INVESTMENT HOLDING GROUP W.L.L.
DOHA - QATAR

UNAUDITED PRO FORMA COMBINED
FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

INVESTMENT HOLDING GROUP W.L.L.

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S REPORT

For the year ended December 31, 2014

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INDEPENDENT ACCOUNTANT'S REPORT

The Management
Investment Holding Group W.L.L.
Doha – Qatar

Report on the unaudited pro forma combined financial statements

We have completed our assurance engagement to report on the compilation of unaudited pro forma combined financial statements of Investment Holding Group W.L.L. (the " Company") and certain entities as detailed in Note 1.1(a) (together the "Group"). The unaudited pro forma combined financial statements consist of the unaudited pro forma combined statement of financial position as at December 31, 2014, unaudited pro forma combined statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2014 and related notes. The applicable criteria on the basis of which the management has prepared the combined unaudited pro forma combined financial statements are described in Note 1.1.

The unaudited pro forma combined financial statements have been prepared by management based on the assumptions set out in Note 1.1 to illustrate the impact of the exclusion of certain entities, set out in Note 1.1 (b), on the Group's statement of financial position as at December 31, 2014 and its financial performance for the year ended December 31, 2014. As part of this process, information about the Group's financial position as at December 31, 2014 and financial performance for the year ended December 31, 2014 has been extracted from the audited consolidated financial statements of the Group for the year ended December 31, 2014 and the underlying financial records of certain entities detailed in Note 1.1 (a) and incorporating adjustments described in Note 1.1.

Management's responsibility for the unaudited pro forma combined financial statements

Management is responsible for compiling the unaudited pro forma combined financial statements on the basis of the applicable criteria described in Note 1.1. The accuracy and completeness of the information used to prepare these financial statements are management's responsibility.

Auditor's Responsibilities

Our responsibility is to express an opinion on the unaudited pro forma combined financial statements about whether these unaudited pro forma combined financial statements have been compiled, in all material respects, by the management on the basis of the applicable criteria detailed in Note 1.1.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Statements Included in a Prospectus*," issued by the International Auditing and Assurance Standards Board. This standard requires that the auditor complies with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the unaudited pro forma combined financial statements on the basis of the applicable criteria detailed in Note 1.1.

INDEPENDENT ACCOUNTANT'S REPORT (CONTINUED)

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma combined financial statements, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma combined financial statements.

The purpose of unaudited pro forma combined financial statements is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration as mentioned in Note 1.1. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at a future transaction date would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial statements have been combined, in all material respects, on the basis of the applicable criteria, involves performing procedures to assess whether the applicable criteria used by management in the compilation of the unaudited pro forma combined financial statements provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma combined financial statements reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor's judgment, having regard to the understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma combined financial statements have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma combined financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the unaudited pro forma combined financial statements have been compiled, in all material respects, on the basis detailed in Note1.1 to the unaudited pro forma combined financial statements.

Doha – Qatar
December 15, 2015

For **Deloitte & Touche**
Qatar Branch

Walid Slim
Partner
License No. 319

INVESTMENT HOLDING GROUP W.L.L.

UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION

As at December 31, 2014

	Notes	2014 QR.	2013 QR.
ASSETS			
Current assets			
Cash and bank balances	4	**101,082,423**	91,690,658
Accounts receivable and other debit balances	5	**181,378,457**	163,836,867
Gross amounts due from customers on contract work		**132,092,769**	91,833,702
Due from related parties	6(a)	**113,246,001**	96,198,506
Inventories	7	**68,469,247**	67,183,681
Total current assets		**596,268,897**	510,743,414
Non-current assets			
Retentions receivable	8	**65,456,776**	68,369,865
Available for sale investments	12	**2,250,000**	2,250,000
Investment properties	10	**3,382,238**	3,988,011
Investment in associates	11	**39,543**	--
Property and equipment	9	**16,150,986**	14,056,786
Total non-current assets		**87,279,543**	88,664,662
Total assets		**683,548,440**	599,408,076

INVESTMENT HOLDING GROUP W.L.L.

UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION

As at December 31, 2014

	Notes	**2014**	2013
		QR.	QR.
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdraft	13 (a)	**116,705,388**	93,393,310
Bank loans and borrowings	13 (b)	**65,760,929**	63,216,427
Due to related parties	6 (b)	**74,992,233**	44,482,019
Gross amounts due to customers on contract work		**80,133,117**	121,187,327
Accounts payable and accruals	14	**168,925,229**	142,718,365
Income tax payable		**4,255,318**	3,516,928
Total current liabilities		**510,772,214**	468,514,376
Non-current liabilities			
Bank loans and borrowings	13 (b)	**400,339**	259,194
Retentions payable	15	**15,995,474**	3,174,572
Employees' end of service benefits		**22,282,956**	18,299,852
Total non-current liabilities		**38,678,769**	21,733,618
Total liabilities		**549,450,983**	490,247,994
Equity and reserves			
Share capital	17	**10,000,000**	10,000,000
Capital reserve		**18,468,265**	18,468,265
Legal reserve	18	**5,000,000**	5,000,000
Retained earnings		**73,089,020**	53,966,201
Equity attributable to equity holders of the parent		**106,557,285**	87,434,466
Non – controlling interests		**27,540,172**	21,725,616
Total equity		**134,097,457**	109,160,082
Total liabilities and equity		**683,548,440**	599,408,076

INVESTMENT HOLDING GROUP W.L.L.

