

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2015
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION**

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

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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 March 31, 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 three 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 Entity." 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 executive regulations and Memorandum of Incorporation or the Parent Company's Articles of Association during the period ended March 31, 2015 that might have had a material effect on the Parent Company's financial position or results of its operations.

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State of Kuwait
May 16, 2015

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
 FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2015
 (All amounts are in Kuwaiti Dinars)

	Note	March 31, 2015	December 31, 2014 (Audited)	March 31, 2014
ASSETS				
Non current assets:				
Properties, plants and equipments		21,006,144	20,901,178	17,221,156
Investment properties	3	6,772,602	2,596,703	691,235
Investments in an unconsolidated subsidiaries		93,001	93,001	93,001
Investment available for sale		700,000	700,000	700,000
Right of utilization of leasehold land		91,167	93,229	99,417
Contract retentions		23,398,761	21,831,591	12,412,361
Time deposits	4	280,000	280,000	280,000
Total non current assets:		<u>52,341,675</u>	<u>46,495,702</u>	<u>31,497,170</u>
Current assets:				
Inventory		22,795,685	25,739,303	34,116,953
Gross amount due from customers for contract work		55,385,470	53,732,348	44,223,436
Accounts receivable and other debit balances		115,432,444	88,065,006	97,950,240
Investments at fair value through profit or loss		3,238,320	3,105,792	3,108,058
Cash and cash equivalents	5	16,062,700	11,332,396	17,739,268
Total current assets		<u>212,914,619</u>	<u>181,974,845</u>	<u>197,137,955</u>
Total assets		<u>265,256,294</u>	<u>228,470,547</u>	<u>228,635,125</u>
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity:				
Share capital	6	11,160,834	11,160,834	10,629,366
Treasury shares	7	(202,459)	(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		244,623	4,730	(38,240)
Retained earnings		22,394,834	21,814,239	21,762,733
Equity attributable to shareholders of the Parent Company		<u>42,262,077</u>	<u>41,459,308</u>	<u>40,687,996</u>
Non - controlling interests		3,407,905	3,117,391	2,408,044
Total shareholders' equity		<u>45,669,982</u>	<u>44,576,699</u>	<u>43,096,040</u>
Non current liabilities:				
Accounts payable and other credit balances		43,040,693	28,300,639	19,586,261
Long term loans – non-current portion	8	1,210,421	1,534,955	2,061,504
Murabaha payables – non-current portion		838,799	879,686	-
Provision for end of service indemnity		8,538,972	8,123,115	6,791,953
Total non current liabilities		<u>53,628,885</u>	<u>38,838,395</u>	<u>28,439,718</u>
Current liabilities:				
Gross amount due to customers for contract work		4,474,133	1,432,631	7,212,709
Accounts payable and other credit balances – current portion		125,228,331	108,867,511	101,909,484
Long term loans – current portion	8	974,225	982,280	3,046,769
Finance lease obligation		3,250,720	1,246,000	1,289,950
Murabaha payables – current portion		3,793,345	4,230,298	-
Short-term loans and credit facilities	9	5,269,215	7,284,524	30,827,382
Due to banks	10	22,967,458	21,012,209	12,813,073
Total current liabilities		<u>165,957,427</u>	<u>145,055,453</u>	<u>157,099,367</u>
Total liabilities		<u>219,586,312</u>	<u>183,893,848</u>	<u>185,539,085</u>
Total shareholders' equity and liabilities		<u>265,256,294</u>	<u>228,470,547</u>	<u>228,635,125</u>

The accompanying notes from (1) to (18) form an integral part of the interim 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 FINANCIAL PERIOD ENDED MARCH 31, 2015
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended March 31,	
		2015	2014
Operating revenue		61,469,868	40,386,312
Operating Costs		(57,877,757)	(38,168,466)
Gross profit	11	3,592,111	2,217,846
General and administrative expenses		(2,095,630)	(1,837,798)
Provision for doubtful debts		(441,340)	-
Provision no longer required		1,065	-
Depreciation and amortization		(209,371)	(208,101)
Operating revenue		846,835	171,947
Gain on sale of investment property		-	83,100
Net investment income		132,528	290,398
Other income		269,890	566,676
Finance charges		(308,168)	(397,897)
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences and National Labor Support Tax and contribution to Zakat		941,085	714,224
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(8,470)	(6,249)
National Labor Support Tax (NLST)		(43,933)	(17,551)
Contribution to Zakat		(17,573)	(7,020)
Net profit for the period		871,109	683,404
Attributable to:			
Shareholders of the Parent Company		580,595	594,099
Non - controlling interests		290,514	89,305
		871,109	683,404
Earnings per share attributable to shareholders of the Parent Company (fils)	12	4.74	4.84

