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

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR’S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015

INVESTMENT HOLDING GROUP W.L.L.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Investment Holding Group W.L.L. (the "Company" or "Parent") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of profit or loss, profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the applicable provisions of Qatar Commercial Companies Law; and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidation financial statements.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Basis for Qualified Opinion

During the construction period of a project performed by joint operation with one of the Company's subsidiaries (Debbas Enterprise Qatar W.L.L.), management has recognized cumulative revenue to December 31, 2015 from unapproved variation orders amounting to QR. 87,375,404 (2014: QR. 70,043,637) in respect of scope changes and prolongations costs. Management is currently in negotiations with the customer for approving those variations. Management is confident at least the amounts recognized in the books are fully recoverable. We were not provided with sufficient documents nor could we perform alternative procedures to satisfy our selves regarding the recoverability and completeness of the total amount recognized as of December 31, 2015.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Investment Holding Group W.L.L. and its subsidiaries, as at December 31, 2015 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matters

Without qualifying our opinion, we draw attention to Note 1 to the accompanying consolidated financial statements. Effective January 1, 2015, the Company's ownership percentages in certain subsidiaries has changed, as a result of share swap agreements with the non-controlling partners in the same subsidiaries. The Group is still in the process of obtaining required statutory approvals for these changes from local authorities.

Other legal and regulatory requirements

We are also of the opinion that proper books of account were maintained by the Company and physical inventory verification has been duly carried out. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, except for what is mentioned in the emphasis of matters paragraph above, no contraventions of the Qatar Commercial Companies Law or the Company's Articles of Association were committed during the year which would materially affect the Group's activities or its financial position. A new commercial companies' law was issued in 2015. The Company's management is in the process of assessing the impact of the new law on their Articles of Association and consolidated financial statements.

Doha – Qatar
May 22, 2016

For **Deloitte & Touche**
Qatar Branch

Walid Slim
Partner
License No. 319

INVESTMENT HOLDING GROUP W.L.L.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2015

	Notes	**2015**	2014
		QR.	QR.
ASSETS			
Current assets			
Bank balances and cash	5	**120,022,176**	111,904,141
Accounts receivable and other debit balances	6	**182,453,066**	405,044,726
Gross amounts due from customers on contract work		**153,450,721**	132,092,769
Due from related parties	7(a)	**52,495,912**	46,251,811
Inventories	8	**62,943,544**	106,966,199
		571,365,419	802,259,646
Assets classified as held for sale	9	**321,683,790**	120,609,843
Total current assets		**893,049,209**	922,869,489
Non-current assets			
Retentions receivable	11	**71,629,653**	65,456,776
Available-for-sale investments	15	**2,250,000**	2,250,000
Investment properties	13	**2,776,465**	3,382,238
Investment in associates	14	**95,981**	8,634,876
Property, plant and equipment	12	**19,948,885**	18,015,306
Total non-current assets		**96,700,984**	97,739,196
Total assets		**989,750,193**	1,020,608,685

INVESTMENT HOLDING GROUP W.L.L.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2015

	Notes	2015	2014
		QR.	QR.
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdraft	16 (a)	**78,341,182**	85,743,363
Borrowings	16 (b)	**120,769,521**	241,169,573
Due to related parties	7 (b)	**17,036,624**	99,635,454
Gross amounts due to customers on contract work		**55,006,020**	80,133,117
Accounts payable and accruals	17	**188,322,256**	207,959,307
Income tax payable		**5,333,540**	4,892,415
		464,809,143	719,533,229
Liability directly associated with assets classified as held for sale	9	**253,180,673**	37,012,269
Total current liabilities		**717,989,816**	756,545,498
Non-current liabilities			
Borrowings	16 (b)	**4,421,153**	1,143,305
Retentions payable	18	**4,296,843**	15,995,474
Employees' end of service benefits		**26,470,146**	23,394,888
Total non-current liabilities		**35,188,142**	40,533,667
Total liabilities		**753,177,958**	797,079,165
Equity and reserves			
Share capital	20	**10,000,000**	10,000,000
Capital reserve	21	**18,468,265**	18,468,265
Legal reserve	22	**5,000,000**	5,000,000
Retained earnings		**162,264,612**	151,073,537
Equity attributable to the owners of the Company		**195,732,877**	184,541,802
Non – controlling interests	27	**40,839,358**	38,987,718
Total equity		**236,572,235**	223,529,520
Total liabilities and equity		**989,750,193**	1,020,608,685

May 22

These consolidated financial statements were authorised and approved for issue by the partners on --, 2016 the signed on their behalf by:

Chairman | **Board Member**

Group CEO

INVESTMENT HOLDING GROUP W.L.L.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2015

	Notes	2015	2014
		QR.	QR.
Continuing Operations			
Revenue	24	**561,633,698**	484,041,545
Direct cost		**(382,579,633)**	(319,524,949)
Gross profit		**179,054,065**	164,516,596
Other income	25	**15,051,391**	15,069,616
General and administrative expenses	26	**(86,922,078)**	(100,221,711)
Interest expenses		**(7,709,673)**	(7,357,272)
Depreciation of property, plant and equipment	12	**(5,464,543)**	(9,650,042)
Loss on revaluation of investment properties at fair value	13	**(605,773)**	(605,773)
Group's share from profit of associates	14	**56,438**	--
Net profit before management fees and income tax		**93,459,827**	61,751,414
Management fees		**(5,227,322)**	(6,991,297)
Profit before income tax for the year		**88,232,505**	54,760,117
Income tax expense		**(5,333,540)**	(7,314,341)
Profit for the year from continuing operations		**82,898,965**	47,445,776
Discontinued operations			
Profit for the year from discontinued operations	10	**31,133,920**	23,061,519
Gain on disposal of subsidiaries	23	**25,902,426**	--
Total discontinued operations		**57,036,346**	23,061,519
Profit for the year		**139,935,311**	70,507,295
Profit for the year attributable to:			
Owners of the Company			
From continuing operations		**52,335,805**	14,254,988
From discontinued operations		**57,036,346**	23,061,519
Profit for the year attributable to the Owners of the Company		**109,372,151**	37,316,507
Non – controlling interests			
From continuing operations		**30,563,160**	33,190,788
From discontinued operations		**--**	--
Profit for the year attributable to non-controlling interest	27	**30,563,160**	33,190,788
Total		**139,935,311**	70,507,295

	Notes	2015	2014
		QR.	QR.
Profit for the year		**139,935,311**	70,507,295
Other comprehensive income from continuing operations			
Item that may be reclassified subsequently to profit or loss:			
Unrealized gain arising on revaluation of available-for-sale investments	15	**--**	2,157,440
Other comprehensive income from discontinued operations		**--**	(2,157,440)
Total comprehensive income for the year		**139,935,311**	70,507,295
Total comprehensive income for the year attributable to:			
Owners of the Company			
From continuing operations		**52,335,805**	14,254,988
From discontinued operations		**57,036,346**	23,061,519
Total comprehensive income for the year attributable to the owners of the Company		**109,372,151**	37,316,507
Non – controlling interests			
From continuing operations		**30,563,160**	33,190,788
From discontinued operations		**--**	--
Total comprehensive income for the year attributable to non-controlling interest	27	**30,563,160**	33,190,788
Total		**139,935,311**	70,507,295

INVESTMENT HOLDING GROUP W.L.L.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2015

