

**INVESTMENT HOLDING GROUP Q.P.S.C.
DOHA – STATE OF QATAR**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021**

INVESTMENT HOLDING GROUP Q.P.S.C.
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021

TABLE OF CONTENTS

Independent auditor's report	—
Consolidated statement of financial position	1
Consolidated statement of profit or loss and other comprehensive income	2
Consolidated statement of changes in equity	3
Consolidated statement of cash flows	4
Notes to the consolidated financial statements	5-39

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS INVESTMENT HOLDING GROUP Q.P.S.C. DOHA, STATE OF 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 referred herein as "Group") which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effect of the matters 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 December 31, 2021, consolidated financial performance and 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 of the consolidated financial statements, and taking into consideration the undertaking letter given by the founders of the Company to undertake any losses that might result from non-collection of the amounts due from the main contractor related to a project executed by the Unincorporated Joint Operation up to the end of the year 2016, we are unable to determine provision required, if any, resulting from non-collection of the amounts due from the main contractor of that project (Unincorporated Joint Operation) or from the liability to settle the whole amount of borrowings due to bank resulting from the Unincorporated Joint Operation given that the other partner to the Unincorporated Joint Operation had declared 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 our qualified opinion.

Emphasis of a Matter

Without further qualifying our opinion, we draw attention to Note 13 of the accompanying consolidated financial statements which describes the study done by the management of the Group for test of Goodwill impairment as at December 31, 2021, considering the current year performance and market situation.

Other Matter

The accompanying consolidated financial statements of the Group as at and for the year ended December 31, 2020 were audited by another independent auditor whose reported dated March 15, 2021 expressed a qualified opinion on those consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters

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

We designed our audit by determining the materiality and assessing the risks of material misstatements in the consolidated 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 consolidated 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.

Recognition of revenue

Refer to Note 21 and Note 28 of the consolidated financial statements.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>The major components of the Group's revenue comprise of revenue from specialized contracting amounting to QR. 188,909,343 for the year ended December 31, 2021.</p> <p>Revenue was a key audit matter due to the following:</p> <ul style="list-style-type: none"> Specialized contracting revenue is recognised over time by reference to the Group's progress toward completion of the contracts. Management's judgement is required to estimate the total contracting costs, variations or claims recognized as contract revenue, and provision for liquidated damages that will affect the measure of progress and revenue and profit margins recognized from specialized contracting contracts. Revenue recognition is inherently subjective and significant management judgement is required in the recognition of revenue could have a material impact on the Group's net profit for the year. 	<p>We identified specialized contracting segment with significant revenue streams and performed procedures including the following to address specific risks identified in relation to revenue.</p> <p>These procedures included:</p> <ul style="list-style-type: none"> Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the management's key internal controls over revenue recognition. Discussing with the Group's management and project managers the performance of the major contracts in progress during the year and comparing the contract revenue recognised for a sample of contracts in progress during the year with certifications from quantity surveyors appointed by the customers or payment applications from the in-house surveyor. On a sample basis, inspecting of project contract agreements with customers and subcontractors to identify key terms and conditions, including contracting parties, contract period, contract sum, scope of the work and evaluating whether these key terms and conditions had been appropriately reflected in the total estimated revenue and cost to complete under the forecasts of contracts.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters (Continued)

Impairment Assessment of Goodwill

Refer note 13 to the consolidated financial statements:

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>As of December 31, 2021, goodwill amounted to QR. 711,492,489.</p> <p>Annual impairment assessment of goodwill was a key audit matter due to the following:</p> <ul style="list-style-type: none"> • The internally generated goodwill was recognised after the verification from the issuance of the updated Commercial Registration for the Company with new share capital amounting to QR. 830,000,000 based on the valuation for the Company and its subsidiaries and the related assumptions. • Also taking into consideration the resolution by H.E. the Minister of Economy and Commerce, determining the Company's share capital by the full value according to the valuation including the goodwill resulted from the valuation and the approval of the authorities of the Ministry of Economy and Commerce, Qatar Financial Markets Authority and Qatar Stock Exchange. • Judgement is required in identifying indicators of impairment and required the management to make various assumptions in the underlying cash flow forecasts. • The uncertainty on the impact of COVID-19 introduced significant estimation uncertainty in relation to the management's assumptions and estimation of future cash inflows and outflows when preparing cash flow projections. • Management allocated goodwill to the respective cash-generating units ("CGU") and the recoverable amounts of the identified CGUs have been determined based on value-in-use calculation. 	<p>Our audit procedures focused on assessing the reasonableness of key assumptions used by management in conducting the impairment assessment.</p> <p>These procedures included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of management's impairment assessment process. • Evaluating the reasonableness of the Group's key assumptions for its cash flow projection such as discount rates, cost inflation and business growth with reference to the internally and externally derived sources including Group budgetary process and reasonableness of historical forecasts. • Obtaining the Company's cash flow projections covering a period of 12 months from the reporting period end date and challenging these key assumptions used in preparing the projections. • Performing sensitivity analysis around key assumptions applied. • Considering the adequacy of the Group disclosures in the consolidated financial statements in respect of impairment testing.

Other Information

The Board of Directors are responsible for the other information. The other information comprises the information included in the annual report for 2021 but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 (IFRS) and 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, 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.
- Conclude on the appropriateness of the management's 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 companies 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

Further, as required by Qatar Commercial Companies' Law, we report the following:

- Except for the matter described in the basis for qualified opinion and emphasis of matters sections of our report, we are of the opinion that proper books of account have been kept by the Group and the consolidated financial statements are in agreement with these books, physical inventory verification has been duly carried out, and the content of the board of director's report included in the annual report is in agreement with the books and records of the Group.
- Except for the matters described in the basis for qualified opinion and emphasis of matters sections of our report, we have obtained all the information and explanations which we considered necessary for the audit.
- To the best of our knowledge and belief and according to the information given to us, except for the matters described in the basis for 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 or the terms of the Company's Articles of Association having occurred during the year which would materially affect the Group's activities or its financial position.