UNAUDITED PRO FORMA COMBINED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2014

	Notes	2014	2013
		QR.	QR.
Sales	19	**498,368,226**	474,958,150
Cost of sales		**(335,956,367)**	(333,290,979)
Gross profit		**162,411,859**	141,667,171
Other income	20	**15,069,616**	17,573,259
General and administrative expenses	21	**(99,615,952)**	(78,591,045)
Interest expense		**(7,357,262)**	(6,316,594)
Depreciation of property and equipment	9	**(5,856,172)**	(5,550,506)
Depreciation of investment properties	10	**(605,773)**	(605,773)
Net profit before management expenses and income tax		**64,046,316**	68,176,512
Management expenses	22	**(6,991,297)**	(9,971,615)
Profit before income tax for the year		**57,055,019**	58,204,897
Income tax		**(7,314,341)**	(6,075,268)
Profit for the year		**49,740,678**	52,129,629
Profit for the year		**49,740,678**	52,129,629
Other comprehensive income		**--**	--
Total comprehensive income for the year		**49,740,678**	52,129,629
Attributable to:			
Equity holders of the parent		**27,432,061**	31,225,607
Non – controlling interests		**22,308,617**	20,904,022
Total		**49,740,678**	52,129,629

INVESTMENT HOLDING GROUP W.L.L.

UNAUDITED PRO FORMA COMBINED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2014

	Share capital	Capital reserve	Legal reserve	Retained earnings	Attributable to equity holders of the parent	Non-controlling interest	Total equity
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Balance at January 1, 2013	10,000,000	18,468,265	5,000,000	122,921,411	156,389,676	30,010,104	186,399,780
Total comprehensive income for the year	--	--	--	31,225,607	31,225,607	20,904,022	52,129,629
Effect of reduction in capital 1.1(a)(i))	--	--	--	--	--	(4,410,000)	(4,410,000)
Effect of increase in capital 1.1(a)(ii))	--	--	--	--	--	2,205,000	2,205,000
Dividend distribution	--	--	--	(100,180,817)	(100,180,817)	(26,983,510)	(127,164,327)
Balance at December 31, 2013	10,000,000	18,468,265	5,000,000	53,966,201	87,434,466	21,725,616	109,160,082
Total comprehensive income for the year	--	--	--	27,432,061	27,432,061	22,308,617	49,740,678
Effect of increase in capital (Note 1.1(a)(iii))	--	--	--	--	--	594,000	594,000
Dividend distribution	--	--	--	(8,309,242)	(8,309,242)	(17,088,061)	(25,397,303)
Balance at December 31, 2014	**10,000,000**	**18,468,265**	**5,000,000**	**73,089,020**	**106,557,285**	**27,540,172**	**134,097,457**

INVESTMENT HOLDING GROUP W.L.L.

UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2014

	Notes	2014	2013
		QR.	QR.
CASH FOWS FROM OPERATING ACTIVITIES			
Profit for the year before tax		**57,055,019**	58,204,897
Adjustments for:			
Depreciation of property and equipment	9	**5,856,172**	5,550,506
Profit from disposal of property and equipment		**(151,590)**	(122,519)
Depreciation of investment properties	10	**605,773**	605,773
Interest expenses		**7,357,262**	6,316,594
Provision for bad debts		**2,293,722**	1,251,079
Employees' end of service benefits		**5,337,259**	5,651,244
		78,353,617	77,457,574
Movements in working capital:			
Inventories		**(1,285,566)**	20,302,969
Due from related parties		**(17,047,495)**	76,096,662
Accounts receivable and other debit balances		**(19,835,312)**	(46,892,054)
Due to related parties		**30,510,214**	1,967,909
Retentions receivable		**2,913,089**	(12,745,546)
Accounts payable, accruals and retentions payable		**39,027,766**	23,519,715
Gross amount due from/to customers on contract work		**(81,313,277)**	(59,225,762)
Cash flows from operations		**31,323,036**	80,481,467
Employees' end of service benefits paid		**(1,354,155)**	(1,014,573)
Interest expenses paid		**(7,357,262)**	(6,316,594)
Income tax paid		**(6,575,951)**	(7,621,341)
Net cash generated from operating activities		**16,035,668**	65,528,959
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	9	**(8,287,250)**	(5,933,351)
Proceeds from sale of property and equipment		**488,468**	14,318,346
Acquisition of investment in an associate	11	**(39,543)**	--
Net cash (used in)/generated from investing activities		**(7,838,325)**	8,384,995

INVESTMENT HOLDING GROUP W.L.L.

UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2014

	Notes	**2014**	2013
		QR.	QR.
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend distribution		**(25,397,303)**	(127,164,327)
Net movement in non-controlling interest		**594,000**	(2,205,000)
Proceeds from bank loans and borrowings		**2,685,647**	21,291,917
Net cash used in financing activities		**(22,117,656)**	(108,077,410)
Net decrease in cash and cash equivalents		**(13,920,313)**	(34,163,456)
Cash and cash equivalents at the beginning of the year		**(1,702,652)**	32,460,804
Cash and cash equivalents at the end of the year	16	**(15,622,965)**	(1,702,652)

1. GENERAL INFORMATION

Investment Holding Group W.L.L. (the "Company" or "Parent Company") is registered in the State of Qatar in accordance with the Qatar Commercial Companies Law No. 5 of 2002 and the terms of its Articles of Association. The Company operates in the State of Qatar under Commercial Registration No. 39127. The Company is engaged in various types of investments inside the State of Qatar in accordance with sound commercial and economic practices.

The Company obtained approval on August 5, 2015 from the official authorities to start the Initial Public Offering Process, as such, these unaudited pro forma combined financial statements are compiled for submission to the official authorities responsible for Initial Public Offering Process. The Parent Company along with all entities included in the preparation of unaudited pro forma combined financial statements listed below are hereafter referred as "the Group".

The unaudited pro forma combined financial statements give no indication of the future financial position of the Group.

All pro forma adjustments made in the preparation of these unaudited pro forma combined financial statements are in accordance with the basis of preparation given below in Note 2. The future consolidated financial statements after the proposed initial public offering and considering all requirements of International Financial Reporting Standards and the requirements of Qatari Commercial Companies Law No 5 of 2002, may significantly differ from these unaudited pro forma combined financial statements of the Group.

