INVESTMENT HOLDING GROUP – Q.P.S.C.
DOHA - QATAR

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

INVESTMENT HOLDING GROUP - Q.P.S.C.
DOHA - QATAR

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

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Rödl & Partner

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS'
INVESTMENT HOLDING GROUP (Q.P.S.C.)
DOHA – QATAR

Report on the Audit of the Consolidated Financial statements

Opinion

We have audited the consolidated financial statements of Investment Holding Group Q.P.S.C. (the "Company") and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a significant accounting policies .

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements as implemented in the State of Qatar, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 14 of the accompanying consolidated financial statements which describes recognition of goodwill. During the year, the management recognised internally generated goodwill amounting to QR 711,492,489 arising from evaluation of the Company and its subsidiaries due to transferring of the Company's legal status from Limited Liability Company to Qatari Public Shareholding Company, although, this matter is not in conformity with IAS 38" Intangible Assets", due to legal considerations represented by determining the company's share capital at QR. 830 Million by H.E the Minister of Economy and Commerce and the later approvals by the Ministry of Economy and Commerce and the approvals of Qatar Financial Market Authority and Qatar Stock Exchange on the share capital as well as the Initial Public Offer in which the Prospectus took the same approach. Then the shareholders' approved the same in their Constituent General Assembly. As a result of all these, it became inevitable to recognise internally generated goodwill in the Company's books of accounts.

Our opinion is not modified in respect of the above matter.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters

Key audit matters are matters those, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. We identified the following key audit matters which were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matters is provided in that context.

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the management made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the management that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Valuation of Goodwill

As referred in the Emphasis of Matter paragraph and Note 14 of the accompanying consolidated financial statements, the Group has recognised internally generated goodwill of QR. 711,492,489 which represent 51% of the Group's total assets as of 31 December 2017. The internally generated goodwill was recognised after the verification from the issuance of updated commercial register for the company with new share capital amounting to QR. 830 Million based on evaluation study for the company and its subsidiaries and the related assumptions. Also taking into consideration the resolution by His Excellency the Minister of Economy and Commerce, determining the company's share capital by the full value according to the evaluation including the goodwill resulted from that evaluation and the approval of the formal authorities of the Ministry of Economy and Commerce, Qatar Financial Market Authority, and Qatar Stock Exchange on that procedure Due to the magnitude of the balance and the estimation uncertainty and subjectivity involved in the assessment of internally generated goodwill, we have considered the same to be a key audit matter.

Audit procedures includes among other matters, as follows:

Examining the potential impairment of the carrying value of the goodwill, given that management judgements are required to make in respect of the assumptions used to determine the recoverable amount. The key judgements include identification of cash generating units, growth rates used in future cash flow forecasts both short term and long term, discount rates applied to these forecasts and determining the impact of reasonably possible changes in these assumptions.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters (Continued)

Valuation of Goodwill (Continued)

Audit procedures includes among other matters, as follows (Continued):

Our audit procedures assessed the adequacy of the design and implementation of controls over monitoring the carrying value of goodwill. We identified and challenged management's assessment of the cash generating units within the group based on a review of the cash flows internally reported by the management, and also studying and testing the management's future plans. And also, we challenged the assumptions used by management in their impairment assessment by using valuation specialists within the audit team to benchmark the discount rate against independently available data and performing parallel analysis and understanding the assumptions undermining the Group's cash flow forecasts, also comparing the previous and current revenues and profitability of the Group.

Revenue recognition of construction contracts

Revenue from construction contracts is recognised using the percentage of completion method, where progress is determined by comparing actual costs incurred to date, with the total estimated costs of the project. Revenue recognition for construction contracts includes management judgment in a form of estimates, which are subject to management experience and expectations of future events. The most important judgment relates to the estimated total costs of the project. in order to determine percentage of completion. Since there is significant subjectivity and management judgement involved in the project estimates, we have considered this to be a key audit matter.

- Refer to notes 3 and 23 of the accompanying consolidated financial statements

Audit procedures includes among other matters, as follows:

Our audit procedures included both testing of the company's controls, as well as substantive audit procedures targeted at selected major long-term construction projects. Our substantive testing focused on estimates applied by management in the accounting.

- Ensured that the revenue recognition method applied was appropriate based on the terms of the arrangement;
- Agreed the total project revenue estimates to sales agreements, including amendments as appropriate;
- We obtained an understanding of the processes and tested relevant controls, which impact the revenue recognition;
- We assessed the reliability of management's estimates by comparing the actual results of delivered projects to previous estimates;
- Recalculated the revenue based on the stage of completion of the projects. Ensured that the stage of completion is correct by comparing actual costs per the company's accounting records to the estimated total costs of the projects.

We also assessed the appropriateness of the related disclosures in the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Matters

The consolidated financial statements of the Group for the year ended December 31, 2016 were audited by other independent auditor, whose report dated on July 3,2017, expressing a Qualified opinion on those consolidated financial statements, the predecessor auditor's report was including the follows:

Basis of the predecessor auditor's Qualified opinion:

One of the Group's Joint operations (ETA Star Engineering and Contracting WLL and Debbas Enterprise Qatar - W.L.L. Joint Operation) recognized cumulative revenue to December 31, 2016 from unapproved variation orders amounting to QR. 77,775,000 (the Group's Share) as these variation orders were related to changes on the agreed scope of work and prolongation costs. Management is currently in negotiations with the customer for approving those variations. Management is confident that the amounts recognized in the books are fully recoverable. Management did not provide sufficient and appropriate data about the recoverability and completeness of the total amount recognized as of December 31, 2016.

Emphasis of matters in the predecessor audit report:

A- Without qualifying our opinion, we draw attention to Note No. (1), of the accompanying consolidated financial statements as of December 31, 2016 which describes the change in the Group's ownership percentages in some subsidiaries due to share swap agreements with non-controlling partners effective from January 1, 2015.

B- Without qualifying our opinion, we draw attention to Notes of the accompanying consolidated financial statements as of December 31,2016 which describe the change in the Group's legal structure and invitation for the public to subscribe for shares in the period up to the date of approval of the consolidated financial statements.

C- Without qualifying our opinion, we draw attention to Notes of the accompanying consolidated financial statements as of December 31, 2016 which describes that the Group continues to guarantee debts of certain entities which are no longer consolidated with effect from 2013.

D- Without qualifying our opinion, we draw attention to Notes of the accompanying consolidated financial statements, which describes the subsequent events occurred after December 31, 2016 related to the public subscription offering and disposal of investment in El Sewedy Cables Qatar W.L.L., a joint operation. Those events are not part of consolidated financial statement for the year ended December 31, 2016.