	Share capital	Capital reserve	Legal reserve	Fair value reserve	Retained earnings	Attributable to the owners of the Company	Non-controlling interest	Total equity
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Balance at January 1, 2014	10,000,000	18,468,265	5,000,000	1,758,314	113,757,030	148,983,609	36,031,953	185,015,562
Total comprehensive income for the year	--	--	--	2,157,440	37,316,507	39,473,947	33,190,788	72,664,735
Movement in non-controlling interest	--	--	--	--	--	--	(5,137,723)	(5,137,723)
Discontinued operations *(Note 9.b)*	--	--	--	(3,915,754)	--	(3,915,754)	--	(3,915,754)
Additional paid up capital							300,000	300,000
Dividend distribution	--	--	--	--	--	--	(25,397,300)	(25,397,300)
Balance at December 31, 2014	10,000,000	18,468,265	5,000,000	--	151,073,537	184,541,802	38,987,718	223,529,520
Total comprehensive income for the year	--	--	--	--	109,372,151	109,372,151	30,563,160	139,935,311
Effect of change in ownership percentages (*Note 1, i*)	--	--	--	--	11,318,924	11,318,924	(11,318,924)	--
Dividend distribution	--	--	--	--	(109,500,000)	(109,500,000)	(17,392,596)	(126,892,596)
Balance at December 31, 2015	**10,000,000**	**18,468,265**	**5,000,000**	**--**	**162,264,612**	**195,732,877**	**40,839,358**	**236,572,235**

	Notes	2015	2014
		QR.	QR.
OPERATING ACTIVITIES			
Profit for the year		**139,935,311**	70,507,295
Adjustments for:			
Depreciation of property, plant and equipment	12	**6,139,111**	10,828,483
Income tax expense recognised in profit or loss		**5,333,540**	7,314,341
Profit from disposal of property, plant and equipment		**(71,516)**	(166,790)
Loss on property, plant and equipment written off		**280,873**	--
Loss on revaluation of investment properties at fair value	13	**605,773**	605,773
Group's share from profit of associates	14	**(56,438)**	--
Provision for employees' end of service benefits		**6,019,570**	6,282,584
Interest expenses		**7,709,673**	7,357,272
Provision for doubtful debts charged during the year	6	**1,277,950**	2,293,722
Provision for doubtful debts reversed during the year	6	**(2,233,490)**	--
Gain on disposal of subsidiary	23.2	**(25,902,426)**	--
		139,037,931	105,022,680
Movements in working capital:			
Inventories		**5,525,704**	(4,584,104)
Due from related parties		**(12,608,315)**	7,923,327
Accounts receivable and other debit balances		**(35,749,144)**	(28,168,643)
Due to related parties		**(4,671,677)**	58,935,699
Retentions receivable		**(6,172,877)**	2,913,089
Accounts payable and accruals		**(11,854,069)**	(21,127,778)
Cash generated from operations		**73,507,553**	120,914,270
Income tax paid		**(4,255,318)**	(4,226,428)
Interest expense paid		**(7,709,673)**	(7,357,272)
Employees' end of service benefits paid		**(1,832,380)**	(1,752,983)
Net cash generated from operating activities		**59,710,182**	107,577,587
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12	**(11,817,615)**	(10,014,792)
Proceeds from sale of property, plant and equipment		**970,802**	503,666
Net cash inflow on disposal of subsidiaries	23.3	**106,737,255**	2,208,994
Net movement of assets classified as held for sale		**(41,255,193)**	(28,268,051)
Acquisition of investment properties	13	**--**	(1,045,428)
Net cash generated from / (used in) investing activities		**54,635,249**	(36,615,611)

INVESTMENT HOLDING GROUP W.L.L.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended December 31, 2015

	Notes	**2015**	2014
		QR.	QR.
FINANCING ACTIVITIES			
Non - controlling interest movement		**--**	(4,837,723)
Dividend distribution		**(126,892,596)**	(25,397,300)
Proceeds from borrowings		**28,067,381**	7,577,206
Net cash used in financing activities		**(98,825,215)**	(22,657,817)
Net increase in cash and cash equivalents		**15,520,216**	48,304,159
Cash and cash equivalents at beginning of the year		**26,160,778**	(22,143,381)
Cash and cash equivalents at end of the year	19	**41,680,994**	26,160,778

1. GENERAL INFORMATION

Investment Holding Group W.L.L. (the "Company" or "Parent") is registered in the State of Qatar under Commercial Registration No. 39127 as a limited liability company. 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.

The consolidated financial statements include the financial statements of the Company and those related to its subsidiaries mentioned below and the Company's share of its joint operation (collectively, the "Group"), as follows:

	Percentage of ownership (%)		
	2015	2014	**Type of Interest**
Trelco Limited – Single Shareholder Company	100	100	Subsidiary
Oriental Enterprises S.P.C.	--	100	Subsidiary
Consolidated Engineering Systems Company W.L.L. ***(Note i)***	60.4	40.8	Subsidiary
Watermaster (Qatar) Company W.L.L. ***(Note i)***	63.3	51	Subsidiary
Electro Mechanical Engineering Company W.L.L. ***(Note i)***	68.5	51	Subsidiary
Construction Development Contracting & Trading Co. W.L.L.	51	51	Subsidiary
Debbas Enterprises - Qatar W.L.L.	51	51	Subsidiary
Trelco Building Materials Co. W.L.L. ***(Note i)***	85	51	Subsidiary
Consolidated Supplies Company W.L.L. ***(Note i)***	75.5	51	Subsidiary
El Sewedy Cables Qatar W.L.L. ***(Note ii)***	--	45	Joint Operation

- **Trelco Limited – Single Shareholder Company**, is engaged in various trading activities.
- **Oriental Enterprises S.P.C.** is mainly engaged in trade in steel, insulation materials, and contracting and construction *(disposed off)*.
- **Consolidated Engineering Systems Company W.L.L.** is mainly engaged in trading in fire alarms, security systems and related contracting activities. *(Note i).*
- **Watermaster (Qatar) Company W.L.L.** is mainly engaged in water treatment contracting activities. *(Note i).*
- **Electro Mechanical Engineering Company W.L.L.** is mainly engaged in installation and maintenance of electro mechanical works. *(Note i).*
- **Construction Development Contracting & Trading Co. W.L.L.** is mainly engaged in the contracting activities and trading in building materials.
- **Debbas Enterprises - Qatar W.L.L.** is mainly engaged in trading in electrical equipment, switch gear, light and instrument electrical tools, electromechanical equipment installation and maintenance works.
- **Trelco Building Materials Co. W.L.L.** is mainly engaged in trading of wood, steel and building materials. *(Note i).*
- **Consolidated Supplies Company W.L.L.** is mainly engaged in trading of electrical and construction materials. *(Note i).*
- **El Sewedy Cables Qatar W.L.L.** is mainly engaged in trading in electro-mechanical equipment and providing electro- mechanical related services. *(Note ii) (Held for sale).*

All the above subsidiaries are located in the state of Qatar and prepared their financial statements in accordance with International Financial Reporting Standards (IFRSs) and applicable provisions of Qatar Commercial Companies Law.

1. GENERAL INFORMATION (CONTINUED)

Note i:

Effective January 1, 2015, the Company's ownership percentages in certain subsidiaries mentioned above has changed, as a result of share swap agreements with the non-controlling partners in the same subsidiaries. This swap was based on the share swap agreements signed and agreed among the partners after conducting valuation of the entities subject to the shares swap. The Group is still in the process of obtaining required statutory approvals for these changes from local authorities. The effect of these changes have been recognized in the consolidated statements of changes in equity.