1.1 Basis of preparation of the unaudited pro forma combined financial statements

These unaudited pro forma combined financial statements are combined based on the following assumptions:

a. The Company only included the following entities in the compilation of the unaudited pro forma combined financial statements, based on the below newly assumed percentage of ownership as of January 1, 2012 as a result of swap of shares with the minority shareholders existing in the below subsidiaries in lieu of shares swapped in the Company. This swap is still in process to be signed by the shareholders during 2015:

Name of the entities included	Percentage of ownership as of January 1, 2012	Transfer of ownership % based on swap of shares effected on January 1, 2015	Assumed percentage of ownership	Domiciled	Accounting standard applied	Activity
Trelco Limited – Single Shareholder Company	100%	--	100%	Qatar	IFRS	Trading
Debbas Enterprises - Qatar W.L.L.	51%	--	51%	Qatar	IFRS	Trading and contracting
Construction Development Contracting & Trading Co. W.L.L. **(i)**	51%	--	51%	Qatar	IFRS	Contracting
Trelco Building Materials Co. W.L.L.	51%	34%	85%	Qatar	IFRS	Trading

1. GENERAL INFORMATION (CONTINUED)

1.1 Basis of preparation of the unaudited pro forma combined financial statements (continued)

Name of the entities included	Percentage of ownership as of January 1, 2012	Transfer of ownership % based on swap of shares effected on January 1, 2015	Assumed percentage of ownership	Domiciled	Accounting standard applied	Activity
Consolidated Supplies Company W.L.L. **(ii)**	51%	24.5%	75.5%	Qatar	IFRS	Trading
Electro Mechanical Engineering Company W.L.L.	51%	17.5%	68.5%	Qatar	IFRS	Contracting
Watermaster (Qatar) Company W.L.L.	51%	12.3%	63.3%	Qatar	IFRS	Contracting
Consolidated Engineering Systems Company W.L.L. **(iii)**	40.8%	19.6%	60.4%	Qatar	IFRS	Trading and contracting

Notes:

(i) Capital was reduced in the subsidiary from QR. 15,000,000 to QR. 6,000,000 during the year 2013

(ii) Capital was increased in the subsidiary from QR 9,000,000 to QR. 10,000,000 during the year 2013.

(iii) Capital was increased in the subsidiary from QR 500,000 to QR. 2,000,000 during the current year.

The unaudited pro forma combined financial statements of the Parent Company has been prepared to illustrate the significant and material effects of the combination of only selected legal entities as if these legal entities listed above have been the only entities controlled by the Parent Company, and in accordance with a newly assumed percentage of ownership as of January 1, 2012 for certain legal entities based on swap of shares with the minority shareholders existing in these entities in lieu of shares swapped in the Company. This swap is still in process to be signed by the shareholders during 2015.

By its nature and inherent limitation, the unaudited pro forma combined financial statements is neither representative of the actual financial position that could have resulted in taking control over legal entities listed above , nor consider any consequential impact/ synergies as a result of making such assumption.

b. The Company excluded the following entities to prepare the unaudited pro forma combined financial statements:

Name of the entities excluded	Percentage of ownership	Domiciled	Activity
Oriental Enterprises W.L.L.	100%	Qatar	Contracting and construction
Trelco International Company W.L.L.	51%	Qatar	Trading
Gazzaoui & Partners Qatar W.L.L.	36%	Qatar	Trading
El Sewedy Cables Qatar W.L.L. (Joint venture)	45%	Qatar	Trading

1. GENERAL INFORMATION (CONTINUED)

1.1 Basis of preparation of the unaudited pro forma combined financial statements (continued)

c. Management has adjusted the investment account and any related Goodwill previously identified in the excluded entities against partners' current accounts, on the assumption that all these investments were originally contributed by the partners. In addition, operations of these excluded entities were adjusted against due from/ to related parties and partners' current accounts.

The following pro forma adjustments were made to these unaudited pro forma combined statement of financial position as at December 31, 2014:

	Audited balances	Pro forma adjustments	Pro forma balances
Assets	**QR.**	**QR.**	**QR.**
Bank balances and cash	**111,904,141**	**(10,821,718)**	**101,082,423**
Accounts receivable and other debit balances	**405,044,726**	**(223,666,269)**	**181,378,457**
Gross amounts due from customers on contract work	**132,092,769**	**--**	**132,092,769**
Due from related parties	**46,251,811**	**66,994,190**	**113,246,001**
Inventories	**106,966,199**	**(38,496,952)**	**68,469,247**
Retentions receivable	**65,456,776**	**--**	**65,456,776**
Assets classified as held for sale	**120,609,843**	**(120,609,843)**	**--**
Available for sale investments	**2,250,000**	**--**	**2,250,000**
Investment properties	**3,382,238**	**--**	**3,382,238**
Investment in associates	**8,634,876**	**(8,595,333)**	**39,543**
Property and equipment	**18,015,306**	**(1,864,320)**	**16,150,986**
Total assets	**1,020,608,685**	**(337,060,245)**	**683,548,440**
Liabilities			
Bank overdraft	**116,705,388**	**--**	**116,705,388**
Bank loans and borrowings	**211,350,853**	**(145,189,585)**	**66,161,268**
Due to related parties	**99,635,454**	**(24,643,221)**	**74,992,233**
Gross amounts due to customers on contract work	**80,133,117**	**--**	**80,133,117**
Accounts payable and accruals	**207,959,307**	**(39,034,078)**	**168,925,229**
Income tax payable	**4,892,415**	**(637,097)**	**4,255,318**
Retentions payable	**15,995,474**	**--**	**15,995,474**
Employees' end of service benefits	**23,394,888**	**(1,111,932)**	**22,282,956**
Liability directly associated with assets classified as held for sale	**37,012,269**	**(37,012,269)**	**--**
Total liabilities	**797,079,165**	**(247,628,182)**	**549,450,983**
Equity			
Share capital	**10,000,000**	**--**	**10,000,000**
Capital reserve	**18,468,265**	**--**	**18,468,265**
Legal reserve	**5,000,000**	**--**	**5,000,000**
Retained earnings	**151,073,537**	**(77,984,517)**	**73,089,020**
Non – controlling interests	**38,987,718**	**(11,447,546)**	**27,540,172**
Total equity	**223,529,520**	**(89,432,063)**	**134,097,457**
Total equity and liabilities	**1,020,608,685**	**(337,060,245)**	**683,548,440**

