INVESTMENT HOLDING GROUP – Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2019

INVESTMENT HOLDING GROUP – Q.P.S.C.
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019

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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

Qualified 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 2019, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the *Basis for Qualified Opinion section of our report*, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, 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 Qualified Opinion

- Referring to the details mentioned in note (31.1) to the consolidated financial statements, and taking into consideration the undertaking letter given by the founders the Company to undertake any losses that might result from non-collection of the amounts due from the main contractor up to the end of the year 2016. We are unable to determine provision needed, if any resulting from non-collection of the amounts due from the main contractor of that project or from the liability to settle the whole amount of borrowings due to one of the local banks by the joint venture as the other partner in the joint venture is under liquidation.

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 qualified audit opinion.

Emphasis of Matters

1- We draw attention to note no. (31.2) and (34) to the consolidated financial statements, which describes that one of the subsidiaries of the Group – Trelco Building Material – W.L.L ("the subsidiary) subject to liquidation proceedings initiated by one its Partners. The First Court had issued its order in this regard on 30/9/2019 and the group management have filed an appeal with Court of Appeals to annul the decision of the First Court. The Court of Appeals is yet to pronounce its judgement. As a result, in the accompanying consolidated financial statements the company continues to consolidate the subsidiary.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Emphasis of Matters (Continued)

2- One of the Group's subsidiaries raised a variation claim due to extension of the project's time for one of its customers amounted to QR. 28.5 Million. The subsidiary recognized an amount of QR. 2,299,863 and QR. 26,053,097 as a revenue for years 2019 and 2018 respectively. The Group's management is negotiating with the client about the recoverable amount. Independent claim expert consultant report indicates high possibility of recoverable of these variation amounts.

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 judgments, 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 Note (12) of the accompanying consolidated financial statements, the Group has recognised internally generated goodwill of QR. 711,492,489 which represent 50% of the Group's total assets as of 31 December 2019. 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 judgments are required to make in respect of the assumptions used to determine the recoverable amount. The key judgments 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)

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 judgment involved in the project estimates, we have considered this to be a key audit matter.

- Refer to notes 2.4 and 21 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.

Other Information

The Board of Directors are responsible for the other information. The other information comprises the information included in the annual report for 2019 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Information (Continued)

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 Management and Those Charged with Governance for the Consolidated Financial Statements

The Management 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 management 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 management 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 are responsible for overseeing the Group's financial reporting process.

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.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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.

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

Furthermore, as required by Qatar Commercial Companies' Law, we are of the opinion that proper books of account have been kept by the Group and the consolidated financial statements are agreed with these books, physical inventory verification has been duly carried out, we have read the report of the board of directors to be included in the annual report and financial information contained therein is in agreement with the books and records of the Group, we have obtained all the information and explanations we considered necessary for the purposes of our audit. To the best of our knowledge and belief, except for the matters discussed in the basis of qualified opinion and emphasis of matters sections of our report, 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 Group's Articles of Association having occurred during the year which might have had a material effect on the Group's financial position and its financial performance as at and for the year ended 31 December 2019.

Rödl & Partner - Qatar Branch
Certified Public Accountants

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

رودل اند بارتنر
Rödl & Partner

Doha – Qatar
March 28, 2020

INVESTMENT HOLDING GROUP – Q.P.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Notes	December 31, 2019	December 31, 2018
		QR.	QR.
ASSETS			
Current assets			
Bank balances and cash	4	**63,910,115**	79,952,464
Accounts receivable and other debit balances	5	**203,939,257**	169,958,891
Gross amounts due from customers on contract work	6	**237,234,837**	201,198,975
Due from related parties	7.1	**25,149,286**	30,910,519
Inventories	8	**59,483,373**	78,662,759
Total current assets		**589,716,868**	560,683,608
Non-current assets			
Retention receivables	9.1	**36,887,620**	44,620,556
Financial assets at fair value through profit or loss	10	**31,000,000**	31,000,000
Investment properties	11	**22,816,776**	959,146
Goodwill	12	**711,492,489**	711,492,489
Right-of-use assets	2.3	**13,118,663**	--
Property and equipment	13	**17,170,935**	21,337,574
Total non-current assets		**832,486,483**	809,409,765
Total assets		**1,422,203,351**	1,370,093,373
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**830,000,000**	830,000,000
Legal reserve	20.1	**11,851,341**	8,857,760
Other reserves	20.2	**(152,508,123)**	(152,508,123)
Revaluation reserves		**14,398,000**	--
Retained earnings		**92,336,622**	62,383,494
Equity attributable to the shareholders of the Company		**796,077,840**	748,733,131
Non – controlling interests	27	**22,313,139**	24,766,544
Total equity		**818,390,979**	773,499,675

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

INVESTMENT HOLDING GROUP – Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2019

	Notes	December 31, 2019 QR.	December 31, 2018 QR.
Liabilities			
Current liabilities			
Bank overdrafts	14.1	**59,332,384**	70,246,568
Borrowings	14.2	**185,592,743**	141,972,244
Lease liabilities	2.3	**8,471,775**	--
Due to related parties	7.2	**43,794,631**	63,030,367
Gross amounts due to customers on contract work	15	**4,058,883**	18,308,856
Dividend Payable		**3,828,565**	3,292,812
Accounts payable and accruals	16	**183,659,193**	184,872,422
Total current liabilities		**488,738,174**	481,723,269
Non-current liabilities			
Borrowings	14.2	**87,795,993**	87,795,993
Lease liabilities	2.3	**4,795,993**	--
Retention payables	17	**614,634**	1,881,032
Provisions for employees' end of service benefits	18	**21,867,578**	25,193,404
Total non-current liabilities		**115,074,198**	114,870,429
Total liabilities		**603,812,372**	596,593,698
Total equity and liabilities		**1,422,203,351**	1,370,093,373

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

Samer Wahbeh
Group Chief Executive Officer

Mohmmed Abdalla

Group Chief Financial Officer

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	December 31, 2019 QR.	December 31, 2018 QR.
Revenue	21	**443,521,932**	426,298,967
Direct costs	22	**(335,614,874)**	(301,393,611)
Gross profit		**107,907,058**	124,905,356
Other income	23	**19,337,817**	15,865,814
Gains on financial assets at FVTPL	10	**--**	28,750,000
Dividend income from financial assets		**3,859,972**	3,764,658
Gains on revaluation of investment properties at fair value	11	**7,159,630**	(605,773)
General and administrative expenses	24	**(68,017,422)**	(98,700,504)
Finance costs		**(15,666,912)**	(11,943,343)
Net profit for the year		**54,580,143**	62,036,208
Net profit for the year attributable to:			
The shareholders of the Parent Company		**55,073,548**	58,362,357
Non-controlling interests	27	**(493,405)**	3,673,851
Profit for the year		**54,580,143**	62,036,208
Basic earnings per share for the year	25	**0.066**	0.070

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

		December 31,	
	Notes	**2019**	2018
		QR.	QR.
Profit for the year		**54,580,143**	62,036,208
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Revaluation surplus upon transfer of property and equipment to investment property	11	**14,398,000**	--
Other comprehensive income for the year		**14,398,000**	--
Total comprehensive income for the year		**68,978,143**	62,036,208
Total comprehensive income attributable to:			
The shareholders of the Parent Company		**69,471,548**	58,362,357
Non – controlling interests	27	**(493,405)**	3,673,851
Total comprehensive income for the period		**68,978,143**	62,036,208

The attached notes 1 to 35 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

	Attributable to shareholders of the parent Company							
	Share capital	*Legal reserve*	*Revaluation reserve*	*Other reserve*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total equity*
	QR.	*QR.*	*QR.*	*QR.*	*QR.*	*QR.*	*QR.*	*QR.*
Balance as at January 1, 2019	**830,000,000**	**8,857,760**	**-**	**(152,508,123)**	**62,383,494**	**748,733,131**	**24,766,544**	**773,499,675**
Profit for the year	**--**	**--**	**--**	**--**	**55,073,548**	**55,073,548**	**(493,405)**	**54,580,143**
Other comprehensive income for the-year	**--**	**--**	**14,398,000**	**--**	**--**	**14,398,000**	**--**	**14,398,000**
Total comprehensive income for the- year	**--**	**--**	**14,398,000**	**--**	**55,073,548**	**69,471,548**	**(493,405)**	**68,978,143**
Transfer to legal reserve for the year	**--**	**2,993,581**	**--**	**--**	**(2,993,581)**	**--**	**--**	**--**
Transfer to Social and Sport Activities-Fund	**--**	**--**	**--**	**--**	**(1,376,839)**	**(1,376,839)**	**--**	**(1,376,839)**
Dividends distribution	**--**	**--**	**--**	**--**	**(20,750,000)**	**(20,750,000)**	**(1,960,000)**	**(22,710,000)**
Balance as at December 31, 2019	**830,000,000**	**11,851,341**	**14,398,000**	**(152,508,123)**	**92,336,622**	**796,077,840**	**22,313,139**	**818,390,979**