For Russell Bedford and Partners
Certified Public Accountants



Hani Mukhaimer
License No. (275)
QFMA License No. (1202013)
March 6, 2022



Doha, State of Qatar

INVESTMENT HOLDING GROUP Q.P.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Notes	As at December 31,	
		2021 QR.	2020 QR.
ASSETS			
Current assets			
Cash and bank balances	5	39,914,612	39,936,850
Accounts receivable and other debit balances	6	305,180,752	231,402,729
Contract assets	7	188,376,794	208,631,763
Due from related parties	8	15,771,406	17,428,088
Inventories	9	55,661,065	56,576,105
Total current assets		604,904,629	553,975,535
Non-current assets			
Retention receivables	10	37,481,787	32,968,430
Financial assets at fair value through profit or loss	11	31,000,000	31,000,000
Investment properties	12	2,530,208	27,904,147
Goodwill	13	711,492,489	711,492,489
Right-of-use assets	14	16,579,724	2,853,361
Property and equipment	15	14,236,748	13,837,481
Total non-current assets		813,320,956	820,055,908
TOTAL ASSETS		1,418,225,585	1,374,031,443
EQUITY AND LIABILITIES			
Equity			
Share capital	16	830,000,000	830,000,000
Legal reserve		14,684,499	12,928,305
Revaluation reserve	12	—	14,398,000
Other reserve	17	(138,909,704)	(138,909,704)
Retained earnings		152,348,610	114,040,261
Equity attributable to the shareholders of the Company		858,123,405	832,456,862
Non – controlling interests	27	4,384,967	9,593,854
Total equity		862,508,372	842,050,716
Liabilities			
Current liabilities			
Bank overdrafts	5	9,299,924	9,396,089
Borrowings	18	233,616,478	214,826,749
Lease liabilities	14	5,651,461	1,780,648
Due to related parties	8	6,974,284	8,937,880
Contract liabilities		—	1,164,957
Retention payables		1,262,223	3,685,944
Dividend payables		2,131,634	3,466,308
Accounts payable and accruals	19	160,530,347	142,296,164
Total current liabilities		419,466,351	385,554,739
Non-current liabilities			
Borrowings	18	103,271,000	125,353,071
Lease liabilities	14	11,408,971	1,097,725
Retention payables		1,332,268	812,016
Employees’ end of service benefits	20	20,238,623	19,163,176
Total non-current liabilities		136,250,862	146,425,988
Total liabilities		555,717,213	531,980,727
TOTAL EQUITY AND LIABILITIES		1,418,225,585	1,374,031,443

The consolidated financial statements were approved and authorized for issuance by the Board of Directors and signed on their behalf on March 6, 2022 by:

Mr. Khalid Ghanim S H Al Kuwari
Chairman of the Board of Directors



Mr. Mohd Ghanim S H Al Kuwari
Board Member

The accompanying notes are integral part of these consolidated financial statements.

INVESTMENT HOLDING GROUP Q.P.S.C.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

		For the year ended December 31,	
	Notes	2021 QR.	2020 QR.
Revenue	21	363,830,223	321,332,316
Direct costs	22	(271,031,459)	(248,624,149)
Gross profit		92,798,764	72,708,167
Other income	23	11,992,515	25,094,621
Dividend income from financial assets		1,284,978	3,650,572
Gain arising on change in fair value of investment properties	12	314,461	5,545,906
General and administrative expenses	24	(75,432,256)	(67,568,492)
Finance costs	25	(9,842,689)	(12,284,860)
Net profit for the year		21,115,773	27,145,914
Other comprehensive income:			
Other comprehensive income for the year		—	—
Total comprehensive income for the year		21,115,773	27,145,914
Total comprehensive income attributable to:			
Shareholders of the Company		26,324,660	23,364,721
Non – controlling interests	27	(5,208,887)	3,781,193
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		21,115,773	27,145,914
Basic earnings per share	26	0.032	0.028



The accompanying notes are an integral part of these consolidated financial statements.

INVESTMENT HOLDING GROUP Q.P.S.C.

December 31, 2021December 31, 2020

INVESTMENT HOLDING GROUP Q.P.S.C.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Notes	For the year ended December 31,	
		2021	2020
		QR.	QR.
OPERATING ACTIVITIES			
Profit for the year		21,115,773	27,145,914
<i>Adjustments for:</i>			
Depreciation of property and equipment	15	3,376,672	4,052,607
Amortization of right-of-use assets	24	3,751,843	7,816,499
Gain on derecognition of right of use assets		—	(26,662)
Gain on disposal of property and equipment and investment properties		(2,156,489)	(203,560)
Gain arising on change in fair value of investment properties	12	(314,461)	(5,545,906)
Provision for employees' end of service benefits, net of reversals	20	4,007,212	2,120,010
Write off of slow moving or obsolete inventories		848,891	—
Allowance for slow moving inventories, net of reversals	9	(1,100,057)	(3,693,853)
Finance costs		13,866,020	17,091,796
Reversal of impairment and discounting of retention receivables		(1,025,969)	(185,794)
Reversal of payables and provisions for maintenance		(3,691,372)	(17,451,530)
Allowance for impairment of trade receivables, net of reversals	6	374,605	(395,883)
Bad debts written off		12,020	(590,409)
Allowance for impairment of other debit balances	6	—	162,358
		39,064,688	30,295,587
<i>Movements in working capital:</i>			
Accounts receivable and other debit balances		(46,064,648)	(33,533,005)
Contract assets		20,254,969	28,603,074
Due from related parties		1,656,682	4,819,139
Inventories		1,166,206	6,601,121
Retention receivables		(3,487,388)	4,104,984
Due to related parties		(1,963,596)	(27,963,284)
Contract liabilities		(1,164,957)	(2,893,926)
Trade payable and other credit balances		21,270,038	(21,668,277)
Retention payables		(1,903,469)	1,055,986
Cash generated from/(used in) operations		28,828,525	(10,578,601)
Finance costs paid		(13,435,428)	(16,617,166)
Employees' end of service benefits paid	20	(2,931,765)	(4,824,412)
Net cash generated from/(used in) operating activities		12,461,332	(32,020,179)
INVESTING ACTIVITIES			
Proceeds from sale of property and equipment		36,700	222,057
Purchase of property and equipment	15	(4,067,750)	(748,536)
Acquisition of investment properties		—	(122,784)
Proceeds from disposal of investment properties		—	592,205
Net cash used in investing activities		(4,031,050)	(57,058)
FINANCING ACTIVITIES			
Dividends paid		(1,334,674)	(362,257)
Payment of lease liabilities	14.2	(3,729,339)	(8,388,560)
Net movement in borrowings		(3,292,342)	66,791,084
Net cash (used in)/generated from financing activities		(8,356,355)	58,040,267
Net increase in cash and cash equivalents during the year		73,927	25,963,030
Cash and cash equivalents at the beginning of the year	5	30,540,761	4,577,731
Cash and cash equivalents at the end of the year	5	30,614,688	30,540,761

The accompanying notes are integral part of these consolidated financial statements.



INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. GENERAL INFORMATION

1.1 General Activities

Investment Holding Group Q.P.S.C (the "Company" or "Parent") was established on May 11, 2008 and registered in the State of Qatar under commercial registration no. 39127. On May 11, 2017, the legal status of the Company was converted from Limited Liability Company to Qatari Public Shareholding Company (Q.P.S.C.). The Group is engaged in various types of investments inside the State of Qatar in accordance with sound commercial and economic practices.

The Company's official registered office and place of business is located at Qatar Tower, Majlis Al Taawon St. West Bay, P.O. Box No. 3988, Doha, State of Qatar.

The consolidated financial statements for the year ended December 31, 2021 and 2020 include the assets, liabilities, and results of operations of the Company and its following subsidiaries (collectively referred to as the "Group"):

Name of subsidiaries	Percentage of control (%)		Principal activity
	2021	2020	
Consolidated Engineering Systems Company W.L.L. (CESCO)	100	100	Engaged in trading in fire alarms, security systems and related contracting activities.
Trelco Limited Company W.L.L. (TLC)	100	100	Engaged in various trading activities.
Consolidated Supplies Company W.L.L. (CSC)	100	100	Engaged in trading of electrical and construction materials.
Watermaster Qatar W.L.L. (WMQ) (<i>Note i</i>)	100	100	Engaged in water treatment and contracting activities.
Electro Mechanical Engineering Company W.L.L. (EMEC)	68.5	68.5	Engaged in installation and maintenance of electro mechanical works.
Construction Development Contracting & Trading Company W.L.L (CDCT) (<i>Note i</i>)	100	100	Engaged in the contracting activities and trading of building materials.
Debbas Enterprises Qatar W.L.L (DEQ)	51	51	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. (TBMC)	85	85	Engaged in trading of wood, steel and building materials.

Note i:

The Company exercises 100% control on these subsidiaries through its wholly-owned subsidiary, Trelco Limited Company W.L.L. The ownership structure of these subsidiaries is as follows:

	WMQ	CDCT
Investment Holding Group Q.P.S.C.	63.3%	51%
Trelco Limited Company W.L.L.	36.7%	49%
	<u>100%</u>	<u>100%</u>

All of the abovementioned subsidiaries are located and operates within the State of Qatar and prepares its financial statements in accordance with IFRSs and applicable provisions of Qatar Commercial Companies Law.

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

New standards, amendments and interpretations effective from January 1, 2021

The following standards, amendments and interpretations which became effective as of January 1, 2021 are relevant to the Group.

- Initial application of Interest Rate Benchmark Reform Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

The application of the above standards or amendments did not have any material impact on the amounts reported in these consolidated financial statements for the current year.

Standards issued but not yet effective

A number of standards and amendments to standards are issued but not yet effective and the Group has not adopted these in the preparation of these consolidated financial statements. Management anticipates that these new standards and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application. The Group will adopt these new standards on the respective effective dates.

New and revised IFRSs

Effective for annual periods beginning on or after

Amendments to IFRS 3 – Reference to the Conceptual Framework	January 1, 2022
Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use	January 1, 2022
Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract	January 1, 2022
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	January 1, 2023
IFRS 1 First-time Adoption of International Financial Reporting Standards	January 1, 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition on financial liabilities	January 1, 2022
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption /effective date deferred indefinitely.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The 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 and the Company's Articles of Association.

The Group presents its consolidated statement of financial position in the order of liquidity. An analysis regarding recovery or settlement of assets/liabilities within the twelve months after the end of the reporting date ("current") and more than twelve months after the reporting date ("non-current") is presented in these consolidated financial statements.

Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

Functional and presentation currency

The consolidated financial statements are presented in Qatari Riyals (QR.) which is the Group's functional currency. All the financial information presented in these consolidated financial statements have been rounded off to nearest Qatari Riyal except when otherwise indicated.

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies

The principal accounting policies which have been applied in the preparation of the consolidated financial statements are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to December 31 each year. Control is achieved where the Company has:

- power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has ability to use its power to affect its returns.

The Group 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 listed above. When the Group has less than a majority of the voting or similar rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated 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 assets and liabilities, equity, income, expenses and cash flows relating to the transactions between the members of the Group are eliminated on consolidation. The consolidated financial statements provide comparative information in respect of the previous year.

Changes in the Group's ownership interests in certain subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in those subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the shareholders of the Group.

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Revenue from contracts with customers

The Group is in the business of contracting, specialized contracting, maintenance service, sale of goods, chemicals, security equipment (fire alarm, CCTV), electrical material, building material, installation, and providing project management services. Revenue from these sources is recognized in the consolidated statement of profit or loss and other comprehensive income by the Group as follows:

<u>Type of service</u>	<u>Nature, timing and satisfaction of performance obligations</u>	<u>Revenue recognition</u>
Construction contracts	<p>The Group builds civil construction and electro-mechanical works for customers based on the design on their premises.</p> <p>Each project commences on receipt of advances from a customer and its length depends on the complexity of the design.</p>	Revenue is recognized over time using an input method usually percentage of completion to measure progress towards complete satisfaction of the service, because the Group'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 sale of goods	These are arising from sale of electrical materials, building materials, food items and trading goods.	Revenue is recognized when control over the goods is transferred to the buyer.
Sales of security equipment	These are revenue from sale of and installation of security equipment which are completed over time.	Revenue is recognised over time, using an input method to measure progress towards complete satisfaction of the service.
Rendering of services	Revenue is recognized over time as those services are provided. Since the customer consumes the benefits as and when services are rendered by the Group. Invoices are usually issued upon completion of the job as agreed in the specific contract.	Revenue is recognized over time as the services are provided. The stage of completion for determining the amount of revenue is assessed based on the input method. The related costs are recognized in the consolidated statement of profit or loss when they are incurred.
Rental income	These are revenue arising from leasing commercial spaces.	Revenue is recognized monthly based on the period of contract.