Our Comments as the successor auditor on the predecessor auditor's Basis for Qualified opinion based on our auditing the Consolidated Financial Statements as of 31 December 2017:

Based on our audit of the consolidated financial statements of the Group as of December 31, 2017, we have noted that the previously mentioned qualification is no longer valid during 2017, as the founders of the Investment Holding Group have sent a letter to Qatar Financial Market Authority dated 26th of July 2017 showing that, the Group has complete approved documents to represent scope change to orders in accordance with operating orders approved by the Customer at project location the matter that gives the Group the right and eligibility to recognize and to collect the value of additional work presented to the client, also the founders have undertaken in the previously mentioned letter that sent to Qatar Financial Market Authority they will be responsible to pay the value of payments in case of inability of the Group to recover its share in such payments. Thus, reason of qualified opinion mentioned in the predecessor audit report is no longer valid.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Matters (Continued)

Our Comments as the successor auditor on the predecessor auditor's Emphasis of Matters based on our auditing the Consolidated Financial Statements as of 31 December 2017:

Based on our audit of the consolidated financial statements of the Group as of December 31, 2017, we have noted the following:

- For points A, B, that have been stated by the predecessor auditor are factual events and do not have a negative impact on the figures of the consolidated financial statements as of December 31, 2017, as well as the comparative figures as of December 31, 2016.
- For point C, we have obtained a confirmation letter from the bank dated 25th of July 2017 and directed to the Group, stating to adjust institutional guarantee contracts to include only guarantees of current subsidiary companies of the Group. Thus, such emphasis is no longer needed.
- For Point D, the company has sold its investment in shares of El Sewedy Cables Qatar W.L.L. as per sale contract dated 30th of October 2016 which has been authenticated on 30th of January 2017. Also, El Sewedy Cables Qatar W.L.L. was not a part of the companies that have been purchased by the founders of shareholding company from the owners of the shares in the limited liability company. So, there is no impact on the consolidated financial statement as of December 31, 2017.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors annual report for 2017 but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the 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 the Board determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by Qatar Commercial Companies' Law, we are of the opinion that proper books of account have been kept by the Company, physical inventory verification has been duly carried out, we have obtained all the information and explanations we considered necessary for the purposes of our audit. We are not aware of any violations of the provisions of the Qatar Commercial Companies Law no. 11 of 2015 or the terms of the company's Articles of Association having occurred during the year which might have had a material effect on the business of the Company or its financial position as at 31 December 2017.

Rödl & Partner - Qatar Branch
Certified Public Accountants

Hikmat Mukhaimer, FCCA (UK)
License No. 297
QFMA Registration Auditor's No.120151

Doha – Qatar
March 12, 2018

INVESTMENT HOLDING GROUP – Q.P.S.C
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	Notes	December 31, 2017	2016
		QR.	QR.
ASSETS			
Current assets			
Bank balances and cash	5 (a)	**136,855,552**	122,513,544
Accounts receivable and other debit balances	6	**173,306,340**	211,781,355
Gross amounts due from customers on contract work	7	**198,745,047**	148,699,011
Due from related parties	8 (a)	**32,750,201**	39,008,327
Inventories	9	**71,651,943**	66,743,445
		613,309,083	588,745,682
Assets classified as held for sale	10	--	395,195,104
Total current assets		**613,309,083**	983,940,786
Non-current assets			
Retentions receivable	11	**49,528,090**	43,306,924
Available-for-sale investments	12	**2,250,000**	2,250,000
Investment properties	13	**1,564,919**	2,170,692
Goodwill	14	**711,492,489**	--
Property and equipment	15	**19,644,442**	22,778,217
Total non-current assets		**784,479,940**	70,505,833
Total assets		**1,397,789,023**	1,054,446,619

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

INVESTMENT HOLDING GROUP – Q.P.S.C
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	Notes	December 31, 2017	December 31, 2016
		QR.	QR.
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdrafts	16 (a)	**70,479,292**	70,945,173
Borrowings	16 (b)	**126,937,318**	96,188,745
Due to related parties	8 (b)	**16,812,364**	23,515,587
Gross amounts due to customers on contract work	17	**27,185,439**	34,719,844
Dividend Payable		**3,002,770**	--
Accounts payable and accruals	18	**165,207,124**	175,875,413
		409,624,307	401,244,762
Liabilities directly associated with assets classified as held for sale	10	--	269,603,697
Total current liabilities		**409,624,307**	670,848,459
Non-current liabilities			
Borrowings	16 (b)	**1,269,387**	6,171,246
Retentions payable	19	**1,285,286**	852,453
Employees' end of service benefits	20	**30,138,760**	29,614,741
Total non-current liabilities		**32,693,433**	36,638,440
Total liabilities		**442,317,740**	707,486,899
Equity and reserves			
Share capital	21	**830,000,000**	10,000,000
Capital reserve		--	18,468,265
Legal reserve	22	**696,902**	5,000,000
Retained earnings		**38,997,240**	259,232,780
Equity attributable to the Shareholders' of the Company		**869,694,142**	292,701,045
Non – controlling interests	29	**85,777,141**	54,258,675
Total equity		**955,471,283**	346,959,720
Total liabilities and equity		**1,397,789,023**	1,054,446,619

H.E. Ghanim Sultan Al-Hodaifi Al Kawari
Chairman of the Board

Wael Shtayyeh
Group - CEO

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

INVESTMENT HOLDING GROUP – Q.P.S.C.
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	December 31, 2017	2016
		QR.	QR.
Continuing Operations			
Revenue	23	**469,231,506**	447,693,879
Direct cost	24	**(328,114,453)**	(299,244,448)
Gross profit		**141,117,053**	148,449,431
Other income	25	**21,070,271**	26,172,990
Dividend income from AFS Investments		**5,000,000**	--
Gain from disposal of Property and equipments		**117,805**	--
General and administrative expenses	26	**(76,898,102)**	(79,473,575)
Finance cost		**(9,111,220)**	(8,703,135)
Depreciation of property, plant and equipment	15	**(6,021,526)**	(5,685,076)
Loss on revaluation of investment properties at fair value	13	**(605,773)**	(605,773)
Group's share from (loss) of associates		**--**	(95,981)
Net profit before management fees and income tax		**74,668,508**	80,058,881
Management fees		**(4,320,401)**	(4,652,260)
Profit before income tax for the year		**70,348,107**	75,406,621
Income tax expense		**--**	(4,381,651)
Profit for the year from continuing operations		**70,348,107**	71,024,970
Discontinued operations			
Profit for the year from discontinued operation		**--**	56,839,043
Total discontinued operations		**--**	56,839,043
Profit for the year		**70,348,107**	127,864,013
Profit for the year attributable to:			
Owners of the Company			
From continuing operations		**40,711,941**	45,725,653
From discontinued operations		**--**	56,839,043
Profit for the year attributable to the Owners of the Company		**40,711,941**	102,564,696
Non – controlling interests			
From continuing operations		**29,636,166**	25,299,317
Profit for the year attributable to non-controlling interest	29	**29,636,166**	25,299,317
Total		**70,348,107**	127,864,013
Basic earnings per share from continuing operation	27	**0.49**	0.55

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

INVESTMENT HOLDING GROUP – Q.P.S.C.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	December 31, 2017 QR.	2016 QR.
Profit for the year		**70,348,107**	127,864,013
Other comprehensive income from continuing operations		**--**	--
Total comprehensive income for the year		**70,348,107**	127,864,013
Total comprehensive income for the year attributable to Owners of the Company:			
From continuing operations		**40,711,941**	45,725,653
From discontinued operations		**--**	56,839,043
Total comprehensive income for the year attributable to the owners of the Company		**40,711,941**	102,564,696
Non – controlling interests			
From continuing operations		**29,636,166**	25,299,317
Total comprehensive income for the year attributable to non-controlling interest	29	**29,636,166**	25,299,317
Total		**70,348,107**	127,864,013
Basic Earnings per share From continuing operation	27	**0.49**	0.55

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

INVESTMENT HOLDING GROUP – Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

The following is the consolidated statement of changes in shareholders' equity of the legal entity after transferring the legal entity from limited liability company to Qatari Public Shareholding company with Commercial Registration No. 39127.

	Equity Attributable to the shareholders of the Company					
	Share capital	Legal reserve	Retained earnings	Equity Attributable to the shareholders of the Company	Non-controlling interest	Total equity
Balance at January 1, 2017	**830,000,000**	**--**	**--**	**830,000,000**	**62,763,492**	**892,763,492**
Total comprehensive income for the year	**--**	**--**	**40,711,941**	**40,711,941**	**29,636,166**	**70,348,107**
Transfer to legal reserve		**696,902**	**(696,902)**	**--**	**--**	**--**
Transferred to Social and Sports Activities Fund	**--**	**--**	**(1,017,799)**	**(1,017,799)**	**--**	**(1,017,799)**
Dividend distribution	**--**	**--**	**--**	**--**	**(6,622,517)**	**(6,622,517)**
Balance at December 31, 2017	**830,000,000**	**696,902**	**38,997,240**	**869,694,142**	**85,777,141**	**955,471,283**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

INVESTMENT HOLDING GROUP – Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

The following is the consolidated statement of change in equity as of **31 December 2016** of the legal entity –W.L.L before transferring the legal entity from limited liability company to Qatari Public Shareholding company.