The attached notes 1 to 35 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	Attributable to shareholders of the parent Company						
	Share capital	*Legal reserve*	*Other reserve*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total equity*
	QR	*QR*	*QR*	*QR*	*QR*	*QR*	*QR*
Balance as at 1 January 2018	830,000,000	696,902	--	38,997,240	869,694,142	85,777,141	955,471,283
Impact of IFRS 9 implementation at January 1, 2018	--	--	--	(5,348,134)	(5,348,134)	(1,434,110)	(6,782,244)
Impact of IFRS 15 implementation at January 1, 2018	--	--	--	741,948	741,948	486,442	1,228,390
Balance as at January 1, 2018 - adjusted	830,000,000	696,902	--	34,391,054	865,087,956	84,829,473	949,917,429
Total comprehensive income for the year	--	--	--	58,362,357	58,362,357	3,673,851	62,036,208
Transfer to legal reserve for the year	--	8,160,858	--	(8,160,858)	--	--	--
Transfer to Social and Sport Activities Fund	--	--	--	(1,459,059)	(1,459,059)	--	(1,459,059)
Effect of new acquisition on remaining shares of non-controlling interest	--	--	(152,508,123)	--	(152,508,123)	(41,470,908)	(193,979,031)
Dividends distribution	--	--	--	(20,750,000)	(20,750,000)	(22,265,872)	(43,015,872)
Balance as at December 31, 2018	830,000,000	8,857,760	(152,508,123)	62,383,494	748,733,131	24,766,544	773,499,675

The attached notes 1 to 35 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	December 31, 2019 QR.	December 31, 2018 QR.
OPERATING ACTIVITIES			
Profit for the year		**54,580,143**	62,036,208
Adjustments for:			
Depreciation of property and equipment		**5,214,691**	5,748,071
Depreciation of right of use assets	24	**4,157,358**	--
(Gain)/Loss from disposal of property and equipment		**(530,991)**	322,085
(Gain)/Loss on revaluation of investment properties at fair value	11	**(7,159,630)**	605,773
Provision for employees' end of service benefits	18	**3,881,006**	5,629,619
Reversal of provision for employees' end of service benefits	18	**--**	(3,298,389)
Provision for obsolete inventory items		**144,056**	7,842,063
Finance costs		**15,666,912**	11,943,343
Net movement in retention receivable discounting charges		**(75,635)**	150,045
Provision for retention receivable	24	**40,447**	169,380
Gains on financial assets at fair value to profit and loss	10	**--**	(28,750,000)
Bad debt written off	24	**896,896**	--
Provision of expected credit losses on trade receivables	24	**1,658,118**	762,643
Provision for expected credit losses on other debit balances	24	**--**	48,717
		78,473,371	63,209,558
Movements in working capital:			
Inventories		**19,035,330**	(14,852,879)
Due from related parties		**5,468,378**	1,839,682
Gross amount due from customers on contract work		**(36,035,862)**	(2,453,928)
Accounts receivable and other debit balances		**(36,282,972)**	(4,246,155)
Due to related parties		**(17,269,585)**	2,738,972
Retentions receivable		**7,808,571**	4,588,109
Gross amounts due to customers on contract work		**(14,249,973)**	(7,648,193)
Trade payable and other credit balances		**(4,556,219)**	18,206,239
Retentions payable		**(1,266,398)**	595,746
Cash generated from operations		**1,124,641**	61,977,151
Finance costs paid		**(15,291,766)**	(11,943,343)
Employees' end of service benefits paid	18	**(7,206,832)**	(7,276,586)
Net cash (used in)/ generated from operating activities		**(21,373,957)**	42,757,222
INVESTING ACTIVITIES			
Purchase of property and equipment		**(1,377,008)**	(7,857,918)
Acquisition of investment properties		**(73,000)**	--
Acquisition of non-controlling interests	1.2	**--**	(150,500,000)
Proceeds from sale of property and equipment		**632,947**	94,630
Net cash used in investing activities		**(817,061)**	(158,263,288)

The attached notes 1 to 35 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	December 31, 2019 QR.	2018 QR.
FINANCING ACTIVITIES			
Dividend paid		**(20,214,247)**	(20,459,958)
Dividend paid to non-controlling interest		**(1,960,000)**	(22,265,872)
Payment of lease liabilities	2.3	**(4,383,399)**	--
Movement in borrowings		**43,620,499**	101,561,532
Net cash generated from financing activities		**17,062,853**	58,835,702
Net decrease in cash and cash equivalents		**(5,128,165)**	(56,670,364)
Cash and cash equivalents at beginning of the year		**9,705,896**	66,376,260
Cash and cash equivalents at end of the year	4	**4,577,731**	9,705,896

The attached notes 1 to 35 form an integral part of these consolidated financial statements

1. GENERAL INFORMATION

1.1 General Activities

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 Company's registered office and the principle place of business are located at "P.O.Box: 3988, Doha, State of Qatar.

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

Name of subsidiaries	Percentage of ownership (%) 2019	2018	Principal activity
Consolidated Engineering Systems Company – W.L.L	**100**	100	Mainly engaged in trading in fire alarms, security systems and related contracting activities.
Trelco Limited – W.L.L	**100**	100	Mainly engaged in various trading activities.
Consolidated Supplies Company - W.L.L	**100**	100	Mainly engaged in trading of electrical and construction materials.
Water master (Qatar) Company	**63.3**	63.3	Mainly engaged in water treatment contracting activities.
Electro Mechanical Engineering Company - W.L.L	**68.5**	68.5	Mainly engaged in installation and maintenance of electro mechanical works.
Construction Development Contracting & Trading Company – W.L.L	**51**	51	Mainly engaged in the contracting activities and trading in building materials.
Debbas Enterprises - Qatar - W.L.L	**51**	51	Mainly engaged in trading in electrical equipment, switch gear, light and instrument electrical tools, electromechanical equipment installation and maintenance works.
Trelco Building Materials Company – W.L.L	**85**	85	Mainly engaged in trading of wood, steel and building 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)

1.2 Acquisitions of non-controlling interests

On 30 September 2018, the Company acquired the remaining 39.6% interest in the voting shares of Consolidated Engineering Systems Company W.L.L., increasing its ownership interest to 100%. Total consideration of QR. 193,479,031 which is based on the evaluation prepared by independent valuer with adjustments to reflect the increase of the non-controlling shareholders' share in the cash balance was partially paid amounting to QR. 150,000,000 through (1) financing of QR 100,000,000 from a local financial institution while (2) a sum of QR 50,000,000 through Group's existing funds, the remaining amount of QR. 43,479,031 will be paid on semi-annual installments starting from April 2019.

The carrying value of the net assets of Consolidated Engineering Systems Company W.L.L., attributable to the non-controlling shareholders was QR. 42,305,651.

The parent Company acquired all of remaining interest in Consolidated Engineering Systems Company W.L.L., because it has proved over the years a very strong financial performance derived by abundant cash flow, limited loans, and yearly distribution of dividends, vast projects with clients and high profit margins which will significantly enlarges financial position of the Group in the future. Further, the sales and purchase agreement signed between the buyer "the Company" and the seller "non-controlling shareholders" enabled the Company the right for all profits or losses arising from the operations of Consolidated Engineering Systems Company W.L.L., including any tax liabilities from the beginning of the year 2018. The company is in the process to finalize all the legal requirements in this regard.

On 31 December 2018, the Company acquired the remaining 24.5% interest in the voting shares of Consolidated Supplies Company W.L.L., increasing its ownership interest to 100%. Total consideration of QR. 500,000 which is based on internal evaluation and as mutually agreed with the non-controlling shareholder according to the signed sales and purchase agreement was paid to the non-controlling shareholder. The carrying value of the net assets of Consolidated Supplies Company W.L.L., attributable to the non-controlling shareholders was a deficit of QR. 834,743. The Company acquired all of remaining interest in Consolidated Supplies Company W.L.L., because the Company expects to gain synergy benefits in building material trading segment along with other entity in the Group which deals with the same operations.

1.3 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.

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, and 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable provisions of Qatar Commercial Companies Law No. 11 of 2015.

Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except for investment properties and financial instruments 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 categorized 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.

Functional and presentation currency

These consolidated financial statements have been presented in Qatari Riyals (QR.) which is the Group’s functional currency.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent Company and its subsidiaries as at 31st December 2019. Control is achieved where the Company 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

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 financial statements 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.

Changes in the Company's ownership interests in certain subsidiaries *(Refer to disclosure note 1.2)* that do not result in the Company losing control over those subsidiaries are accounted for as equity transactions.

The carrying amounts of the company 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 company 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).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

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.

Business combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the Identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

2.3 Changes in accounting policies and disclosures

a) Newly effective standards and amendments and improvements to standards

The new International Financial Reporting Standard (“IFRS” or “standard”) No. 16 has become effective with effect from 1 January 2019. The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

1) **IFRS 16 Leases**

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of ’low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today’s accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Group has applied IFRS 16 using the modified retrospective approach. Under this approach the Group has not restated its comparative figures but has recognised the cumulative effect of adopting IFRS 16, if any as an adjustment to equity as at January 1, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (Continued)

a) Newly effective standards and amendments and improvements to standards (Continued)

1) IFRS 16 Leases (Continued)

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.
On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 6.75%.

Based on the above, as at 1 January 2019:
• Right-of -use assets of QR 7,158,597 were recognized and presented separately in the consolidated statement of financial position.
• Additional lease liabilities of QR 7,158,597 were recognized.
• The net effect of these adjustments had zero impact to the retained earnings.

		QR.
Operating lease commitments as at 31 December 2018		**16,067,184**
Recognition exemption for:		
Short term leases	**(8,042,765)**	
Leases of low-value assets	**(431,530)**	**(8,474,295)**
Operating lease commitments before discounting at 1 January 2019		**7,592,889**
Weighted average incremental borrowing rate as at 1 January 2019		**6.75%**
Discounted operating lease commitments at 1 January 2019		**7,158,597**
Commitments relating to leases previously classified as finance leases		**Nil**
Reasonably certain extension options		**Nil**
Total lease liabilities recognised under IFRS 16 at 1 January 2019		**7,158,597**
Of which are:		
Current lease liabilities		**3,219,936**
Non-current lease liabilities		**3,938,661**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (Continued)

a) Newly effective standards and amendments and improvements to standards (Continued)

1) IFRS 16 Leases (Continued)

The following amounts are recognised under the new standard and included in the respective heading of the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income and consolidated statement of cash flows.

