124,947,005</u>	<u>150,753,780</u>

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2021
(All amounts are in Kuwaiti Dinars)

9. Long-term loans

Long-term loans are summarized as follows:

	Current portion	Non-current portion	Total
- Loan from local bank for financing the real estate investments guaranteed by a formal mortgage of investment properties and partnership guarantee from the Parent Company, and is repayable in quarterly installments for a period of 6 years until June 30, 2028, which the first installment is due on September 30, 2022, and carries an interest rate of 1.25% per annum over the Central Bank of Kuwait discount rate.	-	5,350,000	5,350,000
- Loan from local bank for financing the purchase of machinery, equipment and vehicles and developing the production of the Asphalt and ready mix factories guaranteed by a formal mortgage of the Parent Company factories at Salibya industry area; and repayable in Semi Annual installments for a period of 5 years until November 15, 2021, carries an interest rate of 3.5%.	120,000	-	120,000
- Loan from local bank guaranteed by a mortgage of two investments portfolios and is repayable in one payment on 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 local bank for financing working capital payable in March 31, 2023, carries an interest rate of 2% per annum over the Central Bank of Kuwait discount rate.	-	5,000,000	5,000,000
- Loan from local bank for financing the purchase of property and equipment and repayable in Semi Annual installments for a period of 5 years until September 15, 2023, carries annual fixed interest rate of 3.5%.	416,000	628,000	1,044,000
- Loan from a Gulf bank 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 annual interest rate of 4%.	13,733	-	13,733
Balance as of June 30, 2021	3,049,733	10,978,000	14,027,733
Balance as of December 31, 2020 (Audited)	3,435,463	6,044,000	9,479,463
Balance as of June 30, 2020	692,572	9,016,050	9,708,622

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

	June 30, 2021	December 31, 2020 (Audited)	June 30, 2020
Kuwaiti Dinar	14,014,000	9,460,000	9,668,000
UAE Dirham	13,733	19,463	40,622
	14,027,733	9,479,463	9,708,622

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2021
(All amounts are in Kuwaiti Dinars)

10. Murabaha payable

	June 30, 2021	December 31, 2020 (Audited)	June 30, 2020
Gross amount of Murabaha payables	2,387,773	4,837,279	11,206,235
Less: Unamortized future finance charge	(26,473)	(50,556)	(148,994)
Present value of Murabaha payables	2,361,300	4,786,723	11,057,241

Presented as follows:

	June 30, 2021	December 31, 2020 (Audited)	June 30, 2020
Non- current portion	215,881	313,743	412,621
Current portion	2,145,419	4,472,980	10,644,620
Present value of Murabaha payable	2,361,300	4,786,723	11,057,241

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

Short term loans 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, 2020 - from 3% to 4.75%, June 30, 2020 - from 3% to 4.75%). Short term loans 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. Due to banks relating to Parent Company and subsidiaries are secured by money transfer order for the revenue from projects.

Overdraft facility carry annual interest rate ranging from 1% to 2.5% (December 31, 2020 - from 1% to 2.5%, June 30, 2020 – 1.5% 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, 2020 - 2%, June 30, 2020 – 2%), over the Central Bank of Kuwait discount rate and is payable within 180 days.

13. Gross profit (loss)

	Three months ended June 30, 2021				Three months ended June 30, 2020	
	Projects	Vehicles, machinery & garage	Asphalt factories and central mixers	Eliminations of inter- divisional transactions	Total	Total
Operating revenue	29,273,465	50,746	2,219,179	357,203	31,900,593	35,658,155
Operating Costs	(28,918,394)	(384,107)	(1,583,583)	(357,203)	(31,243,287)	(36,679,099)
Gross profit (loss)	355,071	(333,361)	635,596	-	657,306	(1,020,944)

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2021
(All amounts are in Kuwaiti Dinars)

	Six months ended June 30, 2021				Six months ended June 30, 2020	
	Projects	Vehicles, machinery & garage	Asphalt factories and central mixers	Eliminations of inter-divisional transactions	Total	Total
Operating revenue	66,804,062	929,923	2,814,240	(2,035,019)	68,513,206	89,000,073
Operating Costs	(64,540,894)	(225,230)	(3,126,794)	2,035,019	(65,857,899)	(90,467,091)
Gross profit (loss)	2,263,168	704,693	(312,554)	-	2,655,307	(1,467,018)

14. Other income

Other income for the period ended June 30, 2021 includes an amount of KD 2,113,236 which represents proceeds from settlement of legal claims resulting from compensations related to finished projects.

15. Basic earnings (loss) per share attributable to Parent Company's shareholders

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 June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Profit (loss) for the period attributable to shareholders of the Parent Company	933,713	(3,485,376)	1,592,888	(6,906,444)
<u>Weighted average number of outstanding shares:</u>	Shares	Shares	Shares	Shares
Number of issued shares at beginning of the period	171,576,061	163,405,773	171,576,061	163,405,773
Add: Bonus shares	-	8,170,289	-	8,170,289
Less: weighted average number of treasury shares	(495,168)	(471,589)	(495,168)	(471,589)
	171,080,893	171,104,473	171,080,893	171,104,473
	Fils	Fils	Fils	Fils
Basic earnings (loss) per share attributable to Parent Company's shareholders	5.46	(20.37)	9.31	(40.36)

Basic loss per share for the Six months ended June 30, 2020 is 42.39 Fils and for the Three months ended June 30, 2020 is 21.39 Fils before restatement for the issue of bonus shares. This was subsequently approved by the general assembly of shareholders of the Parent Company (Note 16).