	Equity Attributable to the owners of the Company						
	Share capital	Capital reserve	Legal reserve	Retained earnings	Equity Attributable to the owners of the Company	Non-controlling interest	Total equity
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Balance at January 1, 2016	10,000,000	18,468,265	5,000,000	162,264,612	195,732,877	40,839,358	236,572,235
Total comprehensive income for the year	--	--	--	102,564,696	102,564,696	25,299,317	127,864,013
Dividend distribution	--	--	--	(5,596,528)	(5,596,528)	(11,880,000)	(17,476,528)
Balance at December 31, 2016	10,000,000	18,468,265	5,000,000	259,232,780	292,701,045	54,258,675	346,959,720

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

INVESTMENT HOLDING GROUP – Q.P.S.C.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	December 31, 2017	December 31, 2016
		QR.	QR.
OPERATING ACTIVITIES			
Profit for the year,		**70,348,107**	127,864,013
Adjustments for :			
Depreciation of property and equipment	15	**6,021,526**	5,685,076
Income tax expense recognized in profit or loss		**--**	4,381,651
Profit from disposal of Property and equipment		**(117,805)**	(236,617)
loss on property, plant and equipment written off	15	**2,197**	--
loss on revaluation of investment properties at fair value	13	**605,773**	605,773
Group's share from loss of associates		**--**	95,981
Provision for employees' end of service benefits	20	**4,948,934**	5,983,381
Interest Expenses		**9,111,220**	8,703,135
Net movement in Retention Receivable discounting charges during the year		**(2,783,385)**	--
Provision for doubtful debts charged during the year	6	**--**	6,178,768
Provision for doubtful debts reversed during the year	6	**(1,772,110)**	(304,475)
		86,364,457	158,956,686
Movements in working capital:			
Inventories		**(4,908,498)**	(3,799,901)
Due from related parties		**6,258,126**	5,541,699
Gross amount due from customers on contract work	7	**(50,046,036)**	4,751,710
Accounts receivable and other debit balances		**23,247,125**	(34,984,329)
Due to related parties		**(6,703,223)**	3,405,591
Retentions receivable	11	**(3,437,781)**	28,322,729
Gross amounts due to customers on contract work		**(7,534,405)**	(20,286,176)
Retentions payable		**432,833**	(3,444,390)
Trade and notes payable		**(3,664,240)**	8,624,928
Advances from customers		**(26,849,562)**	8,024,926
Accruals and other credit balances		**20,933,564**	(22,677,343)
Cash generated from operations		**34,092,360**	132,436,130
Interest expense paid		**(9,111,220)**	(8,703,135)
Employees' end of service benefits paid	20	**(4,424,915)**	(2,838,786)
Income tax paid		**(303,160)**	(5,333,540)
Net cash generated from operating activities		**20,253,065**	115,560,669
INVESTING ACTIVITIES			
Purchase of property and equipment	15	**(2,894,639)**	(9,099,095)
Net movement of assets classified as held for sale		**--**	(57,088,290)
Proceeds from sale of property and equipment		**122,496**	821,304
Net cash used in investing activities		**(2,772,143)**	(65,366,081)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

	Notes	*December 31,*	
		2017	2016
		QR.	QR.
FINANCING ACTIVITIES			
Dividend paid		**(21,897,230)**	(5,596,528)
Dividend paid to non-controlling interest		**(6,622,517)**	(11,880,000)
Movement in borrowings	16	**25,846,714**	(22,830,683)
Net cash used in financing activities		**(2,673,033)**	(40,307,211)
Net increase in cash and cash equivalents		**14,807,889**	9,887,377
Cash and cash equivalents at beginning of the year	5 (b)	**51,568,371**	41,680,994
Cash and cash equivalents at end of the year	5 (b)	**66,376,260**	51,568,371

1. GENERAL INFORMATION

Investment Holding Group Q.P.S.C. (the "Company" or "Parent") is registered in the State of Qatar under Commercial Registration No. 39127 which has been amended by converting the legal status of the company from a limited liability company to Qatari public shareholding company effective 11 of May 2017. The Company is engaged in various types of investments inside the State of Qatar in accordance with sound commercial and economic practices. Before this date, the company was registered under the same commercial registration No. 39127 as a limited liability from 11th of May 2008.

The consolidated financial statements comprise the financial statements of the Company and those related to its subsidiaries mentioned below (collectively, the "Group"), as follows:

	Percentage of ownership (%)		Type of Interest
	2017	2016	
Trelco Limited – Single Shareholder Company ***(Note A)***	100	100	Subsidiary
Consolidated Engineering Systems Company W.L.L. ***(Note A)***	60.4	60.4	Subsidiary
Watermaster (Qatar) Company W.L.L. ***(Note A)***	63.3	63.3	Subsidiary
Electro Mechanical Engineering Company W.L.L. ***(Note A)***	68.5	68.5	Subsidiary
Construction Development Contracting- & Trading Co. W.L.L. ***(Note A)***	51	51	Subsidiary
Debbas Enterprises - Qatar W.L.L. ***(Note A)***	51	51	Subsidiary
Trelco Building Materials Co. W.L.L. ***(Note A)***	85	85	Subsidiary
Consolidated Supplies Company W.L.L. ***(Note A)***	75.5	75.5	Subsidiary

NOTE (A)

- **Trelco Limited – W.L.L.**, is engaged in various trading activities.
- **Consolidated Engineering Systems Company W.L.L.** is mainly engaged in trading in fire alarms, security systems and related contracting activities.
- **Watermaster (Qatar) Company W.L.L.** is mainly engaged in water treatment contracting activities.
- **Electro Mechanical Engineering Company W.L.L.** is mainly engaged in installation and maintenance of electro mechanical works.
- **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.
- **Consolidated Supplies Company W.L.L.** is mainly engaged in trading of electrical and construction materials.

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 (B):

Effective January 1,2015, the Company's ownership percentages in the above mentioned subsidiaries has been changed, as a result of signed and approved 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 effect of these changes amounting to QR. 11,318,924 as of December 31, 2015 have been recognized in the consolidated statements of changes in shareholders' equity.

Note (C):

During 2015, the partners of the Company agreed to dispose of 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 statement of financial position and classified as assets held for sale and liabilities directly associated with assets classified as held for sale.

Note (D):

Public offering process

The process of public offering of the revised capital of the Company started on January 8, 2017 to January 22, 2017, the period of subscription has been extended for an additional two weeks. The Company offered 49,800,000 ordinary shares representing 60% of the Company's revised capital. Offer price was QR. 10.1 per share representing par value of QR. 10 per share and expenses for public offering of QR. 0.1 per share.
Below table summarized the results of the process of public offering:

Description	No. of shares	Amount QR.	Percentage of the revised share capital
Revised share capital	83,000,000	830,000,000	100%
Capital issued for public subscription	49,800,000	498,000,000	60%
Subscribed capital shares	24,756,800	247,568,000	29.83%

On May 11, 2017 The Group obtained from the Ministry of Economy and Commerce the revised commercial registration with stipulated share capital of QR. 830,000,000.