Impact on the consolidated statement of financial position:

	31 December 2019 QR	*1 January 2019 QR*
Assets		
Right-of-use assets	**13,118,663**	7,158,597
Liabilities		
Lease liabilities	**13,267,768**	7,158,597

The lease liability is presented in the consolidated statement of financial position as at 31 December 2019 as follows:

	QR
Non-current	**4,795,993**
Current	**8,471,775**
	13,267,768

Impact on the consolidated statement of profit or loss (increase/decrease) for the period ended 31 December 2019:

	QR
Depreciation expenses on right-of-use assets	**4,157,358**
Finance cost on lease liabilities	**375,146**
Rent expenses on short term and low value leases	**2,395,842**
Cash outflows for leases	**4,383,399**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (Continued)

a) Newly effective standards and amendments and improvements to standards (Continued)

2) Other amendments to standards

The following interpretation and amendments to standards have also been applied by the Group in preparation of these financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax treatment
Amendments to IFRS 9: Prepayment Features with Negative Compensation
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
Amendments to IAS 28: Long-term interests in associates and joint ventures

Other changes
Annual Improvement 2015-2017 Cycle
IFRS 3 Business Combination
IFRS 11 Joint Arrangements
IAS 12 Income taxes
IAS 23 Borrowing Costs

The adoption of the above did not result in any changes to previously reported net profit or net assets of the Group.

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

The below new and amended IFRS that are available for early adoption for financial year ended 31 December 2019 are not effective until a later period, and they have not been applied in preparing these financial statements.

Adoption not expected to impact the Group's financial statements

Topics	***Effective date***
Amendments to IFRS 3	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IAS 1 and IAS 8 on 'Definition of Material'	1 January 2020
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date to be determined

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies

a) Revenue from contracts with customers
The Group is in the business of sale of goods, chemicals, security equipment (fire alarm, CCTV), electrical material, building material, installation, maintenance service, contracting, Specialized Contracting and providing the provision of project management service.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The disclosures of critical accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in note 3.

Sales of security equipment
Revenue from sale of security equipment is recognised over time, using an input method to measure progress towards complete satisfaction of the service.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of safety equipment, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Sales of electrical material and building material
Revenue from sale of electrical material and building material is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The normal credit term is 60 to 90 days upon delivery.

Civil construction services
The Group recognises revenue from civil construction services over time, using an input method to measure progress towards complete satisfaction of the service, because the entity’s performance creates or enhances a customer-controlled asset.

Installation services
The Group provides installation services that are either sold separately or bundled together with the sale of equipment to a customer. The Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services. The Group recognises revenue from installation services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from the sale of equipment are recognised at a point in time, generally upon delivery of the equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

a) Revenue from contracts with customers (Continued)

In determining the transaction price, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of electronics equipment provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

- *Rights of return*

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) Non-cash consideration

The Group applies the requirements of IFRS 13 Fair Value Measurement in measuring the fair value of the noncash consideration. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the fire prevention equipment.

Contract balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets, Financial instruments – initial recognition and subsequent measurement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

a) Revenue from contracts with customers (Continued)

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Expenses recognition
Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen and can be measured reliably.
An expense is recognized immediately in profit or loss when an expenditure produces no future economic benefits, or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the statement of financial position as an asset, such as in the case of asset impairments.

b) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

The Group initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

b) Financial instruments (Continued)

Subsequent measurement
For the purposes of subsequent measurement, financial assets are classified in four categories:

Financial assets at Amortized Cost
Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The group's financial assets at amortised cost includes trade receivable, due from related parties and retention receivable etc.

Financial assets at Fair Value Through Profit or Loss
The Group's investment in unquoted equity instrument cannot be classified as an instrument within a cash flow and business model to hold to collect solely payments of principal and interest nor held to collect solely payments of principal and interest, and sell. Hence, as permitted by IFRS 9, the Group has measured the instrument at fair value through profit or loss (FVTPL)

Management of the Group used earnings-based valuation methods for valuing its unlisted equity shares and the fair value gains/ losses from this valuation has been recognized directly in the consolidated statement of profit or loss.

Impairment

The Group recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The Group considers a financial asset to be in default when:

(a) Default or delinquency by a debtor;
(b) Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
(c) Indications that a debtor will enter bankruptcy; or
(d) Observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

The financial assets at amortised cost comprise of trade receivables and cash at bank under IFRS 9 and loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date.
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

b) Financial instruments (Continued)

Impairment (Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due. The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- The financial asset is more than 360 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses the financial assets carried at amortised cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.
Impairment losses related to trade and other receivables are presented under general and administrative expenses in the statement of profit or loss.

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (property and equipment) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or the CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

b) Financial instruments (Continued)

Derecognition of Financial assets and liabilities
The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial assets and financial liabilities – initial recognition and derecognition
The Group classified its non-derivative financial assets, at initial recognition, as subsequently measured at amortised cost (receivables and cash at bank) and at fair value through OCI. The Group classifies its non-derivative financial liabilities into the other financial liabilities category (payables). The Group does not hold derivative financial instruments.

Other financial liabilities
All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs. Other financial liabilities are subsequently measured using the effective interest (EIR) method. Gains and losses are recognized in profit or loss when the asset is derecognized or modified.

c) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of any outstanding bank overdrafts.

d) 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

d) Property and equipment (continued)

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.

e) 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.

f) 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.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied properties, the deemed cost for subsequent accounting is the net book value at the date of change in use. If owner-occupied properties become investment properties, the Group accounts for such properties in accordance with the policy stated under properties and equipment up to the date of change in use.

g) Goodwill

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses refer to Note (12) to the consolidated financial statements.

h) 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.

i) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

i) Interests in joint operations (Continued)

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.

j) 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.

k) 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.

l) 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 for the year attributable to the owners of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

m) 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.

n) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

n) Borrowing costs (Continued)

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.

o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group Chief Executive Officer (CEO). The CEO, 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 29.

p) Dividend distribution

Dividend distribution to the Group’s shareholders’ is recognised as a liability in the Group’s Consolidated Financial Statements in the period in which the dividends are approved by the Group’s shareholders.

q) Leases

Accounting policy applicable from 1 January 2019

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

The Group as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

q) Leases (Continued)

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in, in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. Rrefer to Note 2.3.

Right-of-use assets and lease liabilities have been presented on the face of the consolidated statement of financial position. Rrefer to Note 2.3.

The Group as a lessor

The Group's accounting policy under IFRS 16 has not changed from the comparative year. As a lessor the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Accounting policy applicable before 1 January 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor
Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

q) Leases (Continued)

Accounting policy applicable before 1 January 2019 (Continued)

The Group as lessee
Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of profit on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

r) 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.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

a) 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:

Goodwill

Referring to note no. 12, Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses “if any”. At each reporting date, the Group reviews the carrying amounts of its non-financial assets (property and equipment) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

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

a) Critical judgments in applying accounting policies (Continued)

Goodwill (Continued)

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or the CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Going concern
Management has made an assessment of the Group'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 Group's ability to continue as a going concern. Therefore, the Group's consolidated financial statements continue to be prepared on a going concern basis.

Provision for expected credit losses of trade receivables and contract assets
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Receivables from government entities are generally excluded from ECL calculation, as the Group considers those receivable balances are fully recoverable. Further, balances due from related parties, are also excluded from ECL calculation, as credit risk is considered to be nil based on the fact that these related companies are either directly or indirectly supported by the owners for any liquidity or financial crisis situations.

Other provisions and liabilities
Other provisions and liabilities are recognized in the period only to the extent management considers it probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgment to existing facts and circumstances, which can be subject to change. Since the actual cash outflows can take place in subsequent years, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances. A change in estimate of a recognized provision or liability would result in a charge or credit to profit or loss in the period in which the change occurs.

Identifying performance obligations in a bundled sale of security equipment and installation services

The Group provides installation services that are either sold separately or bundled together with the sale of security equipment to a customer. The installation services can be obtained from other providers and do not significantly customise or modify the equipment.

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

a) Critical judgments in applying accounting policies (Continued)

Determining the timing of satisfaction of construction services

Contracts for bundled sales of security equipment and installation services are comprised of two performance obligations because the promises to transfer equipment and provide installation services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.

Referring to Note 2, revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods, at which point the Group has a right to payment, the customer has legal title, physical possession, significant risks and rewards of ownership and has accepted the goods.

Revenue from civil construction services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group and the Group has an enforceable right to payment for performance completed to date. The fact that another entity would not need to re-perform the services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group determined that the input method is the best method in measuring progress of the installation services because there is a direct relationship between the Group's effort (i.e., labour hours incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

Legal Cases

Note 31 describes a number of legal proceedings for and against the Group. Management has chosen not to make a provision for any claims against the Group as the eventual outcome of the legal actions are uncertain and we do not believe will have any financial impact.

Joint arrangement classifications
The Group determined the arrangement as joint operation 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 joint operations of the Group. Refer to Note 29.