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 FINANCIAL PERIOD ENDED MARCH 31, 2015
 (All amounts are in Kuwaiti Dinars)

	Three months ended March 31,	
	2015	2014
Net profit for the period	871,109	683,404
Other comprehensive income :		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Foreign currency translation adjustments	239,893	(11,409)
Other comprehensive income (loss) for the period	239,893	(11,409)
Total comprehensive income for the period	1,111,002	671,995
Attributable to:		
Shareholders of the Parent Company	820,488	582,690
Non-controlling interests	290,514	89,305
Total comprehensive income for the period	1,111,002	671,995

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 FINANCIAL PERIOD ENDED MARCH 31, 2015

(All amounts are in Kuwaiti Dinars)

	Attributable to shareholders of the Parent Company							Non-controlling interests	Total	
	Capital	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Foreign currency translation Adjustments	Retained earnings			Sub-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	-	(17,719)	-	-	-	-	-	(17,719)	-	(17,719)
Total comprehensive income for the period	-	-	-	-	-	239,893	580,595	820,488	290,514	1,111,002
Balance at March 31, 2015	11,160,834	(202,459)	1,266,488	5,580,417	1,817,340	244,623	22,394,834	42,262,077	3,407,905	45,669,982
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 (loss) income for the period	-	-	-	-	-	(11,409)	594,099	582,690	89,305	671,995
Balance at March 31, 2014	10,629,366	(64,374)	1,266,488	5,314,683	1,817,340	(38,240)	21,762,733	40,687,996	2,408,044	43,096,040

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 FINANCIAL PERIOD ENDED MARCH 31, 2015
(All amounts are in Kuwaiti Dinars)

	Three months ended March 31,	
	2015	2014
Cash flows from operating activities		
Profit for the period before contribution to KAFS, NLST and contribution to Zakat	941,085	714,224
Adjustments for:		
Provision for doubtful debts	441,340	-
Provision no longer required	(1,065)	-
Gain on sale of properties, plants and equipments	(88,791)	(101,467)
Gain on sale of investment property	-	(83,100)
Interest income	(2,188)	(1,106)
Net Investment income	(132,528)	(290,398)
Depreciation and amortization	1,633,763	1,578,764
Finance charges	308,168	397,897
Provision for end of service indemnity	541,215	284,889
	<u>3,640,999</u>	<u>2,499,703</u>
Changes in operating assets and liabilities:		
Inventory	2,943,618	(2,491,098)
Gross amount due from / to customers for contract works	1,388,380	2,303,474
Accounts receivable and other debit balances	(29,134,990)	(26,661,037)
Accounts payable and other credit balances	31,030,898	20,448,100
Cash generated from (used in) operations	9,868,905	(3,900,858)
Paid for end of service indemnity	(125,358)	(133,225)
Net cash generated from (used in) operating activities	<u>9,743,547</u>	<u>(4,034,083)</u>
Cash flows from investing activities		
Paid for purchase of properties, plants and equipments	(1,802,520)	(2,597,337)
Proceeds from sale of properties, plants and equipments	160,539	1,937,852
Paid for purchase of investment properties	(2,080,041)	-
Proceeds from sale of investment property	-	10,000
Paid for purchase of investment at fair value through profit or loss	-	(28,968)
Interest income received	2,188	1,106
Net cash used in investing activities	<u>(3,719,834)</u>	<u>(677,347)</u>
Cash flows from financing activities		
Finance charges paid	(308,168)	(397,897)
Net movement on long term loans	(332,589)	375,000
Finance lease obligation	(97,033)	-
Murabaha payables	(477,840)	-
Short term loans and credit facilities	(2,015,309)	3,231,171
Due to banks	1,955,249	3,781,119
Paid for purchase treasury shares	(17,719)	-
Net cash (used in) generated from financing activities	<u>(1,293,409)</u>	<u>6,989,393</u>
Net increase in cash and cash equivalents	4,730,304	2,277,963
Cash and cash equivalents at beginning of the period	11,332,396	15,461,305
Cash and cash equivalents at end of the period (Note 5)	<u>16,062,700</u>	<u>17,739,268</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)

MARCH 31, 2015

(All amounts are in Kuwaiti Dinars)

1. Incorporation and objectives of the Parent Company

The 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:

- 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 - Closed.
- According to Article No.(2) of the amendment Articles of Association; the Company's name become: "Combined Group Contracting Company - K.S.C. (Closed)" (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.363 dated June 16, 2014 and as per the Extraordinary General Assembly meeting held on May 11, 2014 the following have been approved:

- a) Approval of the proposal of the Board of Directors by increasing the Company's capital from KD 10,629,366 to KD 11,160,834 which amounted to KD 531,468 through the distribution of bonus shares equal to 5,314,683 shares with the percentage of 5% of the Company capital by 5 shares for every 100 shares, to be allocated to the existing shareholders in the Parent Company's records on the date of the General Assembly Meeting.
- 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 11,160,834 distributed over 111,608,343 shares with value of 100 fils for share and all shares are in kind and in cash" (KD 6,160,834 in cash and KD 5,000,000 in Kind) (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.

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.

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2015
(All amounts are in Kuwaiti Dinars)

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 May 16, 2015.

2. Basis of preparation

The interim 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 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, except for the implementation of the following standards which are effective January 1, 2015:

The following new and amended IASB Standards have been issued but are not yet effective, and have not been adopted by the Group:

IFRS 9 Financial Instruments:

The standard, effective for annual periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations

The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business requiring the acquirer to apply all the principles on business combinations accounting in IFRS 3 and other IFRSs. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

IFRS 15 - Revenue from contracts with customers

The standard, effective for annual periods beginning on or after January 1, 2017, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:

- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization

The amendments, effective prospectively for annual periods beginning on or after January 1, 2016, clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Amendments to IAS 27 – Equity method in separate financial statements

The amendment, effective for annual periods beginning on or after January 1, 2016, allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

COMBINED GROUP CONTRACTING COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2015

(All amounts are in Kuwaiti Dinars)

Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture

The amendments address a conflict between the requirements of IAS 28 'Investments in Associates and Joint Ventures' and IFRS 10 'Consolidated Financial Statements' and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

These amendments are not expected to have any material impact on the interim consolidated financial information for the group.

The interim consolidated financial information does not include all of the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of Management of the Parent Company, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim consolidated financial information. Operating results for the period ended March 31, 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 year ended December 31, 2014.

3. Investment properties

Investment properties amounting to KD 4,987,008 are registered in the name of local banks against finance lease obligation (December 31, 2014 - KD 1,853,870, March 31, 2014 - Nil).

4. Time Deposits

The effective interest rate on time deposits is 2.75% per annum (December 31, 2014 – 2.75%, March 31, 2014 – 2.75%) this deposits mature within 4 years.

5. Cash and cash equivalents

	March 31, 2015	December 31, 2014 (Audited)	March 31, 2014
Cash on hand and at banks	15,562,700	10,832,396	17,239,268
Short term deposits	500,000	500,000	500,000
	<u>16,062,700</u>	<u>11,332,396</u>	<u>17,739,268</u>

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

6. Share capital

The authorized, issued and fully paid-up capital KD 11,160,834 (December 31, 2014 _ KD 11,160,834, March,31,2014_ KD 10,629,366), consists of 111,608,343 shares (December 31, 2014 – 111,608,343 shares, March 31, 2014 – 106,293,660 shares) of nominal value of 100 fils each and all shares are in cash and in kind (Note 1).

7. Treasury shares

	March 31, 2015	December 31, 2014 (Audited)	March 31, 2014
Number of treasury shares (shares)	267,147	247,647	100,353
Percentage of issued shares (%)	0.239%	0.222%	0.094%
Market value (KD)	235,089	227,835	116,409
Cost (KD)	202,459	184,740	64,374

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

MARCH 31, 2015

(All amounts are in Kuwaiti Dinars)

8. 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.	107,134	501,731	608,865
Loan from local bank for financing the purchase of property and equipment 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	500,000	1,100,000
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 asphalt factory against guaranteed by partners and mortgage of the buildings, machinery and equipments of a subsidiary.	267,091	208,690	475,781
Balance as of March 31, 2015	974,225	1,210,421	2,184,646
Balance as of December 31, 2014	982,280	1,534,955	2,517,235
Balance as of March 31, 2014	3,046,769	2,061,504	5,108,273

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% %, March 31, 2014 - from 6.5% to 7.75%).

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

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 (December 31, 2014 - 2.5% over the Central Bank of Kuwait discount rate , March 31, 2014 – from 6.5% to 7.5%). 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 , March 31, 2014 – from 6.5% to 7.5%). and due within 180 day.