1. GENERAL INFORMATION (CONTINUED)

1.1 Basis of preparation of the unaudited pro forma combined financial statements (Continued)

The following pro forma adjustments were made to these unaudited pro forma combined statement of comprehensive income for the year ended December 31, 2014:

	Audited balances QR.	Pro forma adjustments QR.	Pro forma balances QR.
Sales	931,350,831	(432,982,605)	498,368,226
Cost of sales	(738,992,925)	403,036,558	(335,956,367)
Gross profit	192,357,906	(29,946,047)	162,411,859
Other income	15,229,158	(159,542)	15,069,616
General and administrative expenses	(111,804,244)	12,188,292	(99,615,952)
Interest expense	(10,571,300)	3,214,038	(7,357,262)
Depreciation of property and equipment	(9,957,206)	4,101,034	(5,856,172)
Depreciation on investment properties	(605,773)	--	(605,773)
Share of profit of associates	1,419,397	(1,419,397)	--
Net profit before management expenses	76,067,938	(12,021,622)	64,046,316
Management expenses	(6,991,297)	--	(6,991,297)
Profit before income tax for the year	69,076,641	(12,021,622)	57,055,019
Income tax	(7,314,341)	--	(7,314,341)
Profit for the year from continuing operations	61,762,300	(12,021,622)	49,740,678
Discontinued operations	8,744,995	(8,744,995)	--
Profit for the year	70,507,295	(20,766,617)	49,740,678
Attributable to:			
Equity holders of the parent	37,316,507	(9,884,446)	27,432,061
Non – controlling interests	33,190,788	(10,882,171)	22,308,617
Total	70,507,295	(20,766,617)	49,740,678

d. Long term retentions receivables amounting to QR. 46,459,582 are not discounted out of total balance amounting to QR. 65,456,776 as at December 31, 2014.

e. Long term retentions payables amounting to QR. 13,429,142 are not discounted out of total balance amounting to QR. 15,995,474 as at December 31, 2014.

f. Trelco Building Materials Co. W.L.L. is acting as plaintiff in certain number of legal cases filed against its customers claiming for total outstanding receivables amounting to QR. 3.7 million, besides compensations. No provisions for doubtful receivables were provided for in these unaudited pro forma combined financial statements.

g. The joint operation of Debbas Enterprise – Qatar W.L.L. has recognized revenue for the year ended December 31, 2014 on an unapproved variation orders amounting to QR. 104,379,124 in a total contract value QR. 521,278,802, with a corresponding gross amount due from customers amounting to QR. 70 million. Furthermore, payment certificate applications issued to the customers for the last four months of the year 2014 amounting to QR. 33,903,904 were not approved for payments and recognized in these unaudited pro forma combined financial statements.

h. Unquoted available for sale investments is carried at cost.

1. GENERAL INFORMATION (CONTINUED)

1.1 Basis of preparation of the unaudited pro forma combined financial statements (continued)

i. Revenues included variations orders amounting to QR. 1.9 million which are still in process to be approved by customers, management is of the views that these variations will be approved in 2015.

j. Certain projects had excess estimated cost not recorded in the books as at December 31, 2014 and amounting to QR. 1.5 million. Management believes that these costs are only estimates that can turn to a favorable results upon completion.

k. The land assigned to the Company which was in the name of one of the partners and amounting to QR. 13,359,361 was sold during 2013 and proceeds were directly collected by the partner. The sale of the land was offset against the partner's current account, Note 9.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

As mentioned in Note 1.1, the underlying financial statements of legal entities that were compiled in the unaudited pro forma combined financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and Qatar Commercial companies Law No 5 of 2002.

These unaudited pro forma combined financial statements have been prepared under the historical cost basis. The principle accounting policies are set out below.

These unaudited pro forma combined financial statements have been presented in Qatari Riyal (QR.) which is the Group's functional currency.

Basis of consolidation and compilation

The unaudited pro forma combined financial statements compile the financial statements of the Company and certain controlled legal entities ("the legal entities") selected for the purpose described in Note 1.1(a). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of legal entities acquired or disposed off during the year are included in the unaudited pro forma combined statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of legal entities to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on compilation.

Non-controlling interests in the net assets of the legal entities is identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original compilation and the minority's share of changes in equity since the date of the compilation. Losses applicable to the non-controlling interests in excess of the non-controlling interests in the legal entity's equity are allocated against the interests of the Group except to the extent that the non-controlling interests has a binding obligation and is able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in legal entities that do not result in the Group losing control over such entities resulting in non-compilation are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the legal entities. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation and compilation (continued)

When the Group losses control of a legal entity, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the legal entities and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former legal entity at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Interest in associates

An associate is an entity over which the Group has significant influence without being a subsidiary to the Group or own interest in the entity as a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Foreign currency transactions

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All differences are taken to the unaudited pro forma combined statement of comprehensive income.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or capitalized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is capitalized, while cost of regular maintenance and repairs is recorded in the unaudited pro forma combined statement of comprehensive income when it is incurred.

Depreciation of all property and equipment are calculated on a straight-line basis commencing when the assets are ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the unaudited pro forma combined statement of comprehensive income.

Investment properties

The cost of building classified as investment property is depreciated over the estimated remaining useful life, which is based on expected usage of the asset, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and residual value. Management has not considered any residual value as it is deemed immaterial. The carrying value of investment property is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Such assessment of impairment is based on several assumptions relating to future cash flows from assets, risk adjusted discount factor etc.