Measurement of financial assets at fair value through profit or loss
The Group's investment in unquoted equity instrument cannot be classified as an instrument within a cash flow and business model to hold to collect solely payments of principal and interest nor held to collect solely payments of principal and interest, and sell. Hence, as permitted by IFRS 9, the Group has measured the instrument at fair value through profit or loss (FVTPL)

Management of the Group used earnings-based valuation methods for valuing its unlisted equity shares and the fair value gains/ losses from this valuation has been recognised directly in the consolidated statement of profit or loss.

b) Key sources of estimation uncertainty

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

Impairment of tangible and intangible assets

The Group's management tests annually whether there is indication that tangible and intangible assets have suffered impairment in accordance with accounting policies stated in Note 2 of the consolidated financial statements.

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

b) Key sources of estimation uncertainty (Continued)

Impairment of tangible and intangible assets (Continued)
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.

The Group tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note no.2. These calculations require the use of significant estimates and assumptions about the future as disclosed in Note no. 12, which could impact the goodwill revaluation and the conclusion that no goodwill impairment is required.

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 included under changes in fair value changes in the consolidated statement of profit or loss.

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 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.

Depreciation of right-of-use assets
Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life. Management reviews annually the useful lives of these assets. Future depreciation charge could be materially adjusted where management believes the useful lives differ from previous estimates. No such adjustments were considered necessary at the end of the current year.

Variation orders
One of the Group’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, 2019 based on site orders amounting to QR. 163,820,000 (The Group’s share: QR. 81,910,000) in respect of scope changes and delays. Management is confident at least the amounts recognized in the books are fully recoverable.

Property lease classification –Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

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

b) Key sources of estimation uncertainty (Continued)

Determining whether a contract is, or contains, a lease – Group as lessee
The Group determines whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use of an identified asset, is assessed by considering whether the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use and has the right to direct the use the identified asset throughout the period of use.

Determining the lease term –Group as lessee
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Determining the incremental borrowing rate –Group as lessee
The Group cannot readily determine the interest rate implicit in the lease, therefore, it's uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's financial currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. BANK BALANCES AND CASH

	December 31,	
	2019	2018
	QR.	QR.
Cash on hand	**347,788**	945,311
Cash in bank	**54,659,928**	65,295,391
Fixed deposits (Note A)	**--**	7,000,000
Bank margin	**8,902,399**	6,711,762
Total bank balances and cash	**63,910,115**	79,952,464
Deduct:		
Bank overdraft (Note 14.1)	**(59,332,384)**	(70,246,568)
Cash and cash equivalent	**4,577,731**	9,705,896

Note A: Fixed deposits are held with a local bank in the State of Qatar. They carry profit at an average rate of 1% (2018: 1%) per annum. These deposits have a maturity of less than 3 months from the date of placement.

All bank balances are assessed to have low credit risk at each reporting dates as they are held with reputable local bank institutions as such not considered for expected credit losses calculations.

5. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	December 31,	
	2019	2018
	QR.	QR.
Trade receivables (Net) (Note 5.1)	**127,481,878**	102,770,923
Retention receivable (Net) (Note 9.1)	**42,393,097**	37,033,953
Prepaid expenses	**2,393,236**	2,239,817
Other debit balances (Net) (Note 5.2)	**31,671,046**	27,914,198
	203,939,257	169,958,891

5.1 Trade receivables

Trade receivables comprise:	December 31,	
	2019	2018
	QR.	QR.
Trade receivables	**140,318,142**	113,949,069
Less: Allowance for expected credit losses (Note 5.3)	**(12,836,264)**	(11,178,146)
Trade receivables (Net)	**127,481,878**	102,770,923

5.2 Other debit balances

	December 31,	
	2019	2018
	QR.	QR.
Other debit balances, (Gross)	**33,410,424**	29,653,576
Less: Allowance for expected credit loss (Note 5.4)	**(1,739,378)**	(1,739,378)
Other debit balance, (Net)	**31,671,046**	27,914,198

5. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES (CONTINUED)

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 7.2. T*he management is confident to collect this amount.

Information about exposure to credit risk and ECL for trade receivable and other debit balances as at 31 December 2019 presented on Note no. 32 to these consolidated financial statements.

5.3 Movement in provision for impairment of trade receivables

	December 31,	
	2019	2018
	QR.	QR.
Balance at the beginning of the year	**11,178,146**	5,323,920
Impact of implementation of IFRS 9 - at January 1, 2018	**--**	5,091,583
Balance at January 1, 2018 - adjusted	**11,178,146**	10,415,503
Provision of expected credit losses	**1,658,118**	762,643
Balance at the end of the year	**12,836,264**	11,178,146

5.4 Movement in provision for impairment of other debit balances

	December 31,	
	2019	2018
	QR.	QR.
Balance at the beginning of the year	**1,739,378**	--
Impact of implementation of IFRS 9 - at January 1, 2018	**--**	1,690,661
Balance at January 1, 2018 - adjusted	**1,739,378**	1,690,661
Provision of expected credit losses	**--**	48,717
Balance at the end of the year	**1,739,378**	1,739,378

6. GROSS AMOUNTS DUE FROM CUSTOMERS ON CONTRACT WORK

	December 31,	
	2019	2018
	QR.	QR.
Contract cost incurred plus recognized profits	**1,012,073,262**	757,163,430
Less: Progress billings	**(774,838,425)**	(555,964,455)
	237,234,837	201,198,975

7. RELATED PARTIES

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

7. RELATED PARTIES (CONTINUED)

7.1 Due from related parties

	December 31,	
	2019	2018
	QR.	QR.
Al Hoddaifi Group W.L.L. and its subsidiaries	**19,271,969**	26,076,842
Others	**5,877,317**	4,833,677
	25,149,286	30,910,519

7.2 Due to related parties

	December 31,	
	2019	2018
	QR.	QR.
Existing shareholders (Note A)	**6,893,467**	6,893,467
Al Hoddaifi Group W.L.L. and its subsidiaries	**6,699,131**	4,623,738
Others (Note B)	**30,202,033**	51,513,162
	43,794,631	63,030,367

Note A: 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 5.*

Note B: Including in due to related parties – others an amount of QR.23,479,031 (2018: QR. 43,979,031) represents the due balance from the acquisition of remaining interests which acquired by the company. *Refer to Note 1.2.*

7.3 Related Parties Transactions

Major transactions with related parties included in the consolidated statement of profit or loss are as following:

	December 31,	
	2019	2018
	QR.	QR.
Sales	**3,067,176**	1,668,025
Purchases	**9,341,576**	14,982,387
Sub – contract services	**752,253**	458,679
Others	**1,176,525**	24,110
Total	**14,337,530**	17,133,201

7.4 Compensation of key management personnel

	December 31,	
	2019	2018
	QR.	QR.
Short term benefits	**12,484,059**	11,214,919
Long-term benefits	**324,778**	471,501

8. INVENTORIES

	December 31,	
	2019	2018
	QR.	QR.
Trading inventories*	**60,072,733**	76,014,180
Raw material	**6,947,838**	7,434,002
Goods in transit	**3,753,592**	6,361,311
	70,774,163	89,809,493
Less: Allowance for obsolete and slow-moving items	**(11,290,790)**	(11,146,734)
	59,483,373	78,662,759

***** Referring to note no. 22, a provision made on opening inventory balance of QR. 13,780,300.

Movement in the allowance for Inventory items	December 31,	
	2019	2018
	QR.	QR.
Balance at the beginning of the year	**11,146,734**	1,818,864
Provision for the year	**144,056**	7,842,063
Reclassified during the year*	**--**	1,523,528
Write off during the year	**--**	(37,721)
Balance at the end of the year	**11,290,790**	11,146,734

*During 2018 the management has revaluated inventory items on site and has reclassified inventory items with an amount of QR. 4,023,139 and the allowance reclassified for these items was QR. 1,523,528.

9. RETENTIONS RECEIVABLE

	December 31,	
Summary of gross retention movement during the year	**2019**	2018
	QR.	QR.
Retentions receivable	**82,622,436**	85,031,416
Discounting charges	**(1,482,637)**	(1,558,272)
Provision of retention (Note 9.2)	**(1,859,082)**	(1,818,635)
Net Retention at the end of the year	**79,280,717**	81,654,509

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.

	December 31,	
9.1 Retention receivable reclassified as following:	**2019**	2018
	QR.	QR.
Current retention (Note 5)	**42,393,097**	37,033,953
Non-current retention	**36,887,620**	44,620,556
	79,280,717	81,654,509

9. RETENTIONS RECEIVABLE (CONTINUED)

9.2 Movement in provision for retention receivable was as following:

	December 31,	
	2019	2018
	QR.	QR.
Balance at beginning of the year	**1,818,635**	1,649,255
Provided during the year (Note 24)	**40,447**	169,380
Balance at the end of the year	**1,859,082**	1,818,635

Provision of retentions receivable balance include QR. 70,137 (2018: QR. 200,079) related to non-current retention portion and QR. 1,788,945 (2018: QR.1,618,556) related to current retention portion.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR-LOSS

	December 31,	
	2019	2018
	QR.	QR.
Balance at January 1, reclassified as per IFRS 9	**31,000,000**	2,250,000
Fair value gains during the year	**--**	28,750,000
Balance at December 31,	**31,000,000**	31,000,000

During 2018, the Group has performed an internally evaluation for its investment in unlisted shares using earnings-based valuation methods, and the fair value gains of QR. 28,750,000 was recognised in the consolidated statement of profit or loss during that year.

The management determined that the fair value as of December 31, 2019 is not significantly different from its initial valuation as of December 31, 2018, therefore, no changes in fair values were recognized during the year 2019.