Note ii:

During 2015, the partners of the Company agreed to dispose the Company's share in El Sewedy Cables Qatar W.L.L. (the "Joint Operation"). Accordingly, as of the reporting date, the balances of the Joint Operation are included in a disposal group and presented in the consolidated statements of financial position under assets classified as held for sale and liabilities directly associated with assets classified as held for sale *(Note 9.b).*

In 2014, the Company entered into sale agreement to dispose the Company's share in Oriental Enterprise S.P.C. (the "Subsidiary"). The disposal was completed during 2015, on which date control on the Subsidiary passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in *(Note 9.a).*

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised IFRSs affecting amounts reported in the financial statements

The following are the revised IFRSs that were effective in the current year and have been applied in the preparation of these financial statements:

(i) Revised Standards:

Effective for annual periods beginning on or after July 1, 2014

• IAS 19 (Revised)	*Amendments to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.*
• Annual improvements to IFRSs 2010-2012 Cycle	*Amendments to issue clarifications on IFRSs- IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.*

Effective for annual periods beginning on or after July 1, 2014

• Annual Improvements 2011-2013 Cycle	*Amendments to issue clarifications on IFRSs- IFRS 1, IFRS 3, IFRS 13 and IAS 40.*

The adoption of these new and revised standards had no significant effect on the consolidated financial statements of the Group for the year ended December 31, 2015, other than certain presentation and disclosure changes.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and revised IFRSs in issue but not yet effective (Early adoption allowed)

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

(i) <u>New Standards:</u>

Effective for annual periods beginning on or after January 1, 2016

- IFRS 14 — *Regulatory Deferral Accounts.*

Effective for annual periods beginning on or after January 1, 2018

- IFRS 15 — *Revenue from Contracts with Customers.*
- IFRS 9 — *Financial Instruments.*

Effective for annual periods beginning on or after January 1, 2019

- IFRS 16 — *Leases*

(ii) <u>Revised Standards:</u>

Effective for annual periods beginning on or after January 1, 2016

- IFRS 10 & IAS 28 (Revised) — *Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture*
- IFRS 11 (Revised) — *Amendments regarding the accounting for acquisitions of an interest in a joint operation.*
- IFRS 12 (Revised) — *Amendments regarding the application of the consolidation exception.*

Effective for annual periods beginning on or after January 1, 2016

- IAS 1 (Revised) — *Amendments resulting from the disclosure initiative.*
- IAS 16 (Revised) — *Amendments regarding the clarification of acceptable methods of depreciation and amortization and amendments bringing bearer plants into the scope of IAS 16.*
- IAS 27 (Revised) — *Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.*
- IAS 38 (Revised) — *Amendments regarding the clarification of acceptable methods of depreciation and amortization.*
- IAS 41 (Revised) — *Amendments bringing bearer plants into the scope of IAS 16.*
- Annual Improvements 2012-2014 Cycle — *Amendments to issue clarifications and add additional/specific guidance to IFRS 5, IFRS 7, IAS 19 and IAS 34.*

Effective for annual periods beginning on or after January 1, 2018 (or on early application of IFRS 9)

- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments requiring disclosures about the initial application of IFRS 9*
- IAS 39 (Revised) — *Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception.*

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

Management anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the consolidated financial statements of the Group in the period of initial application, other than certain presentation and disclosure changes.

The management anticipates that IFRS 15, IFRS 9 and IFRS 16 will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2018. The application of these standards may have significant impact on amounts reported in the standalone financial statements and result in more extensive disclosures in the standalone financial statements. However, the management have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRSs and applicable provisions of Qatar Commercial Companies Law. A new Qatar Commercial Law issued on July 7, 2015 is extended to be adopted by August 7, 2016. The Group is in the process of assessing its compliance with the new Qatar Commercial Companies Law in each of its subsidiaries.

Basis of preparation

These consolidated financial statements have been prepared under the historical cost basis, except for certain assets which are carried at fair value.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
(iii) Level 3 inputs are unobservable inputs for the asset or liability.

These consolidated financial statements have been presented in Qatari Riyals (QR.) which is the Group's functional currency. The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities it controls. 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.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Non-controlling interests in the net assets of the consolidated subsidiaries 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 business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in certain subsidiaries *(Refer to disclosure note 1 note i)* that do not result in the Group losing control over those subsidiaries 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 those subsidiaries. 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 the owners of the Company.

When the Group loses control of a subsidiary, 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 subsidiary 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 subsidiary 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.

Investment 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.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest in associates (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. If a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, then Company also reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Financial statements of joint activities are prepared using the same financial year of the Parent. Where necessary, adjustments are made to the financial statements to consolidate the accounting policies of joint operations to be in line with those used by the Parent.

Asset classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method.

The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture. After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 consolidated statement of profit or loss.

Property, plant and equipment

Property, plant 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 consolidated statement of profit or loss when it is incurred.

Depreciation of all property, plant and equipment are calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. 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, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

Capital work in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Investment properties

Investment properties which are properties held to earn rental and /or for capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in consolidated statement of profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of profit or loss in the period in which the property is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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)) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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.

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. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

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 consolidated 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 consolidated statement of profit or loss.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)

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 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.

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 statement of profit or loss

When an available-for-sale investment is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to consolidated statement of profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the consolidated statement of profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised through the consolidated statement of profit or loss are not reversed through the consolidated statement of profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through consolidated statement of profit or loss (to the extent of impairment losses previously recognised profit or loss) if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 consolidated statement of profit or loss.

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 issued by the Group 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.

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 consolidated statement of profit or loss 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 consolidated statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gross amounts due from/to customers on contract work

Gross amounts due from/to customers are stated at cost plus attributable profit less progress payments received or receivable. When the cost plus attributable profit exceed the progress payments received / receivable, the excess is reflected as gross amounts due from customers. On the other hand, when the progress payments received / receivable exceed the cost plus attributable profit, the excess is reflected as gross amounts due to customers.

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 consolidated statement of profit or loss in the period in which they are incurred.

Revenues

Revenues are recognized by the Group on the following basis:

Sale of goods
Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
(ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(iii) the amount of revenue can be measured reliably;
(iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and
(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Construction and specialized contracts
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. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues (continued)

Construction and specialized contracts (continued)

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.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

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

Interest income
Interest income is accounted for on an accrual basis.

Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, 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 consolidated 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 the fair value model for the purposes of measuring its investment properties in the consolidated statement of financial position.

One of the subsidiaries owns a building constructed on a piece of land leased from a third party for 10 years. The building has been classified as investment properties. The fair value amount is reduced over the period of the lease, since the land and building will be transferred to the lessor at the end of the contract term. Management is of the opinion that the closing balance of the investment properties approximates the fair value of the investment properties at the reporting date. The reduction in the fair value is classified under changes in fair value in the consolidated statement of profit or loss. The closing balances of the investment properties were QR. 2,776,465 and QR. 3,382,238 as at December 31, 2015 and 2014, respectively.

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

Critical judgments in applying accounting policies (continued)

Joint arrangement classifications
The Group determined the arrangement as either joint operation or joint venture based on the legal forms and contractual arrangement. Management has considered the facts and circumstances that create rights to the assets and obligations for the liabilities of that joint arrangement. Accordingly, the Group's interest in joint arrangement is classified as a joint operations of the Group. *(Refer to Note 9.b)*

Asset classified as held for sale
As at December 31, 2015, the Group has classified and presented its investment in El Sewedy Cables Qatar W.L.L., (the "Joint Operation") as an asset held for sale. Management believes that the realizable value from the disposal of the Joint Operation is expected to be greater than the Joint Operation's book value. *(Refer to Note 9.b).*

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the consolidated 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:

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 3 of the consolidated 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

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 consolidated statement of profit or loss.

Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty.

The Group recognized provision for doubtful debts amounting to QR. 1,277,950 (2014: QR. 2,293,722) representing outstanding claims of more than 365 days where collection is no longer probable.

In one of the subsidiaries, the Group is acting as plaintiff in certain number of legal cases filed against its customers claiming for total outstanding receivables amounting to QR. 3.3 million (2014: QR. 3.7 million) besides compensations. The Group believes that all those receivables are collectible based on the results of these cases, therefore, no provisions for doubtful receivables were provided for in these consolidated financial statements.