Inventories

Inventories are stated at the lower of cost and net realisable value after taking an allowance for any slow moving or obsolete items. Cost comprises the purchase price, import duties, transportation handling and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method for construction materials, spares and merchandise

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

Financial assets are recognised and derecognised on a trade date basis, where purchases or sales of financial assets require delivery of assets within the time frame established by regulation or convention in the marketplace. Financial assets are recognised initially at fair value plus directly attributable transaction costs.

Financial assets are classified into available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed redeemable notes held by the Group that are traded in an active market are classified as available for sale and are stated at fair value at the end of each reporting period. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value less impairment loss, if any.

Profit or loss arising from changes in carrying amounts of available-for-sale financial assets are recognised in equity under the heading of fair value reserve except; impairment loss, interest (calculated using the effective interest method), changes in foreign currency rates (which are directly recognized in the unaudited pro forma combined statement of comprehensive income). When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to the unaudited pro forma combined statement of comprehensive income.

Dividends on available for sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Accounts receivable

Accounts receivable are stated at original invoice amount, being the fair value less any impairment for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest rate method, less any impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and short-term deposits with maturity of three months or less, net of bank overdraft, if any.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset, except financial assets held at fair value through profit or loss, is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For available-for-sale investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For other financial assets, objective evidence of impairment could include:
(i) significant financial difficulty of the issuer or counterparty; or
(ii) default or delinquency in interest or principal payments; or
(iii) it is becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
(iv) the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the unaudited pro forma combined statement of comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the unaudited pro forma statement of comprehensive income.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

Financial liabilities and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Accounts payable

Liabilities are recognized at cost, being the fair value of amounts to be paid in the future for goods or services received.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Bank loans and borrowings

Bank loans and borrowings are recognized initially at fair value of the amounts borrowed, less directly attributable transaction costs. Subsequent to initial recognition, interest bank loans and borrowings are measured at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the unaudited pro forma combined statement of comprehensive income over the period of the borrowings using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the unaudited pro forma combined statement of comprehensive income.

Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' length of service and the completion of a minimum service period. The Group treats this obligation as a non-current liability.

Borrowing costs

Borrowing costs directly attributable to the construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. The remaining borrowing costs are expensed in the unaudited pro forma combined statement of comprehensive income in the period in which they are incurred.

Revenues

Revenues are recognized by the Group on the following basis:

Revenues from sale of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be reliably measured.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the reporting date, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Revenues from rendering services are recognized when the services are performed.

Dividend income is recognized when the right to receive the dividend is established.

Interest income is accounted for on an accrual basis.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the unaudited pro forma combined financial statements:

Classification of financial assets

Management decides on the acquisition of an investment whether to classify it as available for sale or financial assets at fair value through profit or loss. The Group classifies investments as financial assets at fair value through profit or loss if the investment is classified as held for trading and upon initial recognition it is designated by the Group as at fair value through profit or loss. All other investments are classified as available for sale.

Measurement of investment properties

Management of the Group is required to choose as its accounting policy either the fair value model or the cost model and shall apply this policy to all of its investment property, except if it holds an investment property as a lessee under an operating lease, under which it is required to hold these investment properties only at fair value.

The Group has chosen to adopt cost model for the purposes of measuring its investment properties in the unaudited pro forma combined statement of financial position.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the unaudited pro forma combined statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Impairment of tangible and intangible assets

The Group's management tests annually whether there is an indication that tangible and intangible assets have suffered impairment in accordance with accounting policies stated in Note 2 of the unaudited pro forma combined financial statements. The recoverable amount of an asset is determined based on the higher of fair value or value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

Impairment of financial assets

The Group's management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the unaudited pro forma statement of comprehensive income. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty.

Impairment of available for sale investments

The Group follows the guidance of IAS 39 "Financial Instruments: Recognition and measurement" to determine when an available for sale investment is impaired. This determination requires significant judgment. In making this judgment, the Group assesses, among other factors, whether objective evidence of impairment exists.

Fair value measurements

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management/valuation committee if any works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in respective notes.

Impairment of inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its realisable value are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues. Based on the above factors, the Group has arrived at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Impairment of accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the unaudited pro forma combined statement of comprehensive income.

The Group recognized provision for doubtful debts amounting to QR. 4,481,438 (2013: QR. 2,950,758) representing outstanding claims of more than 365 days where collection is no longer probable.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Property and equipment

The cost of property and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. The management has not considered any residual value as it is deemed immaterial.

Revenue recognition on long-term contract

Management estimates the costs to complete for the purpose of revenue recognition and recognition of anticipated losses on projects, if any. In the process of calculating the cost to complete, management conducts regular and systematic reviews of actual results and future projections with comparison against budget. This process requires monitoring controls including financial, operational, identifying major risks facing the Joint Arrangement and developing and implementing initiatives to manage those risks. Management is of opinion that the costs to complete the various projects are fairly stated.

As required by IAS 11 in applying the percentage of completion on its long-term projects, the Group is required to recognise any anticipated losses on its contracts. In light of the above, management is of opinion that based on the current facts, the Group will not result in losses in the future.

4. CASH AND BANK BALANCES

	2014	2013
	QR.	QR.
Cash in hand and bank current accounts	**101,082,423**	91,634,520
Term deposits	**--**	56,138
	101,082,423	91,690,658

The term deposits matured within three months and earned interest at a rate of 1.5% to 2.5% per annum.

5. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	2014	2013
	QR.	QR.
Trade receivables, net	**140,731,614**	120,015,037
Retention receivable	**13,790,155**	6,486,746
Prepaid expenses	**2,093,343**	4,482,934
Other debit balances	**24,763,345**	32,852,150
	181,378,457	163,836,867

The average credit period for sale of goods and rendering services is 60 to 90 days. No interest is charged on the overdue accounts receivable. Appropriate allowances for estimated irrecoverable amounts are recognised in the unaudited pro forma combined statement of comprehensive income when there is objective evidence that the asset is impaired, based on management's historical experience.