11. INVESTMENT PROPERTIES

	December 31,	
	2019	2018
	QR.	QR.
Balance at beginning of the year	**959,146**	1,564,919
Addition during the year	**73,000**	--
Transfer from property and equipment, net - (Note 13 A)	**227,000**	--
Revaluation gains through OCI – (Note i)	**14,398,000**	--
Fair value gains/ (losses) through profit or loss	**7,159,630**	(605,773)
Closing balance at the end of the year	**22,816,776**	959,146

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.

During the year, the Group registered investment properties (land and 4 apartments) located in the Kingdom of Jordan to be under one of the main founders of the Group's name and also one of the Group's major shareholders, against financial settlements from a partner of one of the Group’s subsidiaries, the founder shareholder has signed a mediation acquisition agreement with the Group, according to which the properties were registered in his name, provided that his possession of these properties is mediated and by consignment. The management of the Group is in the process of reselling these investments as soon as possible during the subsequent period.

11. INVESTMENT PROPERTIES (CONTINUED)

On December 31, 2019, the Group has re-valuated those investment properties through an independent external valuer in the Kingdom of Jordan, and the fair value gain of QR 2,451,403 are recognized in the consolidated statement of profit or loss.

Note – i

The difference between the carrying value of the transferred properties and the fair value applicable to the portion considered as investment property at the date of change in use was recognized as revaluation \gains amounting to QR. 14,398,000 which has been recognised in the consolidated statement of other comprehensive income.

In December 31, 2019, same property was revaluated at fair value and recognized a fair value gains of QR. 5,314,000 in the consolidated statement of profit and loss.

The fair value of the investment properties is based on the revaluations performed by independent valuer specialist in valuing these types of investment properties.

12. GOODWILL

As referred in Notes no. **(**1.3**)** and **(**19**)**, 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.

As on 31 December 2019, the Group management conducted an internal evaluation to assess and identify the projection of any indication of impairment on goodwill. The evaluation was mainly based on the future financial data of the relevant subsidiaries and taking into account the business environment in which these subsidiaries operate. Based on this exercise, the Group management concluded that there were no indications of impairment on carrying value of goodwill. Value-in-use calculations is determined using future cash flow projections. The key assumptions used for value-in-use calculations are average growth rate of 3% and average discount rate of 10.2%

13. PROPERTY AND EQUIPMENT

	Furniture and fixtures	Building and construction	Motor vehicle	Leasehold improvement	Office equipment	Tools and equipment	Machine	Computer	Capital work in progress	Total
Cost:	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**
At December 31, 2018	**4,561,273**	**16,607,949**	**18,066,531**	**11,002,204**	**10,047,775**	**9,340,179**	**655,933**	**1,499,206**	**623,940**	**72,404,990**
Additions	**57,192**	**137,500**	**--**	**29,974**	**380,924**	**690,015**	**--**	**81,403**	**--**	**1,377,008**
Disposals	**--**	**--**	**(1,232,585)**		**(88,910)**	**(72,134)**	**--**	**--**	**--**	**(1,393,629)**
Transfer	**--**	**454,000**	**--**	**169,940**	**--**	**--**	**--**	**--**	**(623,940)**	**--**
Reclassification (Note A)	**--**	**(4,416,483)**	**--**	**(723,071)**	**--**	**--**	**--**	**--**	**--**	**(5,139,554)**
At December 31, 2019	**4,618,465**	**12,782,966**	**16,833,946**	**10,479,047**	**10,339,789**	**9,958,060**	**655,933**	**1,580,609**	**--**	**67,248,815**
Accumulated depreciation										
At December 31, 2018	**3,712,167**	**10,514,586**	**13,781,888**	**4,961,375**	**7,959,692**	**8,144,779**	**590,491**	**1,402,438**	**--**	**51,067,416**
Charge for the year	**275,635**	**399,509**	**1,571,656**	**1,049,805**	**1,211,981**	**594,077**	**38,851**	**73,177**	**--**	**5,214,691**
Related to disposals	**--**	**--**	**(1,130,629)**	**--**	**(88,910)**	**(72,134)**	**--**	**--**	**--**	**(1,291,673)**
Reclassification (Note A)	**--**	**(4,189,483)**	**--**	**(723,071)**	**--**	**--**	**--**	**--**	**--**	**(4,912,554)**
At December 31, 2019	**3,987,802**	**6,724,612**	**14,222,915**	**5,288,109**	**9,082,763**	**8,666,722**	**629,342**	**1,475,615**	**--**	**50,077,880**
Net Book Value:										
At December 31, 2019	**630,663**	**6,058,354**	**2,611,031**	**5,190,938**	**1,257,026**	**1,291,338**	**26,591**	**104,994**	**--**	**17,170,935**
At December 31, 2018	849,106	6,093,363	4,284,643	6,040,829	2,088,083	1,195,400	65,442	96,766	623,940	21,337,574

13. PROPERT AND EQUIPMENT

	Furniture and fixtures	Building and construction	Motor vehicle	Leasehold improve-ment	Office equipment	Tools and equipment	Machine	Computer	Capital work in progress	Total
Cost:	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
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
Additions	125,179	27,423	2,174,670	--	434,262	239,086	--	57,706	4,915,934	7,974,262
Disposals	(298,751)	(206,831)	(52,000)	--	(67,027)	(61,345)	--	--	--	(685,954)
Transfer	--	4,291,994	--	--	--	--	--	--	(4,291,994)	--
Reclassification	--	--	(10,000)	--	--	10,000	--	--	--	--
At December 31, 2018	4,561,273	16,607,949	18,066,531	11,002,204	10,047,775	9,340,179	655,933	1,499,206	623,940	72,404,990
Accumulated depreciation										
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
Charge for the year	349,982	565,298	1,840,593	1,019,994	992,071	983,097	45,518	67,862	--	5,864,415
Related to disposals	(99,881)	(21,492)	(36,401)	--	(50,121)	(61,344)	--	--	--	(269,239)
Reclassification	(16,560)	--	--	--	16,560	--	--	--	--	--
At December 31, 2018	3,712,167	10,514,586	13,781,888	4,961,375	7,959,692	8,144,779	590,491	1,402,438	--	51,067,416
Net Book Value:										
At December 31, 2018	849,106	6,093,363	4,284,643	6,040,829	2,088,083	1,195,400	65,442	96,766	623,940	21,337,574
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

13. PROPERTY AND EQUIPMENT (CONTINUED)

The management allocated depreciation of property and equipment as following:

	December 31,	
	2019	2018
	QR.	QR.
General and administrative expenses - Note 24	**3,546,258**	3,799,412
Direct Cost – Note 22	**1,668,433**	1,948,659
Capitalized to Building*	**--**	116,344
	5,214,691	5,864,415

***** Building represents the labour accommodation constructed by the Group on a leased land.

Note A:
At the beginning of the year 2019, a portion of accommodation property was transferred from property and equipment to investment property at net carrying value due to the change in use as evidenced by renting to third parties. The cost and accumulated depreciation pertaining to such accommodation property amounted to QR. 5,139,554 and 4,912,554 at the date of transfer refer to note 11.

14. BANK LOANS AND BORROWINGS

14.1 Bank overdrafts	December 31,	
	2019	2018
	QR.	QR.
Balance at the end of the year	**59,332,384**	70,246,568

These overdrafts are secured by the personal guarantee of the partners of the Company and its subsidiaries and bear interest rate ranging from 4.5% to 8.5% (2018: 4.5 % to 8.5%).

14.2 Borrowings	Current		Non-current	
	December 31,		December 31,	
	2019	2018	**2019**	2018
	QR.	QR.	**QR.**	QR.
Project financing (1)	**16,295,575**	12,680,188	**--**	--
Import loan (2)	**84,715,588**	54,690,163	**--**	--
Demand loan (3)	**18,569,942**	18,562,947	**--**	--
Term loan (4)	**12,965,301**	17,063,054	**--**	--
Musawama loan (5)	**12,204,007**	12,204,007	**87,795,993**	87,795,993
Murabaha loan	**40,783,830**	26,689,553	**--**	--
Vehicle loan	**58,500**	82,332	**--**	--
	185,592,743	141,972,244	**87,795,993**	87,795,993

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 6.75 % (2018: 5% to 6%).

14. BANK LOANS AND BORROWINGS (CONTINUED)

14.2 Borrowings (Continued)

1. Project financing (Continued)

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% (2018: 5% to 6.75%) 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 (2018: 5% to 6.75%).

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 (2018: 5% to 6.75%).

5. Musawama loan

On 8 October 2018, the Company has obtained a Musawama facility from a local bank amounted to QR. 100,000,000 for financing its acquisition for the remaining shares of non-controlling interest in consolidated system engineering company. The facility will be paid in semi-annual installments with a fixed profit rate of 6% for 6 years. And on October 8, 2019 the Group has reschedule the loan to commence the repayment on October 2020.

15. GROSS AMOUNTS DUE TO CUSTOMERS ON CONTRACT-WORK

	December 31,	
	2019	2018
	QR.	QR.
Progress billings	**612,029,136**	624,974,215
Less: Contract value at cost plus attributable profit	**(607,970,253)**	(606,665,359)
	4,058,883	18,308,856

16. ACCOUNTS PAYABLE AND ACCRUALS

	December 31,	
	2019	2018
	QR.	QR.
Trade and notes payable	**87,433,030**	68,853,230
Advances from customers	**35,879,102**	40,636,432
Social and Sport Fund Contribution*	**1,376,839**	1,459,059
Accruals and other credit balances	**58,970,222**	73,923,701
	183,659,193	184,872,422

16. ACCOUNTS PAYABLE AND ACCRUALS (CONTINUED)

*** 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 consolidated net profit attributable for the shareholders of the parent Company. As per the instruction issued during the year 2010 by the Ministry of Economy and Finance, this social contribution transferred from retained earnings of the Group for the year ended December 31, 2019 social contribution amounted to QR. 1,376,839 (2018: QR. 1,459,059).