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.

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

Key sources of estimation uncertainty (continued)

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.

Discounting of Retention

Management determines effective interest rate to discount the long term retentions receivable / payable to determine their present value.

Property, plant and equipment

The cost of property, plant 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 Company and developing and implementing initiatives to manage those risks. Management is of opinion that costs to complete 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.

Variation orders

One of the Company's subsidiaries (Debbas Enterprise Qatar W.L.L.) through its joint operation (ETA Star Engineering and Contracting WLL and Debbass Enterprise Qatar WLL - Joint Operation) recognized cumulative revenue to December 31, 2015 from unapproved variation orders amounting to QR. 87,375,404 in respect of scope changes and prolongations costs. Management is currently in negotiations with the customer for approving those variations. Management is confident at least the amounts recognized in the books are fully recoverable.

5. BANK BALANCES AND CASH

	2015	2014
	QR.	QR.
Cash on hand	**324,183**	577,620
Cash in bank	**107,147,622**	99,326,521
Fixed deposits *(Note i)*	**12,082,791**	12,000,000
Bank margin	**467,580**	--
	120,022,176	111,904,141

Note i: Fixed deposits are held with a local commercial bank in the State of Qatar. They carry interest at an average rate of 1% (2014: 1% to 1.25%) per annum. These deposits have a maturity of less than 3 months from the date of placement.

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	2015	2014
	QR.	QR.
Trade receivables, net	**137,744,553**	246,780,483
Retention receivable	**19,658,024**	71,393,041
Prepaid expenses	**3,627,362**	2,093,343
Other debit balances	**21,423,127**	84,777,859
	182,453,066	405,044,726

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 consolidated statement of profit or loss when there is objective evidence that the asset is impaired, based on management's historical experience.

	2015	2014
	QR.	QR.
Trade receivables comprise:		
Trade receivables	**141,106,951**	251,402,187
Less: Allowance for doubtful debts	**(3,362,398)**	(4,621,704)
Trade receivables – net	**137,744,553**	246,780,483

As at December 31, the ageing of accounts receivable is as follows:

(i) Ageing of neither past due nor impaired

	2015	2014
	QR.	QR.
Less than 60 days	**66,780,385**	164,929,302

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES (CONTINUED)

(ii) Ageing of past due but not impaired

	2015	2014
	QR.	QR.
61 – 90 days	**21,754,245**	32,917,532
91 - 180 days	**19,188,272**	23,902,439
181 – 365 days	**11,566,533**	13,903,807
More than 365 days	**18,455,118**	11,127,403
Total	**70,964,168**	81,851,181

(iii) Ageing of past due and impaired

	2015	2014
	QR.	QR.
Over 365 days	**3,362,398**	4,621,704

Movement in the allowance for doubtful debts is as follows:

	2015	2014
	QR.	QR.
Balance at beginning of the year	**4,621,704**	9,777,864
Charge for the year	**1,277,950**	2,293,722
Reversal of provision	**(2,233,490)**	--
Bad debts written off	**(303,766)**	(763,042)
Allowance related to asset classified as held for sale	**--**	(6,686,840)
Balance at end of the year	**3,362,398**	4,621,704

7. RELATED PARTIES

Related parties represent associated companies, shareholders, directors and / or key management personnel of the Group and companies controlled, jointly controlled or significantly influence by those parties. Terms of transactions with related parties are approved by the Group's management.

a) Due from related parties

	2015	2014
	QR.	QR.
Al Hodaifi Group W.L.L. and its subsidiaries	**46,326,097**	11,773,911
Others	**6,169,815**	34,477,900
	52,495,912	46,251,811
Less: non-current portion	**--**	--
Current portion	**52,495,912**	46,251,811

b) Due to related parties

	2015	2014
	QR.	QR.
Shareholders	**2,508,886**	--
Al Hodaifi Group W.L.L. and its subsidiaries	**8,001,796**	6,175,012
Others	**6,525,942**	93,460,442
	17,036,624	99,635,454

7. RELATED PARTIES

c) Remuneration of key management personnel are as follows:

	2015	2014
	QR.	QR.
Short term benefits	**9,518,746**	8,690,642
Long term benefits	**437,809**	465,507

d) Transactions with related parties are as follows:

	2015	2014
	QR.	QR.
Sales	**15,473,964**	41,936,397
Purchases	**31,074,017**	435,007,069
Management fees	**659,286**	5,615,449
Others	**182,378**	--

8. INVENTORIES

	2015	2014
	QR.	QR.
Raw material	**60,601,091**	76,445,254
Work in progress	**--**	11,388,691
Goods in transit	**2,342,453**	19,132,254
	62,943,544	106,966,199

9. ASSETS CLASSIFIED AS HELD FOR SALE

	2015	2014
	QR.	QR.
Asset held for sale		
Investment in a subsidiary *(Note 9.a)*	**--**	120,609,843
Investment in a joint operation *(Note 9.b)*	**321,683,790**	--
	321,683,790	120,609,843
Liabilities directly associated with assets classified as held for sale		
Liabilities of a subsidiary *(Note 9.a)*	**--**	37,012,269
Liabilities of a joint operation *(Note 9.b)*	**253,180,673**	--
	253,180,673	37,012,269

9.a Investment in a subsidiary:

During 2014, the partners of the Company approved the sale of Oriental Enterprise S.P.C. (the "Subsidiary") one of the Company's subsidiaries, to a third party for a consideration of QR. 109.5 million. The realizable value from the disposal of this subsidiary is expected to be greater than the subsidiary's book value. Accordingly, no impairment loss was recognized in the consolidated financial statements of the Group.

The disposal was completed during 2015, on which date control over Oriental Enterprise S.P.C. operations passed to Qatar General Insurance Company (the "Acquirer") for a gain of QR. 25.9 million, *refer to Note 23*. Legal formalities are still in process as of year end.

9. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

9.b Investment in a joint operation:

During 2015, the partners of the Company agreed to dispose the Company's share in El Sewedy Cables Qatar W.L.L. (the "Joint Operation") for a cash consideration equivalent to the Company's share in the equity of the Joint Operation as of December 31, 2015. The Company anticipates that the disposal will be completed during 2016. The realizable value from the disposal of the Joint Operation is expected to be greater than the Joint Operation's book value. Therefore, no impairment loss was recognised on reclassification of the assets and liabilities as held for sale as at 31 December 2015.

The major classes of assets and liabilities of the Joint Operation (the Group's share) and Subsidiary at the end of the reporting period are as follows:

	El Sewedy Cables Qatar W.L.L.	Oriental Enterprise S.P.C.
	2015	2014
	QR.	QR.
Bank balances and cash	**21,099,762**	2,762,745
Accounts receivable and other debit balances	**228,036,001**	45,517,521
Due from related parties	**9,494,977**	96,571
Inventories	**47,565,162**	4,027,711
Available-for-sale investments – net *(Note 15)*	**--**	5,280,639
Goodwill	**--**	8,017,074
Investment properties *(Note 13)*	**--**	39,000,000
Investment in associate *(Note 14)*	**12,923,122**	--
Property, plant and equipment *(Note 12)*	**2,564,766**	15,907,582
Assets classified as held for sale for the Joint operation / Subsidiary	**321,683,790**	120,609,843
Borrowings	**150,508,952**	5,375,134
Due to related parties	**45,659,043**	5,372,221
Accounts payable and accruals	**54,289,763**	20,652,177
Retentions payable	**--**	2,904,272
Income tax payable	**1,372,228**	--
Employees' end of service benefits	**1,350,687**	2,708,465
Liabilities associated with assets held for sale for the Joint operation / Subsidiary	**253,180,673**	37,012,269

Amounts included in accumulated other comprehensive income:

	2015	2014
	QR.	QR.
Accumulated fair value reserve as of December 31,	**--**	3,915,754

10. DISCONTINUED OPERATIONS

	2015	2014
	QR.	QR.
Group's share of profit for the year from discontinued operations of the Subsidiary *(Note 10.a.1)*	**--**	8,744,995
Group's share of profit for the year from discontinued operations of the Joint Operation *(Note 10.b.1)*	**31,133,920**	14,316,524
	31,133,920	23,061,519

10.a Discontinued operations of the Subsidiary

10.a.1 Analysis of the Group's share of profit for the year

The results of the disposed subsidiary for the year ended December 31, 2014 are classified as discontinued operations and included in the consolidated statement of profit or loss as follows:

	2014
	QR.
Sales	67,081,872
Cost of sales	(59,119,557)
Gain on revaluation of investment properties *(Note 13)*	7,402,943
General and administrative expenses	(8,192,755)
Depreciation *(Note 12)*	(871,277)
Other income	2,443,769
Group's share of profit for the year from discontinued operations	8,744,995

10.a.2 Cash flow from discontinued operations for the year ended December 31, 2014

	2014
	QR.
Cash flow from operating activities	40,239,396
Cash flow from investing activities	(1,675,243)
Cash flow from financing activities	(40,996,577)

10. DISCONTINUED OPERATIONS (CONTINUED)

10.b Discontinued operations of the Joint Operation

10.b.1 Analysis of the Group's share of profit for the years ended December 31,

The results of the discontinued operations of the Joint Operations for the year ended December 31, 2015 are classified as discontinued operations and included in the consolidated statement of profit or loss as follows, *(The comparative profit from discontinued operations have been re-presented to include those operations classified as discontinued in the current year)*:

	2015	2014
	QR.	QR.
Sales	**490,201,031**	447,309,286
Cost of sales	**(448,797,789)**	(422,758,842)
Share of profit from investment in associate	**4,327,789**	1,419,397
General and administrative expenses	**(10,706,454)**	(7,989,951)
Depreciation (Note 12)	**(674,568)**	(608,880)
Finance cost	**(3,384,718)**	(3,214,028)
Other income	**168,629**	159,542
Group's share of profit for the year from discontinued operations	**31,133,920**	14,316,524

10.b.2 Cash flow from discontinued operations for the year ended December 31,

	2015	2014
	QR.	QR.
Cash flow from operating activities	**11,713,273**	4,448,965
Cash flow from investing activities	**(1,435,230)**	(1,082,528)
Cash flow from financing activities	**--**	(4,245,660)

11. RETENTIONS RECEIVABLE

	2015	2014
	QR.	QR.
Gross retentions receivable	**74,982,830**	66,930,281
Discounting charges	**(3,353,177)**	(1,473,505)
Present value of the future expected collection of retentions receivable	**71,629,653**	65,456,776

Management applies an average discount rate of 4.5% to calculate the present value of the expected collection of retentions receivable which is classified as non-current.

12. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures	Buildings and constructions	Motor vehicles	Leasehold Improve-ments	Office equipment	Tools and equipment	Plant and machinery	Computers	Capital work in progress	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Cost:										
At January 1, 2014	6,559,094	19,341,817	27,614,093	2,583,504	8,333,863	6,192,722	28,223,788	1,949,925	--	100,798,806
Additions	564,684	--	3,778,619	1,253,478	1,283,441	1,990,166	865,415	278,989	--	10,014,792
Disposals	(24,250)	--	(1,405,137)	--	--	(71,900)	--	--	--	(1,501,287)
Reclassified as held for sale *(Note 9)*	(2,257,750)	(8,297,003)	(9,662,555)	--	--	(1,214,713)	(27,417,406)	--	--	(48,849,427)
Disposal of subsidiaries *(Note 23)*	(746,514)	(1,044,976)	(1,497,553)	(38,660)	(1,837,182)	--	--	(528,600)	--	(5,693,485)
At December 31, 2014	4,095,264	9,999,838	18,827,467	3,798,322	7,780,122	6,896,275	1,671,797	1,700,314	--	54,769,399
Additions	1,070,215	--	4,048,641	3,372,225	674,411	556,089	--	291,459	1,804,575	11,817,615
Disposals	(445,200)	--	(2,262,321)	--	--	(11,625)	--	--	--	(2,719,146)
Write off	(17,328)	(212,912)	(72,000)	(44,159)	(272,310)	--	--	--	--	(618,709)
Reclassified as held for sale *(Note 9)*	(759,497)	--	(2,240,370)	(742,240)	--	--	(1,015,864)	(446,418)	--	(5,204,389)
At December 31, 2015	**3,943,454**	**9,786,926**	**18,301,417**	**6,384,148**	**8,182,223**	**7,440,739**	**655,933**	**1,545,355**	**1,804,575**	**58,044,770**
Accumulated depreciation:										
At January 1, 2014	4,452,361	10,364,475	19,479,175	1,847,404	4,412,173	3,661,837	18,246,092	1,267,364	--	63,730,881
Charge for the year	699,719	1,427,195	3,030,810	202,367	992,688	1,259,862	2,915,869	299,973	--	10,828,483
Disposals	(24,250)	--	(1,074,194)	--	--	(65,967)	--	--	--	(1,164,411)
Reclassification	(112,697)	--	98,633	--	8,278	--	--	5,786	--	--
Reclassified as held for sale *(Note 9)*	(1,660,451)	(2,875,856)	(7,558,555)	--	--	(678,055)	(20,168,928)	--	--	(32,941,845)
Disposal of subsidiaries *(Note 23)*	(399,639)	(1,035,502)	(1,092,543)	(13,531)	(701,656)	--	--	(456,144)	--	(3,699,015)
At December 31, 2014	2,955,043	7,880,312	12,883,326	2,036,240	4,711,483	4,177,677	993,033	1,116,979	--	36,754,093
Charge for the year	369,631	990,910	2,127,059	458,363	773,852	910,513	185,568	323,215	--	6,139,111
Disposals	(329,648)	--	(1,480,392)	--	--	(9,820)	--	--	--	(1,819,860)
Written off	(7,733)	(150,918)	(65,007)	(41,584)	(72,594)	--	--	--	--	(337,836)
Reclassified as held for sale *(Note 9)*	(213,019)	--	(1,154,563)	(174,785)	--	--	(736,756)	(360,500)	--	(2,639,623)
At December 31, 2015	**2,774,274**	**8,720,304**	**12,310,423**	**2,278,234**	**5,412,741**	**5,078,370**	**441,845**	**1,079,694**	**--**	**38,095,885**
Net Book Value:										
At December 31, 2015	**1,169,180**	**1,066,622**	**5,990,994**	**4,105,914**	**2,769,482**	**2,362,369**	**214,088**	**465,661**	**1,804,575**	**19,948,885**
At December 31, 2014	1,140,221	2,119,526	5,944,141	1,762,082	3,068,639	2,718,598	678,764	583,335	--	18,015,306
Depreciation rates:	**15% - 25%**	**15% - 20%**	**20% - 25%**	**5% - 20%**	**15% - 33.33%**	**15% - 20%**	**10% - 20%**	**33%**		

12. PROPERTY, PLANT 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.

Depreciation expense charged for the year ended December 31, 2015, include an amount of QR. 674,568 (2014: QR. 1,480,157) which represents the Group's share of the discontinued operations. *(Refer to note 10 a.1 & b.1).*

13. INVESTMENT PROPERTIES

	2015	2014
	QR.	QR.
Opening balance	**3,382,238**	34,539,640
Additions	**--**	1,045,428
Changes in fair value	**(605,773)**	(605,773)
Changes in fair value reclassified as discontinued operations *(Note 10.a.1)*	**--**	7,402,943
Reclassified as held for sale *(Note 9)*	**--**	(39,000,000)
Closing balance	**2,776,465**	3,382,238

Investment properties included a building constructed on a piece of land leased from a third party for 10 years. The building has been classified as investment properties using fair value model. The fair value amount is reduced over the period of the lease, since the land and building will be transferred to the lessor at the end of the contract term. Management is of the opinion that the closing balance of the investment properties approximates the fair value of the investment properties at the reporting date. The reduction in the fair value is classified under changes in fair value in the consolidated statement of profit or loss.