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract balances

Contract assets and contract liabilities

The Group has determined that contract assets and liabilities are to be recognised at the performance obligation level and not at the contract level and both contract assets and liabilities are to be presented separately in the financial statements. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

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 consolidated statement of financial position as an asset, such as in the case of asset impairments.

Current vs. non-current classification

The Group presents assets and liabilities based on current/non-current classification.

An asset is current when:

- It is expected to be realised or intended to sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period (or receivable on demand); or
- It is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period (or payable on demand); or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

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 and financial liabilities are initially measured at fair value. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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.

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

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.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified by the Group as follows:

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest rate (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 accounts receivable and certain accounts of other debit balances, contract assets, due from related parties and retention receivables.

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. Accordingly, 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 of financial instruments

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 in case of:

- 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 certain financial assets at an amount equal to lifetime ECLs.

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets measured at amortized cost

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days in average past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default.
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term.
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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.

Presentation of impairment

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

INVESTMENT HOLDING GROUP Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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 consolidated 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.

Cash and bank balances

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

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.

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 and other comprehensive income 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 and other comprehensive income 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.

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Intangible assets

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

Depreciation is 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 consolidated statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fixtures	5 – 7 years
Buildings and construction	5 – 20 years
Motor vehicles	4 – 5 years
Leasehold improvements	5 – 10 years
Office equipment	3 – 7 years
Tools and equipment	3 – 7 years
Machine	5 – 7 years
Computer	3 years

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (Continued)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss or other comprehensive income.

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 other related costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

Impairment of tangible and intangible assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss and other comprehensive income unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Interests in joint operations

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

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

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

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share capital

Share capital represents the total issued shares and capital per commercial registration which is treated as equity. Retained earnings include all accumulated profits/losses of the Group less any dividends and legal reserve.

Legal reserve

As required by the Qatar Commercial Companies Law and the Group's Articles of Association, 10% of the net profit for the year is to be transferred to the legal reserve until the reserve reaches a minimum of 50% of the paid-up share capital. This reserve is not available for distribution except for circumstances specified in Qatar Commercial Companies' Law.

Dividends distribution

Dividends 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.

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 shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

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.

Employees' end of service benefits

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' basic salary and accumulated period of service as at the reporting date. The Group treats this obligation as a non-current liability.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive decision makers. The executive decision makers who are responsible for the allocation of resources and assessing the performance of operating segments, have been identified as the Board of Directors (BOD).

Leases

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.

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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.

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.

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.

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.

Fair value measurement

For measurement and disclosure purposes, the Group determines the fair value of an asset or liability at initial measurement or at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (Continued)

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from the past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognized but are disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as provision.

Events after the reporting date

The consolidated financial statements are adjusted to reflect events that occurred between the reporting date and the date when the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are disclosed on the consolidated financial statements when material.

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

The preparation of the consolidated financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue recognition

Management considers recognizing revenue over time, if one of the following criteria is met, otherwise revenue will be recognized at a point in time:

- a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c) the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Judgement in identifying whether a contract includes a lease

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.

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.

Classification of joint arrangement

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.

Key sources of estimation uncertainties

The key assumptions concerning the future and other sources of estimation uncertainty at the 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 are discussed below.

Impairment of property and equipment and goodwill

The Group's management tests annually whether there is indication that property and equipment and goodwill have suffered impairment in accordance with accounting policies stated in note 3 of the consolidated financial statements. The recoverable amount of an asset is determined based on the higher of fair value or value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

Estimated useful lives of property and equipment

The costs of items of property and equipment are depreciated on a systematic basis over the estimated useful lives of the assets. Management has determined the estimated useful lives of each asset and/ or category of assets based on the following factors:

- Expected usage of the assets
- Expected physical wear and tear, which depends on operational and environmental factors; and
- Legal or similar limits on the use of the assets.

Management has not made estimates of residual values for any items of property and equipment at the end of their useful lives as these have been deemed to be insignificant.

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.

Provision for expected credit losses of trade receivables, other receivables, and retention receivables

The Group uses a provision matrix to calculate ECLs for trade receivables, other receivables and retention receivables. 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.

Determining the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it 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.

Other provisions and liabilities

Other provisions and liabilities are recognized in the period only to the extent management considers it is 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.

INVESTMENT HOLDING GROUP Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

5. CASH AND BANK BALANCES

	December 31,	
	2021	2020
	QR.	QR.
Cash on hand	152,487	467,358
Cash in banks	37,622,295	31,058,716
Cash margins (<i>Note 5.1</i>)	2,139,830	8,410,776
Total cash and bank balances	39,914,612	39,936,850
Less: Bank overdrafts (<i>Note 5.2</i>)	(9,299,924)	(9,396,089)
Cash and cash equivalents	30,614,688	30,540,761

5.1 Cash margins

Cash margins are held with local commercial banks for the purpose of dividend payments and against payments for letter of credits to suppliers.

5.2 Bank overdrafts

This represents bank facility obtained from local banks used for working capital requirements. Bank overdrafts are secured by corporate guarantees and usually bears interest rate of minimum 5.5%.

Cash in banks are assessed to have low credit risk of default since these banks are highly regulated by Qatar Central Bank. Accordingly, management estimates the loss allowance on cash in banks at the end of the reporting period at an amount equal to 12 months ECL. None of the cash in banks at the end of the reporting period are past due, and considering the historical default experience and the current credit ratings of the bank, the Group's management has assessed there are no impairment indications, accordingly, allowance for impairment on these balances were not recognized.