17. RETENTIONS PAYABLE

	December 31,	
	2019	2018
	QR.	QR.
Gross retentions payable	**614,634**	1,881,032
Balance as at December 31	**614,634**	1,881,032

Non-current retentions payable as of December 31, 2019 have not been discounted because the effect of discounting is considered immaterial.

18. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	December 31,	
	2019	2018
	QR.	QR.
At January 1,	**25,193,404**	30,138,760
Provided during the year	**3,881,006**	5,629,619
Reversed during the year	**--**	(3,298,389)
Paid during the year	**(7,206,832)**	(7,276,586)
At December 31,	**21,867,578**	25,193,404

19. SHARE CAPITAL

Based on the decision of H.E Minister of Economy and Commerce and Shareholders' General Assembly meeting held on 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, thus, 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 and the Company's Commercial registration has been indicated.

	December 31,	
	2019	2018
	QR.	QR.
Issued and paid up share capital, 830,000,000 shares of QR. 1 per share *(2018: 83,000,000 shares of QR. 10 per share)*	**830,000,000**	830,000,000

Stock split

As per the instruction of Qatar Financial Markets Authority, the Company's Extraordinary General Meeting held on 16 April 2019 has approved to split the par value of the ordinary shares of the Company from QR. 10 per share to QR. 1 per share.

As a result, the Company's number of shares has increased from 83,000,000 shares (with par value QR. 10) to 830,000,000 (with par value QR. 1). The listing of the new shares on Qatar Exchange was effective during the current period, consequently, the weighted average number of shares has been retrospectively adjusted.

20. OTHER RESERVES

20.1 Legal reserves

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.

20.2 Other reserves

Referring to note no. (1.2), during the year 2018, additional interests were acquired in Consolidated Engineering Systems Company W.L.L. and Consolidated Supplies Company - W.L.L from non-controlling interests, the effect of this transactions was recognised in other reserve as below:

	Consolidated Engineering Systems Company W.L.L	Consolidated Supplies Company W.L.L	**Total**
Consideration to Non-Controlling interest	193,479,031	500,000	**193,979,031**
Carrying value of the acquired interest	(42,305,651)	834,743	**(41,470,908)**
Difference recognized in other reserves	**151,173,380**	**1,334,743**	**152,508,123**

21. REVENUE

	31 December	
	2019	2018
	QR.	QR.
Type of goods or service		
Contracting revenue	**291,330,792**	274,724,244
Trading revenue	**94,030,601**	125,852,293
Maintenance service	**57,425,045**	24,931,691
Refilling and servicing revenue	**735,494**	790,739
Total revenue from contracts with customers	**443,521,932**	426,298,967
Timing of revenue recognition		
Goods and services transferred at a point in time	**94,766,095**	126,643,032
Services transferred over time	**348,755,837**	299,655,935
Total revenue from contracts with customers	**443,521,932**	426,298,967

One of the Group's subsidiaries - Electro Mechanical and Engineering Company - has recognized revenue amounting to QR. 28.5 Million from extension of time and variation orders related to project (Energy City Qatar) subject to the approvals from the main contractor (Zublin international Qatar "main contractor")

Extension of time claim recognition is limited to additional direct cost of the project incurred i.e. QR. 24,706,016 recognized against claim submitted to the main contractor based on claim consultant reports of QR. 52,064,596.65, The project was delayed due to re-design and drawing changes which impacted the original completion date July 17, 2017.

The agreement with Zublin international Qatar "Main contractor" is a back to back basis, currently the main contractor in negotiating for the extension of time claim with the employer.

Management expect to finalize the claim with the main contractor and the employer by second quarter of 2020.

21. REVENUE (CONTINUED)

	December 31,	
	2019	2018
Contract balances	**QR.**	QR.
Trade receivables (Note 5.1)	**140,318,142**	113,949,069
Contract assets (Note 6)	**237,234,837**	201,198,975
Contract liabilities (Note 15)	**4,058,883**	18,308,856

22. DIRECT COST

	For the year ended December 31,	
	2019	2018
	QR.	QR.
Cost of goods sold (*Note i*)	**67,578,607**	76,993,748
Materials	**107,396,399**	85,414,839
Salary, wages and related costs	**94,939,061**	83,953,836
Subcontractors cost	**39,438,782**	26,992,106
Depreciation of property and equipment (Note 13)	**1,668,433**	1,948,659
Rent	**146,250**	3,123,661
Site cost	**2,401,064**	3,859,289
Finance cost	**2,948,331**	1,633,257
Freight and other charges	**4,282,529**	2,511,410
Provision for maintenance cost	**143,603**	41,318
Miscellaneous	**14,671,815**	14,921,488
	335,614,874	301,393,611

Note i: Movement in the cost of goods sold:	For the year ended December 31,	
	2019	2018
	QR.	QR.
Opening of trading inventories balance	**82,375,493**	70,233,801
Purchases during the year	**62,809,739**	89,135,440
Provision on opening inventory *	**(13,780,300)**	--
Goods available for sale	**131,404,932**	159,369,241
Closing inventories balance	**(63,826,325)**	(82,375,493)
	67,578,607	76,993,748

*Referring to note no. (31.2), provision on opening inventory balance of one of the Group's subsidiaries (Trelco Building Material - W.L.L) represents the amounts collected and settled with Management members against the unreliable overstated cost of the purchase of inventory items from certain suppliers in the previous years. Due to the inability of practical separation of the effect to restate previous year comparative figures in order to adjust the accumulated losses, the management decided to record the entire amount of the provision during the year as a deduction of inventory opening balance.

23. OTHER INCOME

	For the year ended December 31,	
	2019	2018
	QR.	QR.
Rental income	**4,876,800**	6,208,064
Recovery of expenses	**3,542,048**	3,716,187
Interest income	**830,292**	1,166,798
Reversal of provision for maintenance cost	**--**	141,953
Service income	**602,898**	831,709
Gain from disposal of property and equipment	**530,991**	--
Miscellaneous	**8,954,788**	3,801,103
	19,337,817	15,865,814

24. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31,	
	2019	2018
	QR.	QR.
Salaries and fringe benefits	**38,291,995**	50,613,799
Provision of expenses	**--**	6,000,000
Offices, stores and staff residence rent expenses	**4,460,951**	9,581,671
Depreciation expense of property and equipment (Note 13)	**3,546,258**	3,799,412
Depreciation expense of right of use assets (Note 2.3)	**4,157,358**	--
Allowance for obsolete and slow-moving items	**--**	7,842,063
Management fees	**2,634,408**	3,994,794
Professional and legal fees	**2,344,059**	2,740,098
Traveling expense	**586,508**	449,102
Repairs and maintenance expense	**1,045,200**	879,332
Translation exchange losses	**--**	543,651
General office expenses	**365,411**	345,496
Expected credit losses on trade receivables (Note 5.3)	**1,658,118**	762,643
Expected credit losses on other debit balances (Note 5.4)	**--**	48,717
Provision for retention receivable (Note 9.2)	**40,447**	169,380
Loss from disposal of property and equipment	**--**	322,085
Postage and communication expense	**580,395**	833,246
Business development and commissions expenses	**91,697**	668,648
Electricity and water expense	**123,008**	673,363
Immigration and visa charges	**50,444**	104,220
Vehicles expense	**125,642**	517,062
Bad debt written off	**896,896**	--
Miscellaneous expense	**7,018,627**	7,811,722
	68,017,422	98,700,504

25. BASIC EARNINGS PER SHARE

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

There are no dilutive potential ordinary shares, the diluted EPS equals to the basic EPS.

The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding during the year are as follows:

	For the year ended December 31,	
	2019	2018
	QR.	QR.
	(Audited)	(Adjusted)
Profit attributable to the shareholders of the parent company (QR.)	**55,073,548**	58,362,357
Weighted average numbers of ordinary Shares	**830,000,000**	830,000,000
Basic earnings per share (QR.)	**0.066**	0.070

As per the instruction of Qatar Financial Markets Authority, the Company's Extraordinary General Meeting held on 16 April 2019 has approved to split the par value of the ordinary shares of the Company from QR. 10 per share to QR. 1 per share.

Referring to note 19, Share and per share data (except par value) for the periods presented reflect the effects of this share split. References to numbers of shares of common share capital and per share data in the accompanying financial statements and notes thereto have been adjusted to reflect the share split on a retrospective basis.

26. DIVIDEND DISTRIBUTION

Annual general assembly meeting of the company that was held on 14 April 2019, Approved distribution of QR. 0.25 per share amounted to QR. 20,750,000 as cash dividend from the year 2018 Net Profit.