Due to banks are secured by personal guarantees of shareholders 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)

MARCH 31, 2015

(All amounts are in Kuwaiti Dinars)

11. Gross profit

	<u>Three months ended March 31, 2015</u>					<u>Three months ended March 31, 2014</u>
	<u>Projects</u>	<u>Vehicles, machinery & garage</u>	<u>Asphalt factories and central mixers</u>	<u>Eliminations of inter-divisional transactions</u>	<u>Total</u>	<u>Total</u>
Operating revenue	59,363,019	1,905,189	1,168,847	(967,186)	61,469,869	40,386,312
Operating Costs	(55,775,460)	(1,628,740)	(1,440,744)	967,186	(57,877,758)	(38,168,466)
Gross profit (loss)	<u>3,587,559</u>	<u>276,449</u>	<u>(271,897)</u>	<u>-</u>	<u>3,592,111</u>	<u>2,217,846</u>

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:

	<u>Three months March 31,</u>	
	<u>2015</u>	<u>2014</u>
Net profit for the period attributable to shareholders' equity of the Parent Company	<u>580,595</u>	<u>594,099</u>
<u>Number of outstanding shares:</u>		
Number of issued shares at beginning of the period	111,608,343	111,608,343
Add: Bonus shares	11,160,834	11,160,834
Less: weighted average number of treasury shares	(259,547)	(105,371)
Weighted average number of outstanding shares	<u>122,509,630</u>	<u>122,663,806</u>
Earnings per share (fils)	<u>4.74</u>	<u>4.84</u>

Earnings per share for the financial period ended March 31, 2014 was 5.32 fils before retroactive adjustment relating to the issue of bonus shares which is approved by Parent company's Shareholders General Assembly after the interim consolidated financial information date (Note 13).

13. General Assembly

The 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 year ended December 31, 2014.

The 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 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:

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MARCH 31, 2015

(All amounts are in Kuwaiti Dinars)

Interim condensed consolidated statement of financial position

	March 31, 2015	December 31, 2014 (Audited)	March 31, 2014
Accounts receivable and other debit balances	2,922,346	2,861,518	1,070,235
Accounts payable and other credit balances	114,084	114,373	52,631

Interim condensed consolidated statement of profit or loss

	Three months ended March 31,	
	2015	2014
<u>Key management compensation:</u>		
Salaries and other short term benefits	258,469	236,358
Terminal benefits	7,760	5,806
	266,229	242,164

15. Capital commitments

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

	March 31, 2015	December 31, 2014 (Audited)	March 31, 2014
Purchase of investment available for sale	400,000	400,000	400,000
Purchase of properties, plants and equipments	978,447	1,627,103	347,491
	1,378,447	2,027,103	747,491

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.
- Gulf Countries.

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

	March 31, 2015			
	State of Kuwait	Gulf Countries	Non- controlling interests	Total
Operating revenue	36,859,505	24,610,363	-	61,469,868
Operating costs	(34,608,787)	(23,268,970)	-	(57,877,757)
Gross profit	2,250,718	1,341,393	-	3,592,111
Segment results	471,220	109,375	290,514	871,109
Segment assets	186,696,129	78,560,165	-	265,256,294
Segment liabilities	147,473,463	72,112,849	-	219,586,312

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	March 31, 2014			Total
	State of Kuwait	Gulf Countries	Non-controlling interests	
Operating revenue	30,383,934	10,002,378	-	40,386,312
Operating costs	(28,944,275)	(9,224,191)	-	(38,168,466)
Gross profit	1,439,659	778,187	-	2,217,846
Segment results	635,282	(41,183)	89,305	683,404
Segment assets	174,993,820	53,641,305	-	228,635,125
Segment liabilities	132,969,058	52,570,027	-	185,539,085

17. Contingent liabilities and claims

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

	March 31, 2015	December 31, 2014 (Audited)	March 31, 2014
Letters of credit	29,750,856	22,104,931	13,794,061
Performance guarantees	121,210,838	118,653,380	96,713,017
Guarantees for advance payments	65,051,124	61,546,443	101,287,747
Guarantees for bids	48,349,086	40,573,382	30,632,019
Guarantees for retentions	11,048,785	8,548,785	13,858,556
Other guarantees	10,167,690	9,796,074	7,320,157
	<u>285,578,379</u>	<u>261,222,995</u>	<u>263,605,557</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 consolidated financial statements, 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 interim condensed consolidated statement of financial position date.

18. Fair value measurement

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.

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The following table presents the Group's investments that are measured at fair value as of March 31, 2015:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments at fair value through profit or loss	<u>2,614,944</u>	<u>623,376</u>	<u>3,238,320</u>

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

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
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 March 31, 2014:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments at fair value through profit or loss	<u>2,517,167</u>	<u>590,891</u>	<u>3,108,058</u>

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.