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	December 31,	
	2021	2020
	QR.	QR.
Trade receivables - net (<i>Note 6.1</i>)	152,182,448	121,970,941
Retention receivables- net (<i>Note 10.1</i>)	37,548,979	36,319,454
Advances to suppliers/subcontractors	16,308,779	9,841,213
Prepaid expenses	8,378,535	2,502,007
Refundable deposits	2,995,740	416,136
Other debit balances - net (<i>Note 6.3</i>)	87,766,271	60,352,978
	305,180,752	231,402,729

6.1 Trade receivables

	December 31,	
	2021	2020
	QR.	QR.
Trade receivables – gross	162,182,843	131,596,731
Less: Allowance for impairment of trade receivables (<i>Note 6.2</i>)	(10,000,395)	(9,625,790)
Trade receivables (net)	152,182,448	121,970,941

6.2 Movement in the allowance for impairment of trade receivables

	December 31,	
	2021	2020
	QR.	QR.
Balance as at the beginning of the year	9,625,790	10,021,673
Formed during the year (<i>Note 24</i>)	1,170,292	510,372
Reversals/Write offs during the year	(795,687)	(906,255)
Balance as at the end of the year	10,000,395	9,625,790

INVESTMENT HOLDING GROUP Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES (CONTINUED)

6.3 Other debit balances

	December 31,	
	2021	2020
	QR.	QR.
Other debit balances – gross	89,505,649	62,254,714
Less: Allowance for impairment of other debit balances (<i>Note 6.4</i>)	(1,739,378)	(1,901,736)
Other debit balances (net)	87,766,271	60,352,978

6.4 Movement in the allowance for impairment of other debit balances

	December 31,	
	2021	2020
	QR.	QR.
Balance as at the beginning of the year	1,901,736	1,739,378
Formed during the year (<i>Note 24</i>)	–	162,358
Written off during the year	(162,358)	–
Balance as at the end of the year	1,739,378	1,901,736

7. CONTRACT ASSETS

Amounts relating to contract assets amounting to QR 188,376,794 as of December 31, 2021 (2020: QR. 208,631,763) are balances due from customers under contract works in line with a series of performance related milestones. The Group initially recognizes contract assets for any work performed. Any amounts recognized as a contract asset are reclassified to trade receivables at the point at which they are certified by customers.

8. RELATED PARTIES

Related parties, as defined in International Accounting Standard 24: Related Party Disclosures, include associate companies, major shareholders, directors and other key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties.

8.1 Related parties' transactions

	For the year ended December 31,	
	2021	2020
	QR.	QR.
Sales	2,253,846	2,415,366
Purchases	2,739,861	2,352,707
Others	444,813	887,796

8.2 Due from related parties

	December 31,	
	2021	2020
	QR.	QR.
Al Hodaifi Group W.L.L. and its subsidiaries	14,520,877	15,573,194
Others	1,250,529	1,854,894
	15,771,406	17,428,088

Included in the balance of due from Al Hodaifi Group W.L.L. and its subsidiaries are certain amounts due from the founders of the Group, those balances were confirmed by the founders and the Group's management believes that those balances are recoverable. The following table shows the net movements and reclassifications of those balances since initial public offering (IPO) until the reporting date:

	Amount (QR.)
Beginning balance	33,805,743
Net movements during the years (2017-2021)	(18,033,669)
Reclassifications during the year	(1,251,197)
Net balance as of December 31, 2021	14,520,877

INVESTMENT HOLDING GROUP Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

8. RELATED PARTIES (CONTINUED)

8.3 Due to related parties

Al Hodaifi Group W.L.L. and its subsidiaries
Others

December 31,	
2021	2020
QR.	QR.
1,765,151	3,671,910
5,209,133	5,265,970
6,974,284	8,937,880

8.4 Compensation of key management personnel

Short term benefits
Long-term benefits

For the year ended December 31,	
2021	2020
QR.	QR.
12,435,300	11,642,567
491,053	305,016

9. INVENTORIES

Trading inventories (*Note 22.1*)
Raw materials
Less: Allowance for slow-moving items (*Note 9.1*)
Goods in transit (*Note 22.1*)

December 31,	
2021	2020
QR.	QR.
48,554,372	48,132,725
5,199,757	9,589,863
53,754,129	57,722,588
(3,700,704)	(7,596,937)
50,053,425	50,125,651
5,607,640	6,450,454
55,661,065	56,576,105

9.1 Movement in the allowance for slow-moving items

Balance at the beginning of the year
Formed during the year (*Notes 22, 24*)
Reversals/Disposals during the year
Balance at the end of the year

December 31,	
2021	2020
QR.	QR.
7,596,937	11,290,790
—	742,910
(3,896,233)	(4,436,763)
3,700,704	7,596,937

10. RETENTION RECEIVABLES

Retention receivables, net of discounting
Allowance for impairment of retention receivables (*Note 10.2*)

December 31,	
2021	2020
QR.	QR.
76,904,236	71,308,359
(1,873,470)	(2,020,475)
75,030,766	69,287,884

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

10.1 Classification of retention receivables

Current portion (*Note 6*)
Non-current

December 31,	
2021	2020
QR.	QR.
37,548,979	36,319,454
37,481,787	32,968,430
75,030,766	69,287,884

INVESTMENT HOLDING GROUP Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

10. RETENTION RECEIVABLES (CONTINUED)

10.2 Movement in the allowance for impairment of retention receivables:

	December 31,	
	2021	2020
	QR.	QR.
Balance at the beginning of the year	2,020,475	2,133,915
Reversals during the year	(147,005)	(113,440)
Balance at the end of the year	1,873,470	2,020,475

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss represent investment in unquoted equity shares in the State of Qatar.

	December 31,	
	2021	2020
	QR.	QR.
Balance at the end of the year	31,000,000	31,000,000

Management believes that there is no significant change in the fair value of these shares. Accordingly, no changes in fair values were recognized in the consolidated statement of profit or loss during the year.