27. NON-CONTROLLING INTERESTS

Name of subsidiary	Proportion of ownership	Profit allocated to non-controlling interests	Dividend distribution	Accumulated non-controlling interest Balance
As at December 31, 2019	QR.	QR.	QR.	QR.
Water master (Qatar) Company W.L.L.	36.70%	2,170,463	--	13,363,486
Electro Mechanical Engineering Company W.L.L.	31.50%	814,360	--	2,762,412
Construction Development Contracting & Trading Co. W.L.L.	49%	(4,727,513)	(1,960,000)	3,957,138
Debbas Enterprises - Qatar W.L.L.	49%	1,968,574	--	3,779,756
Trelco Building Materials Co. W.L.L.	15%	(719,289)	--	(1,549,653)
		(493,405)	(1,960,000)	22,313,139

27. NON-CONTROLLING INTERESTS (CONTINUED)

Name of subsidiary	Proportion of ownership	Effect of IFRS 9 at January 1, 2018	Effect of IFRS 15 at January 1, 2018	Profit allocated to non-controlling interests	Dividend distribution	Effect of acquisition by parent on remaining share	Accumulated non-controlling interest Balance
As at December 31, 2018		QR.	QR.	QR.	QR.	QR.	QR.
Consolidated Engineering Systems Company - W.L.L.	--	--	486,442	--	(12,090,066)	(42,305,651)	--
Water master (Qatar) Company -W.L.L.	36.70%	(512,688)	--	3,790,865	(2,727,806)	--	11,193,023
Electro Mechanical Engineering - Company W.L.L.	31.50%	(276,310)	--	306,204	--	--	1,948,052
Construction Development Contracting & Trading Co. W.L.L.	49%	(534,360)	--	1,974,898	(1,960,000)	--	10,644,651
Debbas Enterprises - Qatar W.L.L.	49%	(9,965)	--	(1,748,832)	--	--	1,811,182
Trelco Building Materials Co. W.L.L.	15%	(100,787)	--	(649,284)	--	--	(830,364)
Consolidated Supplies Company -W.L.L.	--	--	--	--	(5,488,000)	834,743	--
		(1,434,110)	486,442	3,673,851	(22,265,872)	(41,470,908)	24,766,544

27. NON-CONTROLLING INTERESTS (CONTINUED)

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

December 31, 2019	Water master (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.
	QR.	QR.	QR.	QR.	QR.
Current assets	76,302,654	91,746,185	43,558,887	185,687,953	22,797,300
Non-current assets	25,270,963	7,557,489	8,808,137	3,717,261	66,083
Current liabilities	56,333,441	87,184,813	47,226,353	174,944,533	33,126,907
Non-current liabilities	9,690,526	2,557,362	3,704,310	4,220,473	906,463
Revenue	64,641,054	53,523,184	78,977,987	87,312,221	7,364,291
Profit/(Loss) for the year	5,914,067	2,585,269	(9,647,986)	4,017,497	(4,795,259)

December 31, 2019	Water master (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.
	QR.	QR.	QR.	QR.	QR.
Net cash generated from/ (used in) operating activities	11,458,505	204,714	11,084,503	(27,549,084)	8,577,105
Net cash (used in)/generated from investing activities	(45,660)	(59,178)	(826,085)	(5,188)	110,000
Net cash (used in)/generated from financing activities	(6,272,932)	18,133,421	(425,883)	29,763,943	(1,824,873)
Net increase in cash and cash equivalents	5,139,913	18,278,957	9,832,535	2,209,671	6,862,232

27. NON-CONTROLLING INTERESTS (CONTINUED)

December 31, 2018	Water master (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.
	QR.	QR.	QR.	QR.	QR.
Current assets	85,655,054	84,286,749	44,214,317	128,929,342	35,027,351
Non-current assets	14,047,439	5,133,694	12,608,231	12,608,744	221,179
Current liabilities	62,560,247	79,350,971	37,092,937	131,479,857	41,109,590
Non-current liabilities	7,006,663	3,071,301	4,603,993	3,810,373	942,069
Revenue	87,503,175	53,813,642	76,428,969	33,443,926	8,746,527
Profit/(Loss) for the year	10,329,332	972,076	4,030,405	(3,569,044)	(4,328,560)

December 31, 2018	Water master (Qatar) Company W.L.L.	Electro Mechanical Engineering Company W.L.L.	Construction Development Contracting & Trading Co. W.L.L.	Debase Enterprises – Qatar W.L.L.	Telco Building Materials Co. W.L.L.
	QR.	QR.	QR.	QR.	QR.
Net cash generated from/ (used in) operating activities	6,611,668	8,381,166	8,052,781	(7,817,659)	351,652
Net cash (used in)/generated from investing activities	(1,800,176)	(94,182)	(4,877,217)	(223,221)	--
Net cash (used in)/generated from financing activities	(4,429,530)	(5,365,849)	(2,005,498)	3,937,021	--
Net increase/ (decrease) in cash and cash equivalents	381,962	2,921,135	1,170,066	(4,103,859)	351,652

28. SEGMENT INFORMATION

Information reported to the Chief Executive Officer (CEO) 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 represent the balances pertaining to 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 Consolidated 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 2019.

28. SEGMENT INFORMATION (CONTINUED)

December 31, 2019	**Contracting**	**Specialized Contracting**	**Trading**	**Water treatment & related maintenance**	**Others**	**Total**
	QR.	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**
Segment revenue	**78,977,987**	**205,136,796**	**101,645,758**	**64,641,054**	**--**	**450,401,595**
Finance costs	**217,420**	**6,081,761**	**2,412,130**	**851,296**	**6,104,305**	**15,666,912**
Depreciation	**812,651**	**1,140,685**	**587,903**	**4,123,975**	**1,038,402**	**7,703,616**
Segment results	**(9,647,986)**	**56,656,524**	**13,875,723**	**5,914,067**	**29,935,811**	**96,734,139**
Reportable Segment Assets	**52,367,024**	**420,863,481**	**156,233,781**	**101,573,617**	**1,075,431,179**	**1,806,469,082**
Reportable Segment Liabilities	**50,930,662**	**305,046,195**	**46,775,072**	**66,023,967**	**164,657,624**	**633,433,519**

December 31, 2018	Contracting	Specialized Contracting	Trading	Water treatment & related maintenance	Others	Total
	QR.	QR.	QR.	QR.	QR.	QR.
Segment revenue	76,428,969	135,723,791	127,158,866	87,503,175	--	426,814,801
Finance Costs	411,171	6,448,462	2,670,230	996,813	1,416,667	11,943,343
Depreciation	1,882,664	982,528	823,364	1,760,101	415,758	5,864,415
Segment results	4,030,405	47,417,915	51,646,623	10,329,332	81,608,575	195,032,850
Reportable Segment Assets	56,822,548	360,782,029	129,514,512	99,702,493	1,060,717,222	1,707,538,804
Reportable Segment Liabilities	41,696,930	263,557,350	60,247,038	69,566,910	157,670,419	592,738,647

28. SEGMENT INFORMATION (CONTINUED)

The accounting policies of the reportable segments are the same as described in Note 2.4. Segment profit represents the profit before tax earned by each segment without allocation of administrative costs, director's salaries, and gain on disposal of interest in investments, 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,	
	2019	2018
	QR.	QR.
External Revenue		
Total Segment revenue	**450,401,595**	426,814,801
Elimination of inter-segment revenue	**(6,879,663)**	(515,834)
Consolidated revenue for the year	**443,521,932**	426,298,967
Profit or loss		
Total profit or loss for reportable segments	**96,734,139**	195,032,850
Elimination of inter-segment profits	**(42,153,996)**	(132,996,642)
Consolidated profit for the year	**54,580,143**	62,036,208
Assets		
Total assets for reportable segments	**1,806,469,082**	1,707,538,804
Elimination of inter-segment assets	**(384,265,731)**	(337,445,431)
	1,422,203,351	1,370,093,373
Liabilities		
Total liabilities for reportable segments	**633,433,519**	592,738,647
Elimination of inter-segment liabilities	**(29,621,147)**	3,855,051
	603,812,372	596,593,698

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 for employees' end of service benefits and financial liabilities attributable to the parent Company.

29. INTEREST IN JOINT OPERATION

The Group had entered into an unincorporated joint arrangement with ETA Star Engineering and Contracting W.L.L. on February 2011 (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.

29. INTEREST IN JOINT OPERATION (CONTINUED)

Recently, one of the partners has going under liquidation process.

	2019	2018
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,**	
	2019	2018
	QR.	QR.
Total Assets	**215,553,992**	215,509,548
Total Liabilities	**226,896,536**	217,697,382
Net Loss	**(9,154,709)**	(14,381,467)

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

	December 31,	
	2019	2018
	QR.	QR.
Total Assets	**54,966,268**	54,954,935
Total Liabilities	**57,858,617**	55,512,832
Net Loss	**(2,334,451)**	(3,667,274)
Due to related parties	**13,365,512**	12,886,370
Contingent liabilities	**10,965,000**	10,965,000

30. CONTINGENCIES AND COMMITMENTS

	December 31,	
	2019	2018
	QR.	QR.
Letter of guarantees	**76,506,437**	61,338,278
Performance Bonds	**60,889,580**	78,531,548
Letters of credit	**83,554,868**	25,610,236
Advance payment guarantee	**11,616,449**	15,435,610
Tender bonds	**2,430,000**	15,980,000
Other Guarantee	**1,276,501**	--

31. LEGAL CASES

31.1 Debbas Enterprises – Qatar – W.L.L

(A) One of the Group's subsidiaries, Debbas Enterprises Qatar W.L.L has entered into a Joint Venture (EDJV) (ETA Star Engineering and Contracting W.L.L. (Under liquidation)/ Debbas Enterprises Qatar W.L.L.) in February 2011 to carry out the electromechanical works of Doha Exhibition and Convention Center for the main contractor Midmac Contracting/Six Construct JV (SMJV), with a total contract value of QR. 430,000,000 to be executed within 22 months.

Over several years, EDJV received and completed many site orders outside the main scope of work valued at QR. 163,820,000 (Group's share QR. 81,910,000), which contributed in extending the Project till June 2015, with some remaining minor works to be executed within the maintenance period. The gross amounts due from SMJV as of 31 December 2019 are QR. 194,717,264 (Group's share QR. 97,358,632), and the retention receivable is amounted to QR. 19,788,405 (Group's share QR. 9,894,202).