1. GENERAL INFORMATION (CONTINUED)

Note (E):

The Group has obtained the approval of Ministry of Economy and Commerce in accordance with the resolution from His Excellency the Minister of Economy & Commerce number 286 dated 5th of August 2015 to transfer the legal entity from a Limited Liability Company to a Qatari Public Shareholding Company with a capital of QR 914,086,370 for the purpose of listing its shares on the Qatar Stock Exchange, and to have a public offering, the company filed an application on 11 August 2015 for the listing of its shares on the Qatar stock exchange. The Qatar Financial Markets Authority (QFMA) requested a new evaluation of the Company and its subsidiaries by accredited evaluators, the Company was valued for an amount of QR. 830 Million, as a result share capital was amended to QR 830 Million divided in to 83 Million shares of QR 10 each fully paid. Which agrees with the group value as per the evaluation and not according to the book value of the partners' equity of the group.

Based on the amended capital of QR 83 million ordinary shares of QR 10 each, the Company made an initial public offer from January 8, 2017 till January 22, 2017 which has been extended for additional two weeks. The shareholding pattern of the Company after the initial public offer is as follows:

Description	No. of Shares	Shares Nominal Value	Share Value QR.	% From Total Share Capital
Founders	58,243,200	QR 10	582,432,000	70.17%
New shareholders	24,756,800	QR 10	247,568,000	29.83%
Total share capital	**83,000,000**	**QR 10**	**830,000,000**	**100%**

2- APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)
2/1) Newly effective amendments and improvements to standards

During the current year, the below amended International Financial Reporting Standards ("IFRS" or "standards") and improvements to standards became effective for the first time for financial years ending 31 December 2017:

- *Amendments to lAS 7 "Disclosure Initiative"*
- *Amendments to IAS 12 on recognition of deferred tax assets for unrealised losses*
- *Annual improvements to IFRSs 2014-2016 cycle- various standards*

The adoption of the above amended standards and improvements to standards had no significant impact on the Group's consolidated financial statements.

2/2) New and amended standards not yet effective, but available for early adoption

The below new and amended International Financial Reporting Standards ("IFRS" or "standards") that are available for early adoption for financial years ending 31 December 2017 are not effective until a later period, and they have not been applied in preparing these consolidated financial statements.

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

2/2) New and amended standards not yet effective, but available for early adoption (Continued)

Adoption expected to impact the Group's consolidated financial statements.

- ***IFRS 9 "Financial Instruments" (Effective for year ending 31 December 2018)***

  IFRS 9 published in July 2014, replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

- ***IFRS 15 "Revenue from Contracts with Customers" (Effective for year ending 31 December 2018)***

  IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:
  - Identify the contract with the customer
  - Identify the performance obligations in the contract
  - Determine the transaction price
  - Allocate the transaction price to the performance obligations in the contracts
  - Recognise revenue when (or as) the entity satisfies a performance obligation.

Adoption not expected to impact the Group's consolidated financial statements

Effective date	Description
January 1, 2018	• Amendments to IFRS 2 "on classification and measurement of share based payment transactions". • Amendments to IAS 40 "Investment Properties". • IFRIC 22 "Foreign Currency Transactions and Advance Considerations".
January 1,2019	• IFRS 16 "Leases". • Amendments to IAS 28 "Investment in Associates and Joint ventures". • Amendments resulting from annual Improvements to IFRS Standards 2015–2017 Cycle.
January 1, 2021	• IFRS 17 Insurance Contracts
Effective date to be determined	• Amendments to IFRS 10 and IAS 28 on sale or contribution of assets between an investor and its associate or joint venture"

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.

Basis of preparation
These consolidated financial statements have been prepared under the historical cost basis, except for investment properties 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:

- Power over the investee (that is, existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control mentioned.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

When the Company has less than a majority of the voting or similar rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other voted holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

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.

The consolidated financial statements provide comparative information in respect of the previous year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Changes in the Group's ownership interests in certain subsidiaries *(Refer to disclosure note 1)* 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 shareholders 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, 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 carrying amount and fair value less costs to sell.

Property and equipment

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

Depreciation of all property 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (Continued)

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.

Goodwill

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses refer to note to the financial statements No. (14).

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

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.

Impairment of non-financial assets

At the end of each financial reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 exceeds 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.

Related party transactions

Parties are considered to be related because they have the ability to exercise control over the Group or to exercise significant influence or joint control over the Group's financial and operating decisions. Further, parties are considered related to the Group when the Group has the ability to exercise influence, or joint control over the financial and operating decisions of those parties.

Transaction with related parties, normally, comprise transfer of resources, services, or obligations between the parties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic earnings per share

The Group presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss or the year attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

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. A provision is made for employees' end of service benefits which is payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salary and accumulated period of service as at the reporting date. The Group treats this obligation as a non-current liability.

Taxation

The tax expense for the period comprises of current tax. Tax is recognised in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other consolidated comprehensive income or directly in equity. In this case, the tax is also recognised in other consolidated comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in Qatar where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for resource allocation and assessing performance of the operating segment, has been identified as the Board of Directors (BOD). The nature of the operating segment is set out in Note 30.

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;
(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Going concern

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The Group has been profitable, and it had positive net asset, working capital and cash flow positions as at the year end. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Company's consolidated financial statements continue to be prepared on a going concern basis.

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.

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 10 and Note 30.*

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

Critical judgments in applying accounting policies (continued)

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. 6,401,469 (2016: QR. 8,096,030) representing outstanding receivables of more than 365 days where collection is no longer probable.

Measurement of investment properties

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. 1,564,919 and QR. 2,170,692 as at December 31, 2017 and 2016, respectively.

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

Key sources of estimation uncertainty (Continued)

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

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

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

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.

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

Key sources of estimation uncertainty (continued)

Variation orders

One of the Company's subsidiaries (Debbas Enterprise Qatar – W.L.L.) through its joint operation (ETA Star Engineering and Contracting – W.L.L. and Debbas Enterprises Qatar – W.L.L. – Joint Operation) recognized cumulative revenue to December 31, 2017 site orders amounting to QR 163,820,000 (The Group's share: QR 41,774,100) in respect of scope changes and prolongation costs. Management is currently in recognitions 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

		December 31,	
		2017	2016
		QR.	QR.
Cash on hand		**931,880**	321,658
Cash in bank		**127,965,015**	114,501,886
Fixed deposits *(Note i)*		**7,000,000**	7,000,000
Bank margin		**958,657**	690,000
Total Bank Balances and Cash (a)		**136,855,552**	122,513,544
Deduct:			
Bank Overdraft		(70,479,292)	(70,945,173)
Cash and Cash Equivalent	(b)	66,376,260	51,568,371

Note i: Fixed deposits are held with a local bank in the State of Qatar. They carry profit at an average rate of 1% (2016: 1%) per annum. These deposits have a maturity of less than 3 months from the date of placement.

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	December 31,	
	2017	2016
	QR.	QR.
Trade receivables, net	**121,464,473**	122,217,114
Retention receivable	**27,761,913**	50,246,224
Prepaid expenses	**1,467,748**	23,385,318
Other debit balances ***(Note i)***	**22,612,206**	15,932,699
	173,306,340	211,781,355

Note i: Included in other debit balances is an amount of QR. 6,893,467 receivable from Qatar General Insurance and Reinsurance Q.P.S.C. against the disposal of Oriental Enterprise W.L.L, which was completed during 2015. *Refer to Note 8.b.* the management is confident to collect this amount.

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES (CONTINUED)

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.