14. INVESTMENT IN ASSOCIATES

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

Name	**% Holding**	**2015**	2014
		QR.	QR.
Doha Cables Qatar W.L.L. *(Note i)*	12.5%	**--**	8,595,333
Prolines Company W.L.L.	40%	**95,981**	39,543
		95,981	8,634,876

Note i:
The Group has investment in Doha Cables Qatar W.L.L. through its Joint Operation. Effective from January 1, 2015, the Joint Operation was classified as held for sale and the balance as of December 31, 2015 amounting to QR. 12,923,122 was transferred to assets held for sale *(Refer to Note 9).*

14. INVESTMENT IN ASSOCIATES (CONTINUED)

Movement in the investment in associates is as follows:

	2015	2014
	QR.	QR.
Opening balance	**8,634,876**	7,175,936
Addition during the year	**--**	39,543
Reclassified as held for sale	**(8,595,333)**	--
Share of profit from investment in associate	**--**	1,419,397
Share of Group's interest from profit of associates	**56,438**	--
Closing balance	**95,981**	8,634,876

15. AVAILABLE-FOR-SALE INVESTMENTS

	2015	2014
	QR.	QR.
Opening balance – fair value	**2,250,000**	9,288,953
Fair value gain	**--**	2,157,440
Reclassified as held for sale *(Note 9)*	**--**	(9,196,393)
Closing balance	**2,250,000**	2,250,000

Available for sale investment is carried at cost, since its fair value cannot be reliably estimated. This investment is unquoted.

16. BANK LOANS AND BORROWINGS

16.a Bank overdraft

	2015	2014
	QR.	QR.
Balance at the end of the year	**78,341,182**	85,743,363

These overdrafts are secured by the personal guarantee of the partners of the Group and bear interest rate ranging from 4.5 % to 8.5% (2014: 4.50% to 7.35%).

16.b Borrowings

	Current		**Non-current**	
	2015	2014	**2015**	2014
	QR.	QR.	**QR.**	QR.
Project financing (1)	**53,731,758**	29,667,908	**1,785,000**	--
Import loan (2)	**46,950,906**	195,508,197	**--**	--
Demand loan (3)	**17,510,807**	15,003,443	**--**	--
Term loans (4)	**1,856,088**	892,579	**2,554,993**	964,753
Murabaha loan	**622,570**	--	**--**	--
Vehicle loan	**97,392**	97,446	**81,160**	178,552
	120,769,521	241,169,573	**4,421,153**	1,143,305

16. BANK LOANS AND BORROWINGS (CONTINUED)

(1) Project financing

During 2014, the Group entered into loans that are utilized to finance its existing projects. These loans are settled within 4 to 10 months from the progress payments paid by the client and bear an interest rate ranging from 5% to 8% (2014: 5%). The non-current portion refers to the project cash loans to finance the project cash expenses which are maturing on varying dates 3 months after the project completion dates with interest rate of 4.5%. These loans are secured by personal guarantees of the partners of the Group.

(2) Import loan

Import loans represent loans obtained from a local bank for the purchase of materials for the project and issuing letters of credit for sub-contractors. These loans bear an average interest rate of 4.5% to 4.75% (2014: 4.5% to 4.75%) annually and have maturities ranging from 180 to 270 days. These loans are secured by personal guarantees of the partners of the Group and the guarantee of the Group.

(3) Demand loan

Demand loans represent loans obtained from a local bank to finance working capital requirements. These loans bear an average interest rate of 4.5% to 5% per annum (2014: 4.5%). These loans are secured by personal guarantees of the partners of the Group.

(4) Term loan

Term loans have different maturity dates and bears interest rate of 4.5% to 5% annually (2014: 4.5%). The loan was secured by personal guarantees of the partners of the Group.

17. ACCOUNTS PAYABLE AND ACCRUALS

	2015	2014
	QR.	QR.
Trade and notes payable	**86,026,737**	57,594,585
Advances from customers	**38,072,815**	84,339,472
Accruals and other credit balances	**64,222,704**	66,025,250
	188,322,256	207,959,307

18. RETENTIONS PAYABLE

	2015	2014
	QR.	QR.
Gross retentions payable	**4,558,504**	16,078,588
Discounting income	**(261,661)**	(83,114)
Present value of the future expected payment of retentions payable	**4,296,843**	15,995,474

Management applies an average discount rate of 4.5% to calculate the present value of the expected payment of retentions payable which is classified as non-current.

19. CASH AND CASH EQUIVALENTS

	2015	2014
	QR.	QR.
Bank balances and cash *(Note 5)*	**120,022,176**	111,904,141
Bank overdrafts *(Note 16.a)*	**(78,341,182)**	(85,743,363)
	41,680,994	26,160,778

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

20. SHARE CAPITAL

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

		Percentage of ownership		Amount in QR.	
Name	**Nationality**	**2015**	2014	**2015**	2014
Ghanim Sultan Hudaifi Al Kuwari	Qatari	**50.4556%**	68.50%	**5,045,560**	6,850,000
Moza Shaheen Saad Al Rabia Al Kuwari	Qatari	**2.1937%**	3.00%	**219,370**	300,000
Sarah Jassem Mohammad Al Bouinain	Qatari	**2.1937%**	3.00%	**219,370**	300,000
Ohoad Karim Wasel Dagani	Saudi	**2.1937%**	3.00%	**219,370**	300,000
Abdulaziz Ghanim Sultan Hudaifi Al Kuwari	Qatari	**1.4625%**	2.00%	**146,250**	200,000
Adballah Ghanim Sultan Hudaifi Al Kuwari	Qatari	**1.4625%**	2.00%	**146,250**	200,000
Hamad Ghanim Sultan Hudaifi Al Kuwari	Qatari	**1.3894%**	1.90%	**138,940**	190,000
Sultan Ghanim Sultan Hudaifi Al Kuwari	Qatari	**1.3894%**	1.90%	**138,940**	190,000
Abdulrahman Ghanim Sultan Hudaifi Al Kuwari	Qatari	**1.3894%**	1.90%	**138,940**	190,000
Khaled Ghanim Sultan Hudaifi Al Kuwari	Qatari	**1.3162%**	1.80%	**131,620**	180,000
Mohammad Ghanim Sultan Hudaifi Al Kuwari	Qatari	**1.2431%**	1.70%	**124,310**	170,000
Alanoud Ghanim Sultan Hudaifi Al Kuwari	Qatari	**0.7312%**	1.00%	**73,120**	100,000
Hossa Ghanim Sultan Hudaifi Al Kuwari	Qatari	**0.7312%**	1.00%	**73,120**	100,000
Aisha Ghanim Sultan Hudaifi Al Kuwari	Qatari	**0.7312%**	1.00%	**73,120**	100,000
Fatima Ghanim Sultan Hudaifi Al Kuwari	Qatari	**0.7312%**	1.00%	**73,120**	100,000
Latifa Ghanim Sultan Hudaifi Al Kuwari	Qatari	**0.7312%**	1.00%	**73,120**	100,000
Louloua Ghanim Sultan Hudaifi Al Kuwari	Qatari	**0.7312%**	1.00%	**73,120**	100,000
Noura Ghanim Sultan Hudaifi Al Kuwari	Qatari	**0.7312%**	1.00%	**73,120**	100,000
Mariam Ghanim Sultan Hudaifi Al Kuwari	Qatari	**0.7312%**	1.00%	**73,120**	100,000
Ghanim khaleed Ghanim Hudaifi Al Kuwari	Qatari	**0.0731%**	0.10%	**7,310**	10,000
Jabor Khaleed Ghanim Hudaifi Al Kuwari	Qatari	**0.0731%**	0.10%	**7,310**	10,000
Ghanim Abdelrhman Ghanim Hudaifi Al Kuwari	Qatari	**0.0731%**	0.10%	**7,310**	10,000
Ghanim Mohammed Ghanim Hudaifi Al Kuwari	Qatari	**0.0731%**	0.10%	**7,310**	10,000
Ghanim Sultan Ghanim Hudaifi Al Kuwari	Qatari	**0.0731%**	0.10%	**7,310**	10,000
Nasser Hamad Ghanim Hudaifi Al Kuwari	Qatari	**0.0731%**	0.10%	**7,310**	10,000
Rashed Mohammed Ghanim Hudaifi Al Kuwari	Qatari	**0.0731%**	0.10%	**7,310**	10,000
Abduallah Mohammed Ghanim Hudaifi Al Kuwari	Qatari	**0.0731%**	0.10%	**7,310**	10,000
Wael Mosa Ashteyah	Jordan	**0.3425%**	0.10%	**34,250**	10,000
Khaleel Jabra Khaleel Dagbaj	Jordan	**0.8220%**	0.10%	**82,200**	10,000
Wafa Essam Yousef Sofan	Jordan	**24.4991%**	0.10%	**2,449,910**	10,000
Water Holding Group	Lebanon	**0.8917%**	0.10%	**89,170**	10,000
Atoom Hussien Al haj	Lebanon	**0.3211%**	0.10%	**32,110**	10,000
Total		**100%**	100%	**10,000,000**	10,000,000