	2014	2013
	QR.	QR.
Trade receivables comprises:		
Trade receivables	**145,213,052**	122,965,795
Less: Allowance for doubtful debts	**(4,481,438)**	(2,950,758)
Trade receivables – net	**140,731,614**	120,015,037

5. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES (CONTINUED)

As at December 31, the ageing of accounts receivable and movement in the allowance for doubtful debts are as follows:

(i) Ageing of neither past due nor impaired

	2014	2013
	QR.	QR.
Less than 60 days	**60,434,558**	62,734,237

(ii) Ageing of past due but not impaired

	2014	2013
	QR.	QR.
61 – 90 days	**27,221,605**	17,744,468
91 - 180 days	**20,879,320**	14,202,277
181 – 365 days	**13,065,673**	13,646,211
More than 365 days	**19,130,458**	11,687,844
Total	**80,297,056**	57,280,800

(iii) Ageing of past due and impaired

	2014	2013
	QR.	QR.
Over 365 days	**4,481,438**	2,950,758

Movement in the allowance for doubtful debts:

	2014	2013
	QR.	QR.
Balance at beginning of the year	**2,950,758**	3,430,677
Charge for the year	**2,293,722**	1,251,079
Bad debts written off	**(763,042)**	(1,730,998)
Balance at end of the year	**4,481,438**	2,950,758

6. RELATED PARTIES

Related parties, represent shareholders, directors and senior management of the Group and companies of which they are principal owners. Terms of transactions with related parties are approved by the Group's management.

a) Due from related parties:

	2014	2013
	QR.	QR.
Shareholders	**82,669,717**	84,180,835
Related parties	**13,273,900**	3,141,121
Others	**17,302,384**	8,876,550
	113,246,001	96,198,506

6. RELATED PARTIES (CONTINUED)

b) Due to related parties

	2014	2013
	QR.	QR.
Shareholders	**42,036,701**	26,259,008
Related parties	**6,175,012**	4,213,852
Others	**26,780,520**	14,009,159
	74,992,233	44,482,019

c) Remuneration of key management personnel are as follows:

	2014	2013
	QR.	QR.
Short term benefits	**6,279,242**	11,288,832
Long term benefits	**396,966**	365,717

d) Transactions with related parties are as follows:

	2014	2013
	QR.	QR.
Sales	**34,863,271**	36,845,225
Purchases	**40,716,820**	54,239,923
Management fees	**5,615,449**	6,811,801

7. INVENTORIES

	2014	2013
	QR.	QR.
Raw material	**64,480,412**	56,855,078
Goods in transit	**3,988,835**	10,328,603
	68,469,247	67,183,681

8. RETENTIONS RECEIVABLE

	2014	2013
	QR.	QR.
Gross retentions receivable	**21,292,837**	17,195,371
Discounting charges	**(2,295,643)**	(1,604,979)
Present value of the future expected collection of retentions receivable	**18,997,194**	15,590,392
Undiscounted retentions receivable	**46,459,582**	52,779,473
	65,456,776	68,369,865

As of December 31, 2014, non-current retentions receivable amounting to QR. 21,292,837 was discounted to calculate the present value of the future expected collection of non-current retention receivables. The remaining balance amounting to QR. 46,459,582 has not been discounted as of December 31, 2014.

9. PROPERTY AND EQUIPMENT

	Land*	Furniture and fixtures	Buildings and constructions**	Motor vehicles***	Improve-ments	Office equipment	Tools and equipment	Machinery	Computers	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Cost:										
At January 1, 2013	13,359,361	3,106,647	10,280,370	14,741,958	2,190,999	5,005,399	2,922,536	425,517	780,591	52,813,378
Additions	--	187,526	321,335	1,751,711	154,720	1,491,282	1,688,167	--	338,610	5,933,351
Disposals	(13,359,361)	(130,454)	(548,788)	(1,100,627)	--	--	(157,973)	--	(23,584)	(15,320,787)
Reclassification	--	(229,751)	(53,079)	(321,047)	--	--	602,885	--	992	--
At December 31, 2013	--	2,933,968	9,999,838	15,071,995	2,345,719	6,496,681	5,055,615	425,517	1,096,609	43,425,942
Additions	--	438,221	--	2,999,444	1,229,034	1,283,441	1,910,169	230,416	196,525	8,287,250
Disposals	--	--	--	(1,378,137)	--	--	(71,900)	--	--	(1,450,037)
At December 31, 2014	**--**	**3,372,189**	**9,999,838**	**16,693,302**	**3,574,753**	**7,780,122**	**6,893,884**	**655,933**	**1,293,134**	**50,263,155**
Accumulated depreciation										
At January 1, 2013	--	2,138,125	6,001,787	9,689,267	1,615,074	2,902,379	1,971,553	251,510	373,915	24,943,610
Charge for the year	--	374,534	951,773	2,010,518	146,931	808,140	1,001,220	58,318	199,072	5,550,506
Disposals	--	(112,037)	(58,720)	(784,706)	--	--	(145,910)	--	(23,587)	(1,124,960)
Reclassification	--	(163,171)	(26,873)	(130,972)	--	--	320,127	--	889	--
At December 31, 2013	--	2,237,451	6,867,967	10,784,107	1,762,005	3,710,519	3,146,990	309,828	550,289	29,369,156
Charge for the year	--	381,863	1,012,346	1,879,187	174,942	992,688	1,094,263	71,373	249,510	5,856,172
Disposals	--	--	--	(1,047,192)	--	--	(65,967)	--	--	(1,113,159)
Reclassification	--	(112,697)	--	98,633	--	8,278	--	--	5,786	--
At December 31, 2014	**--**	**2,506,617**	**7,880,313**	**11,714,735**	**1,936,947**	**4,711,485**	**4,175,286**	**381,201**	**805,585**	**34,112,169**
Net Book Value:										
At December 31, 2014	**--**	**865,572**	**2,119,525**	**4,978,567**	**1,637,806**	**3,068,637**	**2,718,598**	**274,732**	**487,549**	**16,150,986**
At December 31, 2013	--	696,517	3,131,871	4,287,888	583,714	2,786,162	1,908,625	115,689	546,320	14,056,786
Depreciation rates:		**15% - 25%**	**15% - 20%**	**20% - 25%**	**10% - 20%**	**15% -33.33%**	**15% - 20%**	**10% - 20%**	**33%**	

***** The land having a carrying value of QR 13,359,361 has been disposed-off during 2013, which was in the name of one of the partners and had been beneficially held by the Group (Note 1.1.i).