	December 31,	
	2017	2016
	QR.	QR.
Trade receivables comprise:		
Trade receivables	**126,788,393**	130,313,144
Less: Allowance for doubtful debs	**(5,323,920)**	(8,096,030)
Trade receivables – net	**121,464,473**	122,217,114

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

(i) Ageing of neither past due nor impaired

	December 31,	
	2017	2016
	QR.	QR.
Less than 60 days	**57,376,512**	51,599,904
61 - 90 days	**23,254,522**	18,558,974
	80,631,034	70,158,878

(ii) Ageing of past due but not impaired

	December 31,	
	2017	2016
	QR.	QR.
91 – 180 days	**11,321,964**	13,853,234
181 – 365 days	**14,543,667**	22,550,912
More than 365 days	**14,967,808**	15,654,090
	40,833,439	52,058,236

(iii) Ageing of past due and impaired

	December 31,	
	2017	2016
	QR.	QR.
Over 365 days	**5,323,920**	8,096,030

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES (CONTINUED)

Movement in the allowance for doubtful debts is as follows:

	December 31,	
	2017	2016
	QR.	QR.
Balance at beginning of the year	**8,096,030**	3,362,398
Charge for the year	**--**	6,178,768
Reversal of provision	**(1,772,110)**	(304,475)
Bad debts written off	**(1,000,000)**	(1,140,661)
Balance at end of the year	**5,323,920**	8,096,030

7. GROSS AMOUNTS DUE FROM CUSTOMERS ON CONTRACT WORK

	December 31,	
	2017	2016
	QR.	QR.
Contract cost incurred plus recognised profits	**926,817,326**	736,531,973
Less: Progress billings	**(728,072,279)**	(587,832,962)
	198,745,047	148,699,011

8. RELATED PARTIES

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

a) Due from related parties	December 31,	
	2017	2016
	QR.	QR.
Al Hodaifi Group W.L.L. and its subsidiaries	**24,923,631**	33,805,743
Others	**7,826,570**	5,202,584
	32,750,201	39,008,327

b) Due to related parties	December 31,	
	2017	2016
	QR.	QR.
Existing shareholders ***(Note i)***	**6,893,467**	7,650,878
Al Hodaifi Group W.L.L. and its subsidiaries	**3,219,554**	2,936,897
Others	**6,699,343**	12,927,812
	16,812,364	23,515,587

Note i*:* Included in due to existing shareholders an amount of QR. 6,893,467 as dividends payable against the disposal of Oriental Enterprise W.L.L., which was completed during 2015. *Refer to Note 6-i.*

9. INVENTORIES

	December 31,	
	2017	2016
	QR.	QR.
Trading inventories *(Note 24-i)*	**62,444,272**	56,676,448
Raw material	**3,237,006**	6,394,943
Goods in transit	**7,789,529**	5,811,661
	73,470,807	68,883,052
Less: Allowance for obsolete and slow moving items	**(1,818,864)**	(2,139,607)
	71,651,943	66,743,445

10. ASSETS CLASSIFIED AS HELD FOR SALE

	December 31,	
	2017	2016
	QR.	QR.
Asset held for sale		
Investment in a joint operation (a) *	--	395,195,104
Liabilities directly associated with assets classified as held for sale		
Liabilities of a joint operation (b) *	--	269,603,697

*** Investments of a joint operation**

a) 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"). The fair value less cost to sell of the Joint Operation is expected to be greater than the Joint Operation's carrying amount. Therefore, no impairment loss recognised on reclassification of the assets and liabilities as held for sale as at December 31, 2016.

b) As of 30 January 2017, the shares sales agreement to Al Hoddaifi Group W.L.L, has been authenticated with Al Hodaifi Group W.L.L and the balances of assets and liabilities related for such shares has been disposed from the Group's books of account.

c) Al-sewedy cables Qatar W.L.L. was not a part from public subscription process

11. RETENTIONS RECEIVABLE

	December 31,	
	2017	2016
	QR.	QR.
Retentions receivable	**50,936,317**	47,498,536
Discounting charges	**(1,408,227)**	(4,191,612)
Net Retention at the end of the year,	**49,528,090**	43,306,924

Management applies an average discount rate of 4.25% and 5% to calculate the present value of the expected collection of retentions receivable which is classified as non-current.

12. AVAILABLE-FOR-SALE INVESTMENTS

	December 31,	
	2017	2016
	QR.	QR.
Available-for-sale investments	**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.

13. INVESTMENT PROPERTIES

	December 31,	
	2017	2016
	QR.	QR.
Opening balance	**2,170,692**	2,776,465
Changes in fair value	**(605,773)**	(605,773)
Closing balance	**1,564,919**	2,170,692

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 third party (land lord) 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. GOODWILL

As referred in Note 1, the share capital of the Company was determined at QR 830 Million to reflect its Company's value as per evaluation and not as per book value of partners' equity as at December 31, 2016, due to legal considerations represented by determining the company's share capital at QR. 830 Million by H.E the Minister of Economy and Commerce and the later approvals by the Ministry of Economy and Commerce and the approvals of Qatar Market Authority and Qatar Stock Exchange on the share capital as well as the Initial Public Offer in which the Prospectus took the same approach. Then the shareholders' approved the same in their Constituent General Assembly. As a result of all these, it became inevitable for the management to recognise during the year internally generated goodwill in the Company's books of accounts amounting to QR 711,492,489.

15. PROPERTY AND EQUIPMENT

	Furniture and fixtures QR.	Buildings and constructions QR.	Motor vehicles QR.	Leasehold improve-ments QR.	Office equipment QR.	Tools and equipment QR.	Machines QR.	Computers QR.	Capital work in progress QR.	Total QR.
Cost:										
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
Additions	556,204	810,738	1,303,705	3,300,228	1,360,117	685,030	--	57,461	1,025,612	9,099,095
Disposals	--	--	(3,375,005)	--	(663)	(266,400)	--	--	--	(3,642,068)
Reclassification	--	--	201,130	--	(372,147)	369,756	--	(198,739)	--	--
Transfer	--	1,804,575	--	--	--	--	--	--	(1,804,575)	--
At December 31, 2016	4,499,658	12,402,239	16,431,247	9,684,376	9,169,530	8,229,125	655,933	1,404,077	1,025,612	63,501,797
Additions	320,512	93,124	665,500	121,633	522,755	923,313		77,219	170,583	2,894,639
Disposals	(71,000)	--	(1,142,886)	--	--	--	--	(39,798)	--	(1,253,684)
Transfer	--	--	--	1,196,195	--	--	--	--	(1,196,195)	--
Adjustment	3,250	--	--	--	(5,447)	--	--	--	--	(2,197)
write-off	(17,575)	--	--	--	(6,298)	--	--	--	--	(23,873)
At December 31, 2017	**4,734,845**	**12,495,363**	**15,953,861**	**11,002,204**	**9,680,540**	**9,152,438**	**655,933**	**1,441,498**	**--**	**65,116,682**
Accumulated depreciation:										
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
Charge for the year	290,256	663,589	1,883,841	642,142	900,520	1,035,060	54,024	215,644	--	5,685,076
Disposals	--	--	(2,876,847)	--	--	(180,534)	--	--	--	(3,057,381)
Reclassification	63,483	--	19,543	--	(278,564)	260,083	--	(64,545)	--	--
At December 31, 2016	3,128,013	9,383,893	11,336,960	2,920,376	6,034,697	6,192,979	495,869	1,230,793	--	40,723,580
Charge for the year	438,813	586,887	1,779,725	1,021,005	973,158	1,030,047	49,104	142,787	--	6,021,526
Disposals	(71,000)	--	(1,138,989)	--	--	--	--	(39,004)	--	(1,248,993)
related to write-off	(17,575)	--	--	--	(6,298)	--	--	--	--	(23,873)
Adjustment	375	--	--	--	(375)	--	--	--	--	--
At December 31, 2017	**3,478,626**	**9,970,780**	**11,977,696**	**3,941,381**	**7,001,182**	**7,223,026**	**544,973**	**1,334,576**	**--**	**45,472,240**
Net Book Value:										
At December 31, 2017	**1,256,219**	**2,524,583**	**3,976,165**	**7,060,823**	**2,679,358**	**1,929,412**	**110,960**	**106,922**	**--**	**19,644,442**
At December 31, 2016	1,371,645	3,018,346	5,094,287	6,764,000	3,134,833	2,036,146	160,064	173,284	1,025,612	22,778,217

16. BANK LOANS AND BORROWINGS

16.a) Bank overdrafts

	December 31,	
	2017	2016
	QR.	QR.
Balance at the end of the year	**70,479,292**	70,945,173

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% (2016: 4.5 % to 8.5%).