Effective January 1, 2015, the ownership structure has been changed as a result of swap of shares among existing partners. This swap was based on the sale and purchase contract signed and agreed among the partners after conducting the valuation of the entities subject to the shares swap. The Company is in process of obtaining required statutory approvals for these changes.

21. CAPITAL RESERVE

Effective January 1, 2008, the partners contributed their shareholding interests, in the following Group's subsidiaries at book value as of that date:

	Ownership of interest transferred to the Group
Al Hodaifi Group W.L.L.	**100.00%**
Industrial Development & Trading Co. S.P.C.	**100.00%**
Al Sidra Agricultural Co. S.P.C.	**100.00%**
Gulf Services Consultants Co. S.P.C.	**100.00%**
Trelco Limited Company S.P.C.	**100.00%**
Al Hodaifi Rocks W.L.L.	**51.00%**
Debbas Enterprises - Qatar W.L.L.	**51.00%**
Building Development Technology W.L.L.	**51.00%**
Construction Development Contracting & Trading Co. W.L.L.	**51.00%**
Trelco International Company W.L.L.	**51.00%**
Consolidated Supplies Company W.L.L.	**51.00%**
Electro Mechanical Engineering Company W.L.L.	**51.00%**
Water Master (Qatar) Company W.L.L.	**51.00%**
Tehini Qatar W.L.L.	**51.00%**
Consolidated Engineering Systems Company W.L.L.	**40.80%**
Gazzaoui - Qatar Company W.L.L.	**36.00%**
Prolines Company W.L.L.	**55.40%**
Capital Technology Company W.L.L.	**26.00%**

21. CAPITAL RESERVE (CONTINUED)

The total value of the contributed net assets, as of January 1, 2008, further to the allocation on the consolidated statement of financial position as capital reserve are as follows:

Net assets acquired	**Book Value**
	QR.
Current assets:	
Cash and cash equivalents	**21,696,934**
Trade and other receivables	**122,630,681**
Inventories	**68,009,822**
Amount due from the Group's companies	**6,932,770**
Investments at fair value through profit or loss	**1,369,300**
Deferred charges	**2,879,580**
Work in progress	**2,122,185**
Total current assets	**225,641,272**
Non-current assets:	
Property and equipment	**20,491,537**
Total assets	**246,132,809**
Current liabilities	
Trade and other credit balances	**147,131,963**
Income tax payable	**1,389,972**
Borrowings	**55,040,333**
Total current liabilities	**203,562,268**
Non-current liabilities	
Employees' end of service benefits	**1,746,578**
Total liabilities	**205,308,846**
Net assets contributed	**40,823,963**
Reflected in the consolidated statement of financial position at the date of transfer, as follows:	
Partners' current account	**9,410,997**
Non- controlling interests	**12,944,701**
Capital reserve	**18,468,265**
Net assets contributed	**40,823,963**

22. 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.

23. DISPOSAL OF SUBSIDIARIES

The Group disposed of its shares in the following subsidiaries:

	2015	2014
Trelco International Company W.L.L. *(Note i)*	**--**	51 %
Gazzaoui & Partners - Qatar W.L.L. *(Note i)*	**--**	36 %
Oriental Enterprise S.P.C. *(Note ii)*	**100%**	--

Note i:
On January 1, 2014, the Group disposed of its shares in those subsidiaries.

Note ii:
The disposal of this subsidiary was completed during 2015. This subsidiary was classified as of December 31, 2014 as asset held for sale *(Refer to Note 9 & 10).*

23.1 Analysis of asset and liabilities over which control was lost on January 1, 2014

	January 1, 2014 Book Value QR.
Current assets:	
Bank balances and cash	220,402
Account receivables and prepayments	45,113,513
Due from related parties	16,789,870
Inventories	12,326,866
Total current assets	74,450,651
Non-current assets:	
Investment in associates	--
Property, plant and equipment	1,994,470
Total non-current assets	1,994,470
Current liabilities:	
Bank overdraft	37,557,239
Term loans	11,382,545
Due to related parties	6,875,094
Accounts payable and accruals	12,197,028
Income tax payable	96,574
Total current liabilities	68,108,480
Non-current liabilities:	
Employees' end of service benefits	1,090,900
Net assets disposed of	7,245,741

23. DISPOSAL OF SUBSIDIARIES (CONTINUED)

23.1 Analysis of asset and liabilities over which control was lost on January 1, 2014 (continued)

Share of partners in net assets disposed of	2,301,605
Share of non-controlling interest in net assets disposed of	4,944,136
	7,245,741

23.2 Gain on disposal of share in subsidiaries

	2015	2014
	QR.	QR.
Consideration received for disposed subsidiaries	**109,500,000**	2,301,605
Less: Net asset of disposed subsidiaries	**(83,597,574)**	(2,301,605)
Gain on disposal of subsidiaries	**25,902,426**	--

23.3 Net cash inflow on disposal of subsidiaries

	2015	2014
	QR.	QR.
Consideration received for disposed subsidiaries	**109,500,000**	2,301,605
Less: Cash and cash equivalent balances of the disposed subsidiaries	**(2,762,745)**	(92,611)
	106,737,255	2,208,994

24. REVENUE

	2015	2014
	QR.	QR.
Trading revenue	**241,555,016**	202,344,823
Contracting revenue	**320,078,682**	281,696,722
	561,633,698	484,041,545

25. OTHER INCOME

	2015	2014
	QR.	QR.
Commission income	**909,548**	2,708,804
Rental income	**9,412,988**	7,859,328
Others	**4,728,855**	4,501,484
	15,051,391	15,069,616

26. GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
	QR.	QR.
Salaries and fringe benefits	**60,213,484**	65,340,440
Offices, stores and staff residence rent	**12,681,551**	10,938,321
Traveling	**2,097,383**	1,102,487
General office expenses	**1,549,689**	4,709,902
Repairs and maintenance	**1,353,111**	1,617,082
Postage and communication	**1,174,622**	1,016,989
Professional and legal fees	**1,034,708**	1,817,898
Immigration and visa charges	**598,897**	1,026,929
Electricity and water	**306,406**	345,584
Bad debts - written off	**280,064**	491,882
Vehicles expense	**179,734**	611,261
Business development and commissions expenses	**178,258**	1,733,520
Transportation and labor charges	**52,529**	44,750
Others	**5,221,642**	9,424,666
	86,922,078	100,221,711

27. NON-CONTROLLING INTERESTS

December 31, 2015

Name of subsidiary	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests	Profit allocated to non-controlling interests	Dividend distribution	Effect of change in ownership *	Accumulated non-controlling interest
			QR.	QR.	QR.	QR.
Consolidated Engineering Systems Company W.L.L.	Qatar	**39.60%**	**26,180,228**	**(11,516,719)**	**(5,954,360)**	**27,093,746**
Watermaster (Qatar) Company W.L.L.	Qatar	**36.70%**	**1,813,309**	**--**	**(347,559)**	**2,850,336**
Electro Mechanical Engineering Company W.L.L.	Qatar	**31.50%**	**1,146,589**	**--**	**(481,216)**	**2,205,709**
Construction Development Contracting & Trading Co. W.L.L.	Qatar	**49.00%**	**792,257**	**--**	**--**	**6,161,782**
Debbas Enterprises - Qatar W.L.L.	Qatar	**49.00%**	**290,878**	**--**	**--**	**2,960,506**
Trelco Building Materials Co. W.L.L.	Qatar	**15.00%**	**172,565**	**--**	**1,015,467**	**(275,435)**
Consolidated Supplies Company W.L.L.	Qatar	**24.50%**	**167,334**	**(5,875,877)**	**(5,551,256)**	**(157,286)**
			30,563,160	**(17,392,596)**	**(11,318,924)**	**40,839,358**

Refer to (Note 1, i and Note 20).

27. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations for the year ended December 31, 2015:

Particulars	Consolidated Engineering Systems Company W.L.L.	Watermaster (Qatar) Company W.L.L.	Electro Mechanical Engineering Company W.L.L.	Construction Development Contracting & Trading Co. W.L.L.	Debbas Enterprises - Qatar W.L.L.	Trelco Building Materials Co. W.L.L.	Consolidated Supplies Company W.L.L.
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Current assets	155,030,510	34,256,083	91,916,503	53,686,441	118,525,287	33,042,059	35,193,874
Non-current assets	39,230,586	9,624,414	5,936,338	10,266,921	22,545,982	377,982	3,328,240
Current liabilities	(109,945,661)	(30,495,516)	(88,417,369)	(52,515,288)	(127,869,151)	(35,971,444)	(12,265,505)
Non-current liabilities	(116,535,665)	(5,114,747)	(2,196,062)	(5,077,440)	(6,448,550)	(544,834)	(2,199,455)
Revenue	198,507,965	63,046,245	98,840,598	76,086,567	66,940,444	24,102,513	29,865,312
Profit for the year	70,062,180	5,146,765	3,724,311	1,616,852	593,629	1,150,431	24,273,594

Particulars	Consolidated Engineering Systems Company W.L.L.	Watermaster (Qatar) Company W.L.L.	Electro Mechanical Engineering Company W.L.L.	Construction Development Contracting & Trading Co. W.L.L.	Debbas Enterprises - Qatar W.L.L.	Trelco Building Materials Co. W.L.L.	Consolidated Supplies Company W.L.L.
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Net cash generated from / (used in) operating activities	41,984,247	3,449,814	(4,644,666)	(14,335,616)	(3,320,757)	2,083,359	7,531,747
Net cash (used in) / generated from investing activities	(91,898)	(4,852,610)	(652,147)	(1,799,891)	(123,081)	(93,506)	22,769,848
Net cash (used in) / generated from financing activities	(31,167,227)	1,880,053	11,348,747	16,990,093	1,874,314	--	(27,964,609)
Net increase / (decrease) in cash and cash equivalents	10,725,122	477,257	6,051,934	854,586	(1,569,524)	1,989,853	2,336,986

28. INTEREST IN JOINT OPERATION

The Group has 45% interest in El Sewedy Cables Qatar W.L.L, (the "Joint Operation") which is engaged in the activity of trading in electro-mechanical equipment and providing electro mechanical related services.

During 2015, the investment in the Joint Operation has been classified as asset held for sale *(Refer to Note 9.b)*.

Assets, liabilities, revenue and expenses of the Joint Operation were as follows:

As of December 31,

	2015	2014
	QR.	QR.
Current assets	**680,435,336**	658,631,157
Non – current assets	**34,417,531**	23,243,674
	714,852,867	681,874,831
Current liabilities	**(559,622,191)**	(596,361,211)
Non – current liabilities	**(3,001,527)**	(2,470,961)
	(562,623,718)	(598,832,172)
Net assets - carrying value	**152,229,149**	83,042,659
Contingent liabilities	**363,789,793**	217,164,986

Contingent liabilities are in respect of bank and other guarantees arising in the ordinary course of business.

For the year ended December 31,

	2015	2014
	QR.	QR.
Sales	**1,089,335,625**	994,020,635
Cost of sales	**(998,186,228)**	(940,134,574)
General and administration expenses	**(23,792,120)**	(17,755,445)
Depreciation	**(641,231)**	(682,587)
Finance costs	**(7,521,596)**	(7,142,284)
Share of profit from associate	**9,617,310**	3,154,217
Other income	**374,730**	354,538
Profit for the year	**69,186,490**	31,814,500

29. CONTINGENT LIABILITIES

	2015	2014
	QR.	QR.
Letters of credit	**22,949,045**	51,046,597
Letter of guarantees	**58,503,265**	171,919,626
Performance Bonds	**63,987,124**	30,192,568
Advance payment guarantee	**11,505,629**	--
Other Guarantee	**3,759,200**	42,089,895

30. FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets and financial liabilities.

***Financial Assets*:**

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

Financial Liabilities:

The Group's significant financial liabilities include trade payable, bank overdraft, borrowings, retentions payable and due to related parties.

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.

31. FINANCIAL RISK MANAGEMENT

Objectives and policies

The Group's principal financial liabilities comprise bank overdrafts, borrowings, due to related parties, retentions payable, and trade and notes payable. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, retentions receivable, due from related parties, available for sale investments, investment properties, investment in associates and bank current accounts, which arise directly from its operations.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, currency risk and liquidity risk. The Management reviews and agrees policies for managing each of these risks, which are summarised below:

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.

Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank loans and borrowings with floating interest rates.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the consolidated statement of profit or loss and other comprehensive income is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial liabilities held at December 31. The effect of decrease in interest rate is expected to be equal and opposite to the effect of the increase shown:

	Increase in basis points	***Effect on profit 2015***	*Increase in basis points*	*Effect on profit 2014*
		QR.		QR.
Bank loans and borrowings	**+25**	**312,976**	+25	605,782

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. The Group's financial liabilities are mostly short term in nature maturing within the next Twelve months.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while optimization 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 (16), 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:

	2015	2014
	QR.	QR.
Debt (i)	**125,190,674**	242,312,878
Cash and cash equivalents *(Note 19)*	**(41,680,994)**	(26,160,778)
Net debt	**83,509,680**	216,152,100
Equity (ii)	**236,572,235**	223,529,520
Net debt to equity ratio	**35.30%**	96.70%

i) Debt is defined as long and short term borrowings, as detailed in *(Refer to Note 16).*
ii) Equity includes all capital and reserves of the Group.

32. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by partners and authorized for issuance on May 22, 2016.