On 16 April 2016, EDJV received a Taking-Over-Certificate back dated to 11 June 2015, based on which EDJV submitted its final invoice on 15 May 2016. On 21 January 2017 SMJV replied with its assessment of the final account with net due payables of QR. 23,419,531.

Failing to solve the dispute amicably, EDJV filed lawsuit No. 568/2018 on January 2018 against SMJV and Qatari Diar "the Client" requesting them to pay an amount of QR. 625,861,657 being the remaining costs of the original contract, the additional works carried out based on the site instructions, extensions of time, and compensation for the opportunity costs.

(B) EDJV has obtained credit facility from a local bank in 2011 to finance this project and the total outstanding balance including accrued interest as of 31 December 2019 amounted to QR. 148,463,224, of which the Group's share is QR. 74,231,611. The Group and other related parties have provided corporate and personal guarantees to Ahli Bank against the credit facilities as following:

- Personal guarantee from IHG's chairman amounted to QR. 43,000,000.
- Corporate guarantee from Debbas Enterprises – Qatar, W.L.L amounted to QR. 276,000,000.
- Corporate guarantee from ETA Star Engineering and Trading – W.L.L (Under liquidation) amounted to QR. 233,000,000.

Additionally, the founders' committee of IHG has given an undertaking letter to personally guarantee to pay the recognized cumulative revenue to 31 December 2016 form the unapproved variation orders amounting to QR. 77,775,000 and a written commitment from Debbas Holding – S.A.L against their portion of the bank debt.

(C) The court appointed a committee of experts and they are reviewing the file and obtaining from each party to the dispute the supporting documents confirming its defense.

On October 2018, Ahli bank filed lawsuit No. 2926/ 2018 against EDJV, the Group, and others requesting to pay an amount of QR. 178,529,133 plus accrued interest to cover the outstanding loan balance, noting that the other party in the joint venture ETA Star Engineering and Contracting is under liquidation.

Referring to the above cases, in January 2019, the court hearing the lawsuit no. 568/2018 transferred the case to the court hearing the lawsuit 2926/2018 in order for the two lawsuits to move in parallel due to their interdependency.

Based on studying the project's documents, the reports and assessments done by two external independent experts, and the management assessment, the Group's external legal advisor believe based on the available information that the claim filed by Subcontractor against Client, Main Contractor and others, stands a reasonable chance of success and that the counterclaim will largely be defeated, nevertheless, the ultimate outcome of the lawsuit is subject to the court's final decision; therefore, the Group do not expect any material contingent liabilities to arise from the above lawsuits that need to be disclosed in the Consolidated Financial Statements as of 31 December 2019.

In accordance with a decision issued by the court, the file of this case was attached to the case referred to in paragraphs A and B above.

31. LEGAL CASES

31.2 Trelco Building Material – W.L.L

In 24/1/2019 the partner in Trelco Building Materials Company W.L.L (TBMC) named Ala'a Ayoub filed a case No 38/2019 before the First Court of Instance to liquidate the company as the accumulated losses exceeded 50% of its share capital.

Unfortunately, our defense before the First Court of Instance refuted the claim of Ala'a to dissolve and liquidate the company only on the grounds of a Criminal Case of embezzlement filed by TBMC and IHG against Ala'a Ayoub; however, it missed to state many important facts during that time which could have deviated the court from approving the dissolution and liquidation of the company and keep the company into continuity, such facts are without limitation:

- Despite the losses incurred by TBMC, IHG being the major partner given the full financial and operational support to TBMC in order to preserve the company and avoid it to be dissolved and liquidated.
- IHG replaced the previous management of TBMC (Ala'a Ayoub) by a new capable and professional manager.
- During the year of 2019 TBMC managed to reduce the overdraft balance with one of the local banks within an amount of 9,169,691 QAR.
- IHG supported TBMC for the import of goods and products to sustain the company's operations through opening letters of credit for the amount of QR 4,479,791.64, therefore the company achieved a reasonable profit margin between 20 to 25% by selling the imported products into the local market, and the company managed to increase significantly its cashflow generated from operation.

The First Court of Instance issued a judgement dated 30/9/2019 stipulating the dissolution and liquidation of TBMC and appointed the liquidator Jaber Al Hadfa.

On 27/10/2019 TBMC filed the appeal No 90006/2019T before the Court of Appeal to annul the liquidation judgment.

The Court of Appeal is yet to issue its decision in respect of the appeal matter.

32. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

Management has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analysed the risks faced by the Group and to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The carrying amount of financial assets represents the maximum credit exposure.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

	December 31,	
	2019	2018
	QR.	QR.
Trade receivables and other debit balances	**127,481,878**	130,685,121
Due from related parties	**25,141,084**	30,910,519
Gross amount due from customers on contract work	**237,234,837**	201,198,975
Retention due from customers	**79,280,717**	81,654,509
Cash at bank	**63,910,115**	79,007,153
	533,048,631	523,456,277

Trade receivables and contract assets

The Group limits its exposure to credit risk from trade receivables by:

- evaluating the creditworthiness of each counter-party prior to entering into contracts;
- establishing sale limits for each customer, which are reviewed regularly;
- establishing maximum payment periods for each customer, which are reviewed regularly; and

Periodically reviewing the collectability of its trade receivables for identification of any impaired amounts.

Measurement of ECLs

The table below provides information about exposure to credit risk and ECL for trade and other debit balances as at 31 December 2019.

Aging	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**
Current	0.1%	40,302	38
0- 30 days	0.9%	32,088,788	285,590
30 - 60 days	0.2%	33,814,746	71,011
61 - 90 days	1.2%	4,143,657	48,895
91 - 180 days	1.9%	24,954,287	466,645
181 - 365 days	3.1%	22,358,748	688,638
Above 365 days	49.2%	22,917,614	11,275,446
		140,318,142	**12,836,264**

	Weighted average loss rate	**Gross carrying amount**	**Loss allowance**
Other debit balances	5.21%	33,410,424	1,739,378

As a result of the above, management believes that there is no significant credit risk on its trade receivables as presented on the consolidated statement of financial position.

The movements in the allowance for expected credit losses is disclosed in Note 5.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Cash at bank
The Group's cash at bank is held with banks that are independently rated by credit rating agencies.

	December 31,	
	2019	2018
	QR.	QR.
Cash at bank	**63,562,327**	79,007,153

The Group's bank deposits are held with credit worthy and reputable banks with high credit ratings. As a result, management believes that credit risk in respect of these balances is minimal.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below summarizes the contractual undiscounted maturities of the Group's financial liabilities at the reporting date.

		Contractual cash flows			
31-Dec-19	**Gross carrying Amounts**	**Total**	**1-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**
Bank loan and overdraft	**332,721,120**	**(332,721,120)**	**(241,054,453)**	**(83,333,330)**	**(8,333,337)**
Trade and other payables	**183,659,193**	**(183,659,193)**	**(183,659,193)**	**--**	**--**
Due to related parties	**43,794,631**	**(43,794,631)**	**(43,794,631)**	**--**	**--**
	560,174,944	**(560,174,944)**	**(468,508,277)**	**(83,333,330)**	**(8,333,337)**

		Contractual cash flows			
31-Dec-18	Gross carrying Amounts	Total	1-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities	QR.	QR.	QR.	QR.	QR.
Bank loan and overdraft	300,014,805	(300,014,805)	(212,218,812)	(83,629,324)	(4,166,669)
Trade and other payables	184,872,422	(184,872,422)	(184,872,422)	--	--
Due to related parties	63,030,367	(63,030,367)	(63,030,367)	--	--
	547,917,594	(547,917,594)	(460,121,601)	(83,629,324)	(4,166,669)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

Currency risk
Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency. The Group is not exposed to significant foreign exchange risk as it primarily transacts in Qatari Riyal, which is the Group's functional currency. Transactions in AED, KWD, USD, OMR, SAR, and BHR bear no foreign currency risk as these currencies are pegged with the Qatari Riyals. Other foreign exchange transactions or balances are insignificant.

Interest rate risk
Interest rate risk arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Group has no interest-bearing assets or liabilities linked to variable interest rates, the Group's income, expenses and cash flows are independent of changes in variable interest rates.

33. COMPARATIVE FIGURES

Certain figures have been reclassified in the consolidated statement in financial position as of prior year to conform to 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.

34. EVENTS AFTER THE REPORTING PERIOD

Referring to the note (31.2), a petition before the court of appeal filed in the file No 90006/2019 to stop the liquidation procedures up to the final judgement. A separate petition No 123/2020 also filed on the same before the court of appeal to stop the liquidation procedure up to the final judgement. A letter to the liquidator issued on 23rd February 2020 to stop the liquidation procedures up to the final judgement issued in to the appeal No 90006/2019

The management and the lawyers of the company believe that the lawsuit in the court of appeal has high chances of winning and annulment of the preliminary judgement based on the new strategy imposed before the court of appeal.

The Corona-virus outbreak since early 2020 have brought about additional uncertainties in certain segments of Group's operating environment. The Group has been closely monitoring the impact of the developments on those segments and will keep its contingency measures under review as the situation evolves. As far as those segments are concerned, the outbreak may cause cancellation of contracts, waiver of maintenance services revenue for certain period and delay in collection from the customers having potential impact as per the directives of governments. As the situation is fast evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects cannot be estimated.

35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by board of directors and authorized for issuance on 28 March 2020.