16.b) Borrowings

	Current		Non-current	
	December 31,		December 31,	
	2017	2016	**2017**	2016
	QR.	QR.	**QR.**	QR.
Project financing (1)	**14,128,496**	25,156,211	**--**	3,057,519
Import Loan (2)	**55,903,920**	42,013,462	**--**	--
Demand loan (3)	**17,725,158**	16,777,638	**--**	--
Term Loan (4)	**10,148,716**	11,980,504	**1,269,387**	3,113,727
Murabaha loan	**28,922,695**	--	**--**	--
Vehicle loan	**108,333**	260,930	**--**	--
	126,937,318	96,188,745	**1,269,387**	6,171,246

(1) Project financing

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 6% (2016: 5% to 8%). 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 6%. 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 5% to 6.75% (2016: 4.5% to 4.75%) annually and have maturities ranging from 180 to 270 days.

(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 5% to 6.75% per annum (2016: 4.5% to 5%).

(4) Term loan

The Group entered into agreements with the local banks for the construction of labor camp and warehouse. These loans are secured by personal guarantees of the partners of the Group and corporate guarantee of the Group. Term loans have different maturity dates and bears interest rate of 5% to 6.75% annually (2016: 4.5% to 5%).

17. GROSS AMOUNTS DUE TO CUSTOMERS ON CONTRACT WORK

	December 31,	
	2017	2016
	QR.	QR.
Progress billings	**585,782,012**	634,411,916
Less: Contract value at cost plus attributable profit	**(558,596,573)**	(599,692,072)
	27,185,439	34,719,844

18. ACCOUNTS PAYABLE AND ACCRUALS

	December 31,	
	2017	2016
	QR.	QR.
Trade and notes payable	**80,186,420**	83,850,660
Advances from customers	**19,248,179**	46,097,741
Social and Sport Fund Contribution*	**1,017,799**	--
Accruals and other credit balances	**64,754,726**	45,927,012
	165,207,124	175,875,413

*** Social and Sport Fund Contribution**
In accordance with Law No.13 of 2008, the Group has taken a provision for the support of sports, social, cultural and charitable activities for an amount equivalent of 2.5% of the net profit of the Group. As per the instruction issued during the year 2010 by the Ministry of Economy and Finance, this social contribution has been transferred from retained earnings of the Company in an amount of QR. 1,017,799 as at December 31, 2017.

19. RETENTIONS PAYABLE

	December 31,	
	2017	2016
	QR.	QR.
Gross retentions payable	**1,285,286**	852,453
Balance as at December 31,	**1,285,286**	852,453

Non-current retentions payable as of December 31, 2017 have not been discounted because the effect is considered immaterial. However, Management applies an average discount rate of 4.5% to calculate the present value of the expected payment of non-current retentions payable as of December 31, 2017.

20. EMPLOYEES' END OF SERVICE BENEFITS

	December 31,	
	2017	2016
	QR.	QR.
At January 1,	**29,614,741**	26,470,146
Provided during the year	**4,948,934**	6,223,555
Reversed during the year	**--**	(240,174)
Paid during the year	**(4,424,915)**	(2,838,786)
At December 31,	**30,138,760**	29,614,741

21. SHARE CAPITAL

The Shareholders decided in their General Assembly meeting held on the October 16, 2016, to revise the capital structure of the Company by offering 60% of the revised number of shares for public subscription.

Based on the decision of H.E Minister of Economy and Commerce and Shareholders' General Assembly meeting held on the November 27, 2016, all the shareholders agreed on the final value of the Company, which represents the revised capital of the Company amounting to QR. 830,000,000 divided into 83 million shares of QR 10 per share, the final value was based on evaluation reports issued by independent valuers, and the shareholders agreed to offer 49,800,000 shares for public subscription representing 60% of the Company's revised capital.

The Company has amended its Articles of Association, and obtained approval from the Ministry of Economy and Commerce on December 5, 2016 and the same was authenticated by the Ministry of Justice on December 7, 2016, as well as, during the year, the Company's Commercial registration has been indicated.

During the Constituent Assembly held on May 5, 2017 the Chairman of the assembly presented all procedures performed to transfer the Company from Limited liability company to Qatari Public Shareholding Company with share capital of QR. 830,000,000; and added that the cost of this conversion was QR. 17,000,000. Shareholders discussed the results of the public offering; and noted that only 24,756,800 shares were subscribed representing 29.83% of the total revised share capital.

The shareholding pattern of the Company after the initial public offer is as follows;

Description	No. of shares	Shares nominal value	Share value in Qatari riyal	% from share capital
Founders	58,243,200	QR 10	582,432,000	70.17%
New shareholders	24,756,800	QR 10	247,568,000	29.83%
Total company share capital	**83,000,000**	**QR 10**	**830,000,000**	**100%**

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. REVENUE

	December 31, 2017	December 31, 2016
	QR.	QR.
Trading revenue	**171,222,037**	209,233,500
Contracting revenue	**298,009,469**	238,460,379
	469,231,506	447,693,879

24. DIRECT COST

	December 31, 2017	December 31, 2016
	QR.	QR.
Cost of goods sold (***Note i***)	**128,536,300**	102,222,124
Materials	**73,779,547**	79,917,829
Salary, wages and related costs	**77,555,491**	75,669,442
Subcontractors cost	**27,730,472**	35,364,036
Rent	**1,949,182**	1,920,917
Site cost	**2,428,598**	1,759,638
Finance cost	**2,318,164**	2,522,580
Freight and other charges	**2,329,132**	2,449,471
Provision for maintenance cost	**793,000**	--
Subcontractors back charges/(Reversal) *Note ii*	**401,243**	(8,875,766)
Miscellaneous	**10,293,324**	6,294,177
	328,114,453	299,244,448

Note i: *Movement in the cost of goods sold:*

	December 31, 2017	December 31, 2016
	QR.	QR.
Opening inventories balance (*Note 9*)	**56,676,448**	58,090,592
Purchases during the year	**134,304,124**	100,807,980
Ending inventories balance (*Note 9*)	**(62,444,272)**	(56,676,448)
	128,536,300	102,222,124

Note ii: This amount of December 31, 2016, represents reversal of provisions for subcontractors and suppliers recorded in the previous year.