16. General Assembly

The Shareholders' General Assembly of the Parent Company held on May 6, 2021 approved to distribute cash dividends of 6% of nominal value which represents 6 Fils per share amounting to KD 1,026,485, and not to distribute bonus shares or remuneration to Board of Directors for the year ended December 31, 2020.

The Shareholders' General Assembly of the Parent Company held on June 29, 2020 approved the distribution of bonus shares of 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 Parent Company's Commercial Register date July 22, 2020.

17. Related party disclosures

The Group has entered into various transactions with related parties, i.e. shareholders, 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:

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2021
(All amounts are in Kuwaiti Dinars)

Balances included in Interim condensed consolidated statement of financial position:

	Joint ventures	Other related parties	June 30, 2021	December 31, 2020 (Audited)	June 30, 2020
Accounts receivable and other debit balances (Note 4)	318,353	806,269	1,124,622	857,087	2,372,186
Accounts payable and other credit balances (Note 8)	57,179	279,645	336,824	822,735	428,688

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

Key management compensation:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Salaries and other short term benefits	242,282	230,434	490,880	452,348
Terminal benefits	10,032	9,704	19,626	19,387
	<u>252,314</u>	<u>240,138</u>	<u>510,506</u>	<u>471,735</u>

18. 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.

Six months ended June 30, 2021

	State of Kuwait	Gulf Countries	Non-controlling interests	Elimination	Total
Operating revenue	46,359,082	24,189,143	-	(2,035,019)	68,513,206
Operating costs	(46,609,163)	(21,283,755)	-	2,035,019	(65,857,899)
Gross (loss) profit	(250,081)	2,905,388	-	-	2,655,307
Segment results	<u>2,329,190</u>	<u>1,673,919</u>	<u>385,520</u>	<u>(2,410,220)</u>	<u>1,978,409</u>
Total segment assets	<u>211,469,975</u>	<u>47,160,281</u>	<u>-</u>	<u>(44,363,258)</u>	<u>214,266,998</u>
Total segment liabilities	<u>151,046,352</u>	<u>36,882,623</u>	<u>-</u>	<u>(13,156,215)</u>	<u>174,772,760</u>

Six months ended June 30, 2020

	State of Kuwait	Gulf Countries	Non-controlling interests	Elimination	Total
Operating revenue	47,339,828	49,161,415	-	(7,501,170)	89,000,073
Operating costs	(51,540,668)	(46,427,593)	-	7,501,170	(90,467,091)
Gross (loss) profit	(4,200,840)	2,733,822	-	-	(1,467,018)
Segment results	<u>(5,193,346)</u>	<u>1,270,930</u>	<u>561,084</u>	<u>(2,984,028)</u>	<u>(6,345,360)</u>
Total segment assets	<u>241,908,493</u>	<u>69,863,396</u>	<u>-</u>	<u>(44,106,781)</u>	<u>267,665,108</u>
Total segment liabilities	<u>180,415,268</u>	<u>61,402,812</u>	<u>-</u>	<u>(15,775,411)</u>	<u>226,042,669</u>

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2021
(All amounts are in Kuwaiti Dinars)

19. 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:

	June 30, 2021	December 31, 2020 (Audited)	June 30, 2020
Letters of credit	6,062,804	8,768,112	14,733,739
Performance guarantees	140,799,291	132,702,592	133,971,178
Guarantees for advance payments	35,335,180	39,823,954	50,449,607
Guarantees for bids	12,384,790	10,173,602	20,723,967
Guarantees for retentions	68,707,479	69,724,054	54,596,381
Other guarantees	9,335,076	9,718,139	11,429,766
	<u>272,624,620</u>	<u>270,910,453</u>	<u>285,904,638</u>

- 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.

20. Fair value measurement

The Group measures financial assets such as financial assets at FVPL and financial assets at FVOCI 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 as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	-	534,068	534,068
Financial assets at fair value through profit or loss	3,309,700	62,049	-	3,371,749
	<u>3,309,700</u>	<u>62,049</u>	<u>534,068</u>	<u>3,905,817</u>

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2021
(All amounts are in Kuwaiti Dinars)

The following table presents the Group's assets that are measured at fair value as of December 31, 2020 (Audited):

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	-	534,068	534,068
Financial assets at fair value through profit or loss	2,761,511	62,015	-	2,823,526
	<u>2,761,511</u>	<u>62,015</u>	<u>534,068</u>	<u>3,357,594</u>

The following table presents the Group's assets that are measured at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	-	557,703	557,703
Financial assets at fair value through profit or loss	2,545,134	61,979	-	2,607,113
	<u>2,545,134</u>	<u>61,979</u>	<u>557,703</u>	<u>3,164,816</u>

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

The fair value details of investment properties are mentioned in (Note 3).

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

The fair values of cash and short-term deposits, trade receivables, trade payables, short term and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of unquoted instruments, loans from banks, lease liabilities and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

21. Impact of Covid-19

A year since the advent of the COVID-19 pandemic, various economies and sectors continue to face disruptions and uncertainty as a result of the pandemic and corresponding measures taken by the governments to contain the spread of the virus.

The Group continues to be impacted due to the outbreak and Management continues its efforts to mitigate the associated risk. The management of credit and liquidity risks along with the application of significant estimate and judgements are described in (Note 38) in the annual audited consolidated financial statements of the Group for the year ended December 31, 2020 and no material changes have taken place in the risk management process.

The Group has performed an assessment on its ability to continue as a going concern considering current economic conditions and all available information about future risks and uncertainties. The projections have been prepared to cover the Group's future performance, capital and liquidity requirements. The impact of COVID-19 may continue to evolve, but currently, the projections show that the Group has the required resources to continue in operations on a going concern, such position that remains significantly unaffected and unchanged since December 31, 2020. As a result, those interim consolidated financial information have been prepared on a going concern basis.