12. INVESTMENT PROPERTIES

	December 31,	
	2021	2020
	QR.	QR.
Balance at the beginning of the year	27,904,147	22,816,776
Additions and transfers during the year	—	133,670
Gain arising on change in fair value of investment properties	314,461	5,545,906
Disposals during the year	(25,688,400)	(592,205)
Balance at the end of the year	2,530,208	27,904,147

Investment properties as at December 31, 2021 include land held for capital appreciation and several apartments situated outside Qatar. These properties were acquired during 2019 as part of settlement agreements from one partner owning some shares in one of the Group's subsidiaries. The properties were subsequently registered in the name of one of the main founders of the Group. However, the founder's rights toward these properties are held on consignment and bound by the terms and conditions of the mediation agreement signed on 2019.

Fair value of the investment properties is determined primarily based on valuations carried out by professionally qualified third-party valuation companies that are members of a professional valuer's association and have the appropriate qualifications and experience in valuing these types of investment properties. The valuation was mainly determined using the market comparable approach and discounted cash flow method in accordance with valuation standards, adopting the IFRS basis of fair value and using the established principles and valuation techniques.

Revaluation reserve

Revaluation reserve amounting to QR. 14,398,000 presented in the consolidated statement of financial position as at December 31, 2020, represents the difference between the carrying value of the transferred properties and the fair value applicable to the portion considered as investment properties at the date of change in use in the previous years. During the year ended December 31, 2021 the Group disposed those properties and transferred the balance of revaluation reserve to retained earnings.

INVESTMENT HOLDING GROUP Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

13. GOODWILL

	December 31,	
	2021	2020
	QR.	QR.
Balance at the end of the year	711,492,489	711,492,489

The share capital of the Company was determined at QR. 830 million to reflect the Group's value as per the independent valuation not as per book value of partners' equity as at December 31, 2016. Due to legal considerations represented by determining the Group's share capital at QR. 830 Million, based on the approvals of H.E the Minister of Economy and Commerce, Ministry of Economy and Commerce, Qatar Market Authority and Qatar Stock Exchange. The same approach was followed in the prospectus for the initial public offering. Shareholders approved the same in their Constituent General Assembly. As a result, it became inevitable for the management to recognize internally generated goodwill in its books of accounts amounting to QR. 711,492,489.

On an annual basis, the Group performs an internal valuation to assess and identify the projection of any indication of impairment of goodwill. The valuation was mainly based on the future financial data of the relevant subsidiaries and considering the business environment in which these subsidiaries operate. Based on this assessment, management believes there were no indications of impairment on carrying value of goodwill, hence is not impaired. Value-in-use calculation is determined by using future cash flow projections and key assumptions with average growth rate of 3% (2020: 3%) and average discount rate of 9.71% (2020: 9.71%).

14. LEASES (GROUP AS A LESSEE)

14.1 Right-of use assets

	December 31,	
	2021	2020
	QR.	QR.
Cost		
Balance as at the beginning of the year	8,941,231	17,276,021
Additions during the year	17,418,446	2,550,364
Disposals during the year	(3,868,204)	(10,885,154)
Balance as at the end of the year	22,491,473	8,941,231
Accumulated amortization		
Balance as at the beginning of the year	6,087,870	4,157,358
Charged during the year (Note 24)	3,751,843	7,816,499
Related to disposals	(3,868,204)	(5,885,987)
Adjustments during the year	(59,760)	—
Balance as at the end of the year	5,911,749	6,087,870
Net book value as at the end of the year	16,579,724	2,853,361

14.2 Lease liabilities

	December 31,	
	2021	2020
	QR.	QR.
Balance as at the beginning of the year	2,878,373	13,267,768
Additions during the year	17,418,447	2,550,364
Interest on lease liabilities (Note 25)	430,592	474,630
Payments made during the year	(3,729,339)	(8,388,560)
Adjustments/(Derecognized) during the year	62,359	(5,025,829)
Balance as at the end of the year	17,060,432	2,878,373

14.3 Presentation of lease liabilities

	December 31,	
	2021	2020
	QR.	QR.
Current	5,651,461	1,780,648
Non-Current	11,408,971	1,097,725
	17,060,432	2,878,373

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

15. PROPERTY AND EQUIPMENT

	Building and Construction	Leasehold Improve- ments	Office Equipment	Furniture and Fixtures	Motor Vehicles	Tools and Equipment	Machine	Computers		Capital Work in Progress	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
December 31, 2021											
<i>Cost:</i>											
As at December 31, 2020	12,797,280	10,479,047	10,597,633	4,645,218	14,767,646	9,951,962	657,533	1,602,548	–	–	65,498,867
Additions during the year	15,000	1,329,496	403,072	1,022,523	254,909	596,302	–	122,064	324,384	–	4,067,750
Disposals during the year	(4,478,597)	(723,071)	(2,117,301)	(1,077,372)	(510,950)	–	(28,500)	(4,400)	–	–	(8,940,191)
As at December 31, 2021	8,333,683	11,085,472	8,883,404	4,590,369	14,511,605	10,548,264	629,033	1,720,212	324,384	–	60,626,426
<i>Accumulated depreciation:</i>											
As at December 31, 2020	7,129,273	6,338,609	9,678,602	4,235,392	13,000,521	9,093,626	655,926	1,529,437	–	–	51,661,386
Charge for the year	405,581	1,084,451	371,323	257,263	816,896	382,221	157	58,780	–	–	3,376,672
Related to disposals	(4,189,483)	(723,071)	(2,117,173)	(1,074,807)	(510,948)	–	(28,498)	(4,400)	–	–	(8,648,380)
As at December 31, 2021	3,345,371	6,699,989	7,932,752	3,417,848	13,306,469	9,475,847	627,585	1,583,817	–	–	46,389,678
<i>Net book value:</i>											
As at December 31, 2021	4,988,312	4,385,483	950,652	1,172,521	1,205,136	1,072,417	1,448	136,395	324,384	–	14,236,748
As at December 31, 2020	5,668,007	4,140,438	919,031	409,826	1,767,125	858,336	1,607	73,111	–	–	13,837,481