25. OTHER INCOME

	December 31, 2017	December 31, 2016
	QR.	QR.
Rental income	**9,625,527**	10,099,575
Recovery of expenses	**3,053,205**	5,272,537
Reversal of provision for maintenance cost	**1,582,529**	4,170,400
Service income	**1,072,743**	1,476,973
Interest income	**545,896**	365,832
Miscellaneous	**5,190,371**	4,787,673
	21,070,271	26,172,990

26. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31,	
	2017	2016
	QR.	QR.
Salaries and fringe benefits	**44,156,660**	43,924,304
Offices, stores and staff residence rent	**12,401,060**	12,669,136
Bad debts - written off	**378,956**	8,332,373
Professional and legal fees	**1,891,613**	1,894,452
Traveling	**2,287,668**	1,548,484
General office expenses	**461,095**	1,489,881
Repairs and maintenance	**1,508,870**	1,243,369
Postage and communication	**547,721**	879,211
Business development and commissions expenses	**404,543**	721,257
Electricity and water	**457,463**	332,587
Immigration and visa charges	**98,010**	288,539
Vehicles expense	**332,876**	213,199
Loss on sale of Damaged items	**1,489,072**	--
Transportation and labor charges	**--**	75,487
Miscellaneous	**10,482,495**	5,861,296
	76,898,102	79,473,575

27. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to the Owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	December 31,	
	2017	2016
	QR.	QR.
Basic earnings per share from continuing operations	**0.49**	0.55
Basic earnings per share from discontinuing operations*	**--**	0.68
Total basic earnings per share	**0.49**	1.23

27. BASIC EARNINGS PER SHARE (CONTINUED)

The earnings and weighted average number of ordinary shares outstanding used in the calculation of basic earnings per share are as follows:

	December 31,	
	2017	2016
	QR.	QR.
Profit for the year used in the calculation of basic earnings per share from continuing operations	**40,711,941**	45,725,653
Profit for the year used in the calculation of the basic earnings per share from discontinued operations*	**--**	56,839,043
Total profit for the year attributable to the Owners of the Company	**40,711,941**	102,564,696
Weighted average number of ordinary shares outstanding during the year (in shares)	**83,000,000**	83,000,000

Total new number of shares of 83 million shares has been used to calculate earnings per share for the current period, as well as previous period.

* As of 30 January 2017, the shares sales agreement to Al Hoddaifi Group W.L.L, has been authenticated with Al Hodaifi Group W.L.L and the balances of assets and liabilities related for such shares has been disposed from the Group's books of account (refer to Note No. 10-b.)

28. DIVIDEND DISTRIBUTION

In the Subsequent period, the Board of Directors meeting of the company that was held on March 12, 2018, Suggested distribution of QR. 0.25 Per share amounted to QR. 20,750,000 as cash dividend from the year 2017 Net Profit.

Annual general assembly meeting of the company that was held on 13 August 2017, Approved distribution QR. 0.30 Per share amounted to QR. 24,900,000 as cash dividend from the year 2016 Net Profit.

29. NON-CONTROLLING INTERESTS

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	Accumulated non-controlling interest
AS AT DECEMBER 31, 2017	QR.	QR.	QR.	QR.	QR.
Consolidated Engineering Systems Company W.L.L.	Qatar	39.60%	21,403,420	(6,622,517)	53,909,275
Watermaster (Qatar) Company W.L.L.	Qatar	36.70%	4,600,814	--	10,642,652
Electro Mechanical Engineering Company W.L.L.	Qatar	31.50%	(769,254)	--	1,918,158
Construction Development Contracting & Trading Co. W.L.L.	Qatar	49.00%	4,327,688	--	11,164,113
Debbas Enterprises - Qatar W.L.L.	Qatar	49.00%	446,971	--	3,569,979
Trelco Building Materials Co. W.L.L.	Qatar	15.00%	93,998	--	(80,293)
Consolidated Supplies Company W.L.L.	Qatar	24.50%	(467,471)	--	4,653,257
			29,636,166	(6,622,517)	85,777,141

29. NON-CONTROLLING INTERESTS (CONTINUED)

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	Accumulated non-controlling interest
	QR.	QR.	QR.	QR.	QR.
AS AT DECEMBER 31, 2016					
Consolidated Engineering Systems Company W.L.L.	Qatar	39.60%	21,483,265	(6,000,000)	42,577,011
Watermaster (Qatar) Company W.L.L.	Qatar	36.70%	2,957,878	--	5,808,214
Electro Mechanical Engineering Company W.L.L.	Qatar	31.50%	587,342	--	2,793,051
Construction Development Contracting & Trading Co. W.L.L.	Qatar	49.00%	648,484	--	6,810,266
Debbas Enterprises - Qatar W.L.L.	Qatar	49.00%	162,502	--	3,123,008
Trelco Building Materials Co. W.L.L.	Qatar	15.00%	79,044	--	(196,390)
Consolidated Supplies Company W.L.L.	Qatar	24.50%	(619,198)	(5,880,000)	(6,656,485)
			25,299,317	(11,880,000)	54,258,675

29. 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:

December 31, 2017	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	166,024,912	76,421,242	79,983,019	46,981,957	123,254,559	36,554,237	26,740,883
Non-current assets	16,468,549	10,038,976	7,967,096	18,734,267	11,592,261	334,460	3,531,479
Current liabilities	55,695,569	58,473,172	78,028,690	45,203,405	123,030,187	38,279,871	9,185,484
Non-current liabilities	8,940,070	6,044,956	3,018,155	4,088,587	3,084,146	402,540	1,174,092
Revenue	143,547,323	91,614,570	64,779,462	78,556,339	46,913,665	20,175,089	17,639,197
Profit/(Loss) for the year	54,049,041	12,536,278	(2,442,076)	8,832,016	912,186	626,654	24,582,020

December 31, 2017	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	44,794,883	1,968,158	(9,403,802)	1,400,916	841,600	(1,585,515)	(3,105,811)
Net cash (used in)/generated from investing activities	(531,814)	(335,481)	(91,949)	(1,595,873)	(17,592)	(74,450)	26,263,844
Net cash (used in)/generated from financing activities	(40,223,762)	(2,808,913)	9,907,988	4,465,933	10,777,173	--	(22,359,147)
Net (decrease)/increase in cash and cash equivalents	4,039,307	(1,176,236)	412,237	4,270,976	11,601,181	(1,659,965)	798,886

29. NON-CONTROLLING INTERESTS (CONTINUED)

December 31, 2016	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	168,093,096	47,539,314	83,604,316	44,383,951	119,443,309	34,189,043	31,412,225
Non-current assets	19,216,941	11,113,580	6,382,300	14,444,349	10,282.484	384,957	2,092,534
Current liabilities	75,764,680	33,844,271	78,210,724	44,603,766	119,339,667	36,506,319	10,345,557
Non-current liabilities	7,512,814	7,606,982	2,572,766	6,461,877	2,789,950	488,048	1,768,272
Revenue	148,606,571	82,506,534	85,278,415	58,004,871	27,584,862	22,289,271	17,477,873
Profit for the year	56,736,741	8,490,324	2,024,881	1,376,805	331,636	675,870	21,472,660

December 31, 2016	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	33,195,658	(1,918,499)	16,100,650	11,361,099	(546,130)	(449,480)	2,476,377
Net cash (used in)/generated from investing activities	(274,606)	(4,262,000)	(749,079)	(732,778)	(310,801)	(187,698)	23,310,587
Net cash (used in)/generated from financing activities	(33,177,906)	4,136,040	(19,167,501)	(11,086,255)	8,363,088	--	(27,338,091)
Net (decrease)/increase in cash and cash equivalents	(256,854)	(2,044,459)	(3,815,930)	(457,934)	7,506,157	(637,178)	(1,551,127)

30. SEGMENT INFORMATION

Information reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance focuses on the types of services being provided. The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require separate business strategies. For each of the strategic business units, the Group reviews internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

1. Contracting: This includes construction activities.
2. Specialized contracting: This includes Mechanical, Electrical and Plumbing in addition to Security Systems.
3. Trading: This includes trading in food, Chemical, Electrical, security and Safety systems and Building Materials.
4. Water treatment & related maintenance: This includes contracting for wellness and pools, water features and water treatment and after sale maintenance and services.
5. Others: This pertains to the balances coming from the company.

The Trading and Specialized Trading Segments include different subsidiaries operating within the State of Qatar which are also considered as operating segments by the Group. For the purpose of the financial statements presentation purposes, these individual operating segments are aggregated into a single operating segment taking into account the following criteria:

- The nature of the services/products offered are similar
- The methods used to distribute their goods/ provide their services are similar

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Geographical segments

The Group has not diversified its activities outside of the State of Qatar; therefore, majority of the Group assets are located in Qatar. Accordingly, there are no distinctly identifiable geographical segments in the Group for the year ended 31 December 2017.