9. PROPERTY AND EQUIPMENT (CONTINUED)

**Buildings are constructed on land leased from the municipality of Doha under the name of one of the partners for a period of 30 years starting from January 1, 1991.

***Some motor vehicles are mortgaged against borrowings.

10. INVESTMENT PROPERTIES

	2014	2013
	QR.	QR.
Opening balance	**3,988,011**	4,593,784
Charge for the year	**(605,773)**	(605,773)
Closing balance	**3,382,238**	3,988,011

Investment properties represent a building constructed on a piece of land leased from a third party for 10 years. The building has been classified as investment property and depreciated over the life of the lease term on a straight-line basis, since the land and building will be transferred to the lessor at the end of the contract term. Investment properties with a carrying value of QR. 3.3 Million were appraised by management at a fair value of QR. 10 million as at December 31, 2014.

11. INVESTMENT IN AN ASSOCIATE

Investment in associates as of December 31, comprise the following:

Name	**% Holding**	**2014**	2013
		QR.	QR.
Prolines Company W.L.L	40	**39,543**	--

12. AVAILABLE FOR SALE INVESTMENTS

	2014	2013
	QR.	QR.
Unquoted equity investments	**2,250,000**	2,250,000

Unquoted available for sale investments is carried at cost, since its fair value cannot be reliably estimated.

13. BANK LOANS AND BORROWINGS

(a) Overdrafts

	2014	2013
	QR.	QR.
Balance at the end of the year	**116,705,388**	93,393,310

These overdrafts are secured by the personal guarantee of the partners of the Group and bear interest rate ranging from 4.50% to 7.35% per annum (2013: 4.75% to 5.25% per annum).

(b) Borrowings

	Current		**Non-current**	
	2014	2013	**2014**	2013
	QR.	QR.	**QR.**	QR.
Loans against guarantee receipts (1)	**65,322,055**	63,022,183	**--**	--
Term loans (2)	**438,874**	194,244	**400,339**	259,194
	65,760,929	63,216,427	**400,339**	259,194

(1) Loans against guarantee receipts

This amount represents the total amount of guarantee receipt loans from local banks for the purpose of financing the purchases of materials related to the Group's entities. These loans bear average interest rate ranging from 4.25% to 4.75% per annum (2013: 4.50% to 4.75% per annum) and are secured by the personal guarantee of the partners of the Group and the guarantee of Investment Holding Group W.L.L.

(2) Term loans

Term loans have different maturity dates. The last loan matures in December 2016 and bears interest rate of 4.5% per annum. Term loans are secured by motor vehicles.

14. ACCOUNTS PAYABLE AND ACCRUALS

	2014	2013
	QR.	QR.
Trade and notes payable	**55,644,289**	51,471,770
Advances from customers	**47,368,449**	23,211,078
Accruals and other credit balances	**65,912,491**	68,035,517
	168,925,229	142,718,365

15. RETENTIONS PAYABLE

	2014	2013
	QR.	QR.
Gross retentions payable	**16,078,588**	3,516,315
Discounting income	**(83,114)**	(341,743)
	15,995,474	3,174,572

16. CASH AND CASH EQUIVALENTS

	2014	2013
	QR.	QR.
Bank balances and cash (Note 4)	**101,082,423**	91,690,658
Bank overdraft (Note 13 (a))	**(116,705,388)**	(93,393,310)
	(15,622,965)	(1,702,652)

Cash and cash equivalents comprise cash, bank balances and deposits with original maturity of less than 90 days, net of bank overdrafts.

17. SHARE CAPITAL

The Company's issued and paid up capital is QR 10,000,000 allocated as follows:

Name	Nationality	Percentage of ownership	Amount QR.
Ghanim Sultan Hudaifi Al Kuwari	Qatari	68.5%	**6,850,000**
Moza Shaheen Saad Al Rabia Al Kuwari	Qatari	3%	**300,000**
Sarah Jassem Mohammad Al Bouinain	Qatari	3%	**300,000**
Ohoad Karim Wasel Dagani	Saudi	3%	**300,000**
Abdulaziz Ghanim Sultan Hudaifi Al Kuwari	Qatari	2%	**200,000**
Abdallah Ghanim Sultan Hudaifi Al Kuwari	Qatari	2%	**200,000**
Hamad Ghanim Sultan Hudaifi Al Kuwari	Qatari	1.9%	**190,000**
Sultan Ghanim Sultan Hudaifi Al Kuwari	Qatari	1.9%	**190,000**
Abdulrahman Ghanim Sultan Hudaifi Al Kuwari	Qatari	1.9%	**190,000**
Khaled Ghanim Sultan Hudaifi Al Kuwari	Qatari	1.8%	**180,000**
Mohammad Ghanim Sultan Hudaifi Al Kuwari	Qatari	1.7%	**170,000**
Alanoud Ghanim Sultan Hudaifi Al Kuwari	Qatari	1%	**100,000**
Hossa Ghanim Sultan Hudaifi Al Kuwari	Qatari	1%	**100,000**
Aisha Ghanim Sultan Hudaifi Al Kuwari	Qatari	1%	**100,000**
Fatima Ghanim Sultan Hudaifi Al Kuwari	Qatari	1%	**100,000**
Latifa Ghanim Sultan Hudaifi Al Kuwari	Qatari	1%	**100,000**
Louloua Ghanim Sultan Hudaifi Al Kuwari	Qatari	1%	**100,000**
Noura Ghanim Sultan Hudaifi Al Kuwari	Qatari	1%	**100,000**
Mariam Ghanim Sultan Hudaifi Al Kuwari	Qatari	1%	**100,000**
Ghanim khaleed Ghanim Hudaifi Al Kuwari	Qatari	0.1%	**10,000**
Jabor Khaleed Ghanim Hudaifi Al Kuwari	Qatari	0.1%	**10,000**
Ghanim Abdelrhman Ghanim Hudaifi Al Kuwari	Qatari	0.1%	**10,000**
Ghanim Mohammed Ghanim Hudaifi Al Kuwari	Qatari	0.1%	**10,000**
Ghanim Sultan Ghanim Hudaifi Al Kuwari	Qatari	0.1%	**10,000**
Nasser Hamad Ghanim Hudaifi Al Kuwari	Qatari	0.1%	**10,000**
Rashed Mohammed Ghanim Hudaifi Al Kuwari	Qatari	0.1%	**10,000**
Abduallah Mohammed Ghanim Hudaifi Al Kuwari	Qatari	0.1%	**10,000**
Wael Mosa Ashteyah	Jordan	0.1%	**10,000**
Khaleel Jabra Khaleel Dagbaj	Jordan	0.1%	**10,000**
Wafa Essam Yousef Sofan	Jordan	0.1%	**10,000**
Water Holding Group	Lebanon	0.1%	**10,000**
Atoom Hussien Al haj	Lebanon	0.1%	**10,000**
Total		100%	**10,000,000**