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

15. PROPERTY AND EQUIPMENT (CONTINUED)

	Building and Construction	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Motor Vehicles	Tools and Equipment	Machine	Computers	Capital Work in Progress	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
December 31, 2020										
<i>Cost:</i>										
As at December 31, 2019	12,782,966	10,479,047	10,339,789	4,618,465	16,833,946	9,958,060	655,933	1,580,609	--	67,248,815
Additions during the year	25,200	--	257,844	26,753	415,200	--	1,600	21,939	--	748,536
Disposals during the year	--	--	--	--	(2,481,500)	(6,098)	--	--	--	(2,487,598)
Transfers during the year	(10,886)	--	--	--	--	--	--	--	--	(10,886)
As at December 31, 2020	12,797,280	10,479,047	10,597,633	4,645,218	14,767,646	9,951,962	657,533	1,602,548	--	65,498,867
<i>Accumulated depreciation:</i>										
As at December 31, 2019	6,724,612	5,288,109	9,082,763	3,987,802	14,222,915	8,666,722	629,342	1,475,615	--	50,077,880
Charge for the year	404,661	1,050,500	595,839	247,590	1,244,707	428,904	26,584	53,822	--	4,052,607
Related to disposals	--	--	--	--	(2,467,101)	(2,000)	--	--	--	(2,469,101)
As at December 31, 2020	7,129,273	6,338,609	9,678,602	4,235,392	13,000,521	9,093,626	655,926	1,529,437	--	51,661,386
<i>Net book value:</i>										
As at December 31, 2020	5,668,007	4,140,438	919,031	409,826	1,767,125	858,336	1,607	73,111	--	13,837,481
As at December 31, 2019	6,058,354	5,190,938	1,257,026	630,663	2,611,031	1,291,338	26,591	104,994	--	17,170,935

INVESTMENT HOLDING GROUP Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

15. PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation of property and equipment presented in the consolidated statement of profit or loss and other comprehensive income are as follows:

	December 31,	
	2021	2020
	QR.	QR.
Direct costs (<i>Note 22</i>)	851,514	1,030,444
General and administrative expenses (<i>Note 24</i>)	2,525,158	3,022,163
	<u>3,376,672</u>	<u>4,052,607</u>

16. SHARE CAPITAL

	December 31,	
	2021	2020
	QR.	QR.
Authorized and issued, 830,000,000 ordinary shares of QR. 1 each	<u>830,000,000</u>	<u>830,000,000</u>

17. OTHER RESERVE

	December 31,	
	2021	2020
	QR.	QR.
Balance as at the beginning of the year	138,909,704	152,508,123
Effect of transfer of non-controlling interests	—	(13,598,419)
Balance as at the end of the year	<u>138,909,704</u>	<u>138,909,704</u>

During the year 2020, ownership of non-controlling interests in Watermaster Qatar W.L.L. and Construction Development Contracting and Trading W.L.L. was transferred to one of the Group's wholly owned subsidiary Trelco Limited Company W.L.L.. The book values of non-controlling interests have been transferred to other reserve.

18. BORROWINGS

	December 31,	
	2021	2020
	QR.	QR.
Project finance (<i>Note a</i>)	19,823,119	19,861,058
Import loans (<i>Note b</i>)	79,133,968	75,179,897
Demand loans (<i>Note c</i>)	18,569,942	18,569,942
Term loans (<i>Note d</i>)	73,345,363	73,531,120
Musawama loans (<i>Note e</i>)	75,000,001	91,666,667
Murabaha loans (<i>Note f</i>)	65,589,411	58,834,483
Tawarruq loans	5,425,674	2,536,653
	<u>336,887,478</u>	<u>340,179,820</u>

18.1 Presentation of borrowings

	December 31,	
	2021	2020
	QR.	QR.
Current	233,616,478	214,826,749
Non-Current	103,271,000	125,353,071
	<u>336,887,478</u>	<u>340,179,820</u>

INVESTMENT HOLDING GROUP Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

18. BORROWINGS (CONTINUED)

a) Project finance

The Group obtained facilities with a local bank to finance its existing project from the progress payments to be paid by customers for that project. The facilities are secured by corporate and personal guarantees by the owners of the subsidiary and assignment of contract payments from the customer to route all contract proceeds with the bank. These facilities bear interest rate of minimum 4.5%.

b) Import loans

Import loans represent loans obtained from a local bank to finance the purchase of materials for the project and issuing letters of credit to sub-contractors. These loans bear an average interest rate of 5.5%. The loans are secured by corporate and personal guarantees.

c) Demand loan

Demand loan represents loans obtained from a local bank to finance working capital requirements. This loan bear an interest rate of 4.5% per annum. The loan is backed by certified project receivables and undertaking by the JV partners that no fund will be drawn from the project by way of dividends or profit sharing until the project is complete.

d) Term loans

Term loans consists of a number of commercial and term loans used for various purposes. These loans are secured by personal guarantees of the owners and corporate guarantee. Term loans have different maturity dates and bears interest rate of 5.5% per annum.

e) Musawama loan

The Group obtained a musawama facility from an islamic bank used to finance a specific transaction related to acquisition of one of its subsidiaries. The facility will be paid in semi-annual installments with a fixed profit rate of 5.5%.

f) Murabaha loans

Murabaha loans represent loans obtained from a local islamic bank for the purchase of materials and issuing letters of credit to suppliers. These loans bear an average profit rate of 4.5% to 6.5% annually and have maturities ranging from 270 to 360 days.

Borrowing costs incurred during the year ended December 31, 2021 were recognized and classified in the consolidated statement of profit or loss and other comprehensive income as follows:

	For the year ended December 31,	
	2021	2020
	QR.	QR.
Direct cost (Note 22)	4,023,331	4,806,936
Finance costs (Note 25)	9,412,097	11,810,230
	13,435,428	16,617,166

19. ACCOUNTS PAYABLE AND ACCRUALS

	December 31,	
	2021	2020
	QR.	QR.
Trade and notes payable	87,022,722	74,037,814
Advances from customers	22,797,892	27,622,874
Social and sport funds contribution (Note 19.1)	658,117	584,118
Accruals and other credit balances	50,051,616	40,051,358
	160,530,347	142,296,164

19.1 Social and sport funds contribution

Pursuant to the requirements of Law No.13 of 2008, the Group recognizes provision for the support of sports, social, cultural and charitable activities equal to 2.5% of the consolidated net profit attributable to the shareholders of the Company. The Group transferred from its retained earnings and accrued as at December 31, 2021 an amount of QR. 658,117 (2020: QR. 584,118).