30. SEGMENT INFORMATION (CONTINUED)

December 31, 2017	**Contracting**	**Specialized Contracting**	**Trading**	**Water treatment & related maintenance**	**Others**	**Total**
	QR.	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**
External revenue	**78,556,339**	**255,240,450**	**43,820,147**	**91,614,570**	**--**	**469,231,506**
Interest expense	**1,081,822**	**5,091,895**	**2,019,362**	**912,991**	**5,150**	**9,111,220**
Depreciation	**1,899,930**	**1,319,214**	**813,526**	**1,653,081**	**335,775**	**6,021,526**
Profit for the year	**8,832,016**	**52,519,151**	**35,981,713**	**12,536,278**	**6,969,015**	**116,838,173**
Reportable Segment Assets	**65,716,224**	**405,290,396**	**105,547,894**	**86,460,218**	**859,962,912**	**1,522,977,644**
Reportable Segment Liabilities	**49,291,992**	**271,796,817**	**51,728,226**	**64,518,128**	**16,100,430**	**453,435,593**

December 31, 2016	Contracting	Specialized Contracting	Trading	Water treatment & related maintenance	Others	Total
	QR.	QR.	QR.	QR.	QR.	QR.
External revenue	58,004,871	261,469,848	45,712,626	82,506,534	--	447,693,879
Interest expense	1,423,302	4,703,279	1,873,908	700,397	2,249	8,703,135
Depreciation	1,712,337	1,184,721	1,087,998	1,446,743	253,277	5,685,076
Profit for the year	1,376,805	59,093,258	27,415,588	8,490,324	20,768,995	117,144,970
Reportable Segment Assets	58,828,300	407,022,446	104,617,982	58,652,894	75,655,879	704,777,501
Reportable Segment Liabilities	51,065,643	286,190,601	68,290,824	41,451,253	14,904,865	461,903,186

30. SEGMENT INFORMATION (CONTINUED)

The accounting policies of the reportable segments are the same as described in Note 3. Segment profit represents the profit before tax earned by each segment without allocation of administrative costs, director's salaries, gain on disposal of interest in investments, share of profit of associates, other gains and losses as well as finance costs. This is the measure reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance.

Reconciliations of reportable segment profit or loss, assets and liabilities and other material items.

	December 31,	
	2017	2016
	QR.	QR.
Profit or loss		
Total profit or loss for reportable segments	**116,838,173**	117,144,970
Elimination of inter-segment profits	**(46,490,066)**	(46,120,000)
Consolidated profit for the year from continuing operations	**70,348,107**	71,024,970
Assets		
Total assets for reportable segments	**1,522,977,644**	704,777,501
Assets classified as held for sale	**--**	395,195,104
Elimination of inter-segment assets	**(125,188,621)**	(45,525,986)
	1,397,789,023	1,054,446,619
Liabilities		
Total liabilities for reportable segments	**453,435,593**	461,903,186
Liabilities directly associated with assets classified as held for sale	**--**	269,603,697
Elimination of inter-segment liabilities	**(11,117,853)**	(24,019,984)
	442,317,740	707,486,899

For the purpose of monitoring segment performance and allocating resources between the segments.

- All assets are allocated to reportable segments other than the investment in associate, asset held for sale and property, plant and equipment and financial instruments attributable to the parent Company.
- All liabilities are allocated to reportable segments other than the provision employees' end of service benefits and financial liabilities attributable to the parent Company.

There are no single customers contributed 10% or more to the Group's revenue for both 2016 and 2017.

31. INTEREST IN JOINT OPERATION

The Group had entered into an unincorporated joint arrangement with ETA Star Engineering and Contracting W.L.L. on November 02, 2010 (ETA Star Engineering and Contracting W.L.L. & Debbas Enterprises Qatar W.L.L. Joint Operation) for the execution of a project awarded by Six Construct-Midmac JV to carry out mechanical, electrical and plumbing work of Doha Convention Center in the State of Qatar.

	2017	2016
Debbas Enterprise-Qatar W. L. L.	50%	50%
ETA Star Engineering and Contracting W.L.L.	50%	50%

Following is the extract from the financial statements of the Joint Operation, which represents 100% of the assets, liabilities and results of operations for the year ended December 31:

Extracts of financial statements of Joint Operations	**December 31,**	
	2017	2016
	QR.	QR.
Total Assets	**221,428,877**	204,526,160
Total Liabilities	**209,235,244**	192,414,068
Revenue	**21,401,086**	9,370,298
Net Profit	**81,541**	3,568,209

Following is the Group share of assets, liabilities, revenue and net profit in the Joint Operation for the year ended December 31:

	December 31,	
	2017	2016
	QR.	QR.
Total Assets	**56,464,364**	52,154,170
Total Liabilities	**53,354,987**	49,065,587
Revenue	**5,457,277**	2,389,426
Net Profit	**20,793**	909,894
Cash and Bank balances	**14**	247
Depreciation expenses	**15,373**	9,446
Due from related parties	**--**	28,894
Due to related parties	**12,610,746**	12,140,412
Contingent liabilities	**10,965,000**	10,965,000

32. CONTINGENCIES AND COMMITMENTS

	December 31,	
	2017	2016
	QR.	QR.
Letter of guarantees	**51,458,945**	60,249,753
Performance Bonds	**57,017,242**	45,732,231
Tender bonds	**7,184,500**	--
Advance payment guarantee	**17,596,944**	--
Other Guarantee	**1,903,764**	3,762,000
Letters of credit	**29,275,133**	22,634,665

33. FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets and financial liabilities.

Financial Assets:

The Group's principal financial assets include goodwill, bank balances and cash, gross amounts due from customers on contract work, trade receivables, retentions receivable and available-for-sale investments.

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 investment properties which is 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.

Fair Value Hierarchy:

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.

33. FINANCIAL INSTRUMENTS (CONTINUED)

2017	**Fair value**	**Level 1**	**Level 2**	**Level 3**
	QR.	**QR.**	**QR.**	**QR.**
Level in the fair value hierarchy				
Financial assets				
Investment properties	**1,564,919**	**--**	**--**	**1,564,919**

2016	Fair value	Level 1	Level 2	Level 3
	QR.	QR.	QR.	QR.
Level in the fair value hierarchy				
Financial assets				
Investment properties	2,170,692	--	--	2,170,692

There are no other financial instruments measured at Levels 1 and 2. There were no transfers within any hierarchy level of fair value measurements for the years ended December 31, 2017 and 2016, respectively.

34. 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.

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.

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.

34. 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, legal reserve and retained earnings.

Gearing ratio

The Group reviews the capital structure on a regular basis.

The gearing ratio at year end is as follows:

	December 31,	
	2017	2016
	QR.	QR.
Debt (i)	**128,206,705**	102,359,991
Cash and cash equivalents *(Note 5 b)*	**(66,376,260)**	(51,568,371)
Net debt	**61,830,445**	50,791,620
Equity (ii)	**955,471,283**	346,959,720
Net debt to equity ratio	**6.47%**	14.64%

i) Debt is defined as long and short term borrowings, as detailed in *(Refer to Note 16).*
ii) Equity includes all capital, legal reserve, retained earnings and non- controlling interest.

35. COMPARATIVE FIGURES

Certain figures have been reclassified in the consolidated statement in financial position as of prior year to conform with the presentation in the current year's consolidated financial statements. Such reclassifications didn't have any effect on the net profit, net assets or equity of the comparative year.

36. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by board of directors and authorized for issuance on March 12, 2018.