One of the partners released 4.5% of the share capital in the Company to several new partners. The new partners signed irrevocable power of attorney in favor of the partner to manage and sell their shares in the capital of the Company.

18. LEGAL RESERVE

Legal reserve is computed in accordance with the provisions of the Qatar Commercial Companies' Law and the Company's Articles of Association at 10% of the net profit for the year. Transfers to the reserve are made until it equals at least 50% of the paid up capital. The reserve is not available for distribution except in circumstances specified in the Qatar Commercial Companies' law.

19. SALES

	2014	2013
	QR.	QR.
Trading revenue	**201,983,054**	114,978,126
Contracting revenue	**296,385,172**	359,980,024
	498,368,226	474,958,150

20. OTHER INCOME

	2014	2013
	QR.	QR.
Rental income	**8,015,415**	5,162,801
Commission income	**--**	1,842,396
Supply of manpower	**--**	375,582
Others	**7,054,201**	10,192,480
	15,069,616	17,573,259

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
	QR.	QR.
Salaries and fringe benefits	**65,340,440**	53,314,497
Offices, stores and staff residence rent	**10,938,321**	7,649,569
Office and other expenses	**4,709,902**	1,570,193
Provision and bad debts - written off	**2,293,722**	1,251,079
Professional and legal fees	**1,817,898**	2,073,610
Business development promotion and commissions	**1,733,520**	2,194,097
Repairs and maintenance	**1,617,082**	1,499,098
Travelling	**1,102,487**	1,100,223
Immigration and visa	**1,026,929**	380,692
Postage and communication	**1,016,989**	944,517
Vehicle expense	**611,261**	554,896
Electricity and water	**345,584**	266,043
Transportation and labour	**44,750**	217,772
Other expenses	**7,017,067**	5,574,759
	99,615,952	78,591,045

22. MANAGEMENT EXPENSES

This represent amounts paid to the foreign partners and general managers in the Group's entities in compensation for their management of the respective subsidiaries, in accordance with the agreement signed by both parties.

23. CONTINGENT LIABILITIES

	2014	2013
	QR.	QR.
Letters of credit	**50,339,803**	17,239,437
Letter of guarantees	**126,821,845**	119,022,661

24. FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets and financial liabilities. Accounting policies for key items of financial assets and liabilities are set out in Note 2.

***Financial Assets*:**

The Group's principal financial assets include bank balances and cash, due from related parties, trade and retention receivables, available for sale investment and investments in associates.

Financial Liabilities:

The Group's significant financial liabilities include accounts payables, term loans, bank overdrafts, borrowings, retentions payables and due to related parties.

Accounting policies for key items of financial assets and liabilities are set out in Note 2

Fair Value of Financial Instruments:

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties on an arm's length basis. Since the accompanying financial statements have been prepared under the historical cost convention, except for available for sale investments which are carried at fair value, the carrying values of the Group's financial instruments as recorded could therefore be different from their fair values. However, in the opinion of the management, fair values of the financial assets and liabilities are not considered significantly different from their book values as most of these items are short-term in nature or repriced frequently.

25. FINANCIAL RISK MANAGEMENT

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its financial assets which consist primarily of bank balances and accounts receivable. Credit risk on bank balances is limited as it is placed with banks having good credit rating. Credit risk on accounts receivable is limited as these are spread among various counterparties and are shown after review of their recoverability and stated net of provision for doubtful receivables.

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk exposure

The Group is exposed to interest rate risk on its bank balances and borrowings, subject to floating rates. Any change in the interest rate in 1% could increase or decrease the Group's profit by QR.0.8 million approximately.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's exposure to currency risk is minimal, since most of the transactions are either in Qatari Riyal or US Dollar.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's terms of sales require amounts to be paid within a 30-60 days. Trade payables are normally settled within 30-90 days of the date of purchase.

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while optimizing the return to stakeholders through the optimization of the debt and equity balances.

The capital structure of the Group consists of debt, which includes the borrowings as disclosed in Note (13), and equity, comprising issued capital, reserves and retained earnings.

Gearing ratio

The Group reviews the capital structure on a regular basis.

The gearing ratio at year end is as follows:

	2014	2013
	QR.	QR.
Debt (i)	**66,161,268**	63,475,621
Cash and cash equivalents (Note 16)	**15,662,965**	1,702,652
Net debt	**81,824,233**	65,178,273
Equity (ii)	**134,097,457**	109,160,082
Net debt to equity ratio	**61.02%**	59.71%

i) Debt is defined as long and short term borrowings, as detailed in Note (13).
ii) Equity includes all capital and reserves of the Group.