INVESTMENT HOLDING GROUP Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

20. EMPLOYEES' END OF SERVICE BENEFITS

	December 31,	
	2021	2020
	QR.	QR.
Balance at the beginning of the year	19,163,176	21,867,578
Formed and reversals during the year	4,007,212	2,120,010
Payments made during the year	(2,931,765)	(4,824,412)
Balance at the end of the year	20,238,623	19,163,176

21. REVENUE

The Group's revenue for the years ended December 31, 2021 and 2020 based on disaggregated data presented in the consolidated profit of loss and other comprehensive income are as follows:

	For the year ended December 31,	
	2021	2020
	QR.	QR.
<u>Disaggregation of revenue – over time</u>		
Contracting revenue	190,219,548	187,061,040
Maintenance revenue	56,445,773	52,816,608
	246,665,321	239,877,648
<u>Disaggregation of revenue – at a point in time</u>		
Trading revenue	116,756,998	80,960,131
Refilling and servicing revenue	407,904	494,537
	117,164,902	81,454,668
Total revenue from contracts with customers	363,830,223	321,332,316

22. DIRECT COSTS

	For the year ended December 31,	
	2021	2020
	QR.	QR.
Materials used	101,234,918	91,090,375
Cost of goods sold (<i>Note 22.1</i>)	70,521,237	55,283,667
Salaries and related costs	66,252,211	62,815,132
Subcontractor costs	17,833,176	23,659,481
Freight and other charges	4,137,082	2,813,452
Finance costs (<i>Note 18</i>)	4,023,331	4,806,936
Depreciation of property and equipment (<i>Note 15</i>)	851,514	1,030,444
Site costs	478,756	1,608,902
Allowance for slow moving items (<i>Note 9</i>)	–	692,910
Miscellaneous	5,699,234	4,822,850
	271,031,459	248,624,149

Note 22.1 Cost of goods sold

	For the year ended December 31,	
	2021	2020
	QR.	QR.
Opening balance of trading inventories and goods in transit (<i>Note 9</i>)	54,583,179	63,826,325
Purchases during the year	71,179,310	53,821,225
Impairment of trading inventories	–	(6,941,341)
Goods available for sale	125,762,489	110,706,209
Closing balance of trading inventories and goods in transit (<i>Note 9</i>)	(54,162,012)	(54,583,179)
Reversal of allowance for slow moving items	(1,079,240)	(839,363)
	70,521,237	55,283,667

INVESTMENT HOLDING GROUP Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

23. OTHER INCOME

	For the year ended December 31,	
	2021	2020
	QR.	QR.
Gain on disposal of property and equipment and investment properties	2,156,488	203,560
Reversal of unrequired provisions for warranties, maintenance and anticipated losses	1,971,366	5,770,627
Reversal of unclaimed payables and accruals	1,720,006	11,680,903
Rental income	1,411,972	2,607,698
Reversal of allowances for impairment	1,176,019	501,640
Interest income	255,118	690,297
Others	3,301,546	3,639,896
	11,992,515	25,094,621

24. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31,	
	2021	2020
	QR.	QR.
Salaries and related benefits	34,125,792	29,513,140
General and office expenses	15,519,669	12,504,532
Amortization of right of use assets (<i>Note 14</i>)	3,751,843	7,816,499
Rent	3,292,486	2,846,602
Depreciation of property and equipment (<i>Note 15</i>)	2,525,158	3,022,163
Professional and legal fees	2,129,685	2,452,549
Management fees	1,512,310	—
Repairs and maintenance expense	1,310,692	882,436
Insurance	1,265,116	1,579,740
Impairment of trade receivables (<i>Note 6.2</i>)	1,170,292	510,372
Electricity and water	1,042,621	113,879
Immigration and visa	912,228	58,377
Conference, exhibition & advertisement	888,252	333,908
Bank charges	721,298	622,969
Vehicle expenses	637,168	214,105
Postage and communication	528,160	507,413
Impairment of other debit balances (<i>Note 6.4</i>)	—	162,358
Impairment of slow-moving items (<i>Note 9</i>)	—	50,000
Others	4,099,486	4,377,450
	75,432,256	67,568,492

25. FINANCE COSTS

	For the year ended December 31,	
	2021	2020
	QR.	QR.
Related to borrowings (<i>Note 18</i>)	9,412,097	11,810,230
Related to lease liabilities (<i>Note 14</i>)	430,592	474,630
	9,842,689	12,284,860

26. BASIC EARNINGS PER SHARE

	For the year ended December 31,	
	2021	2020
Profit attributable to the shareholders of the Company (QR.)	26,324,660	23,364,721
Weighted average numbers of ordinary shares	830,000,000	830,000,000
Basic earnings per share (QR.)	0.032	0.028

INVESTMENT HOLDING GROUP Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

27. NON-CONTROLLING INTERESTS

Summarized below are the financial information in respect of the Group's subsidiaries that have non-controlling interests. This information is based on amounts before inter-company eliminations.

27.1 Proportion of equity interest held by non-controlling interests:

Subsidiary name	Country of incorporation and operation	December 31,	
		2021	2020
Electro Mechanical Engineering Company W.L.L. (EMEC)	Qatar	31.5%	31.5%
Debbas Enterprises Qatar W.L.L. (DEQ)	Qatar	49%	49%
Trelco Building Materials Company W.L.L. (TBMC)	Qatar	15%	15%

27.2 Accumulated balances of non-controlling interests:

	December 31,	
	2021	2020
	QR.	QR.
Electro Mechanical Engineering Company W.L.L. (EMEC)	(5,842,715)	3,015,000
Debbas Enterprises Qatar W.L.L. (DEQ)	11,489,610	8,057,650
Trelco Building Materials Company W.L.L. (TBMC)	(1,261,928)	(1,478,796)
	<u>4,384,967</u>	<u>9,593,854</u>

27.3 Profit/(Loss) allocated to non-controlling interests:

	For the year ended December 31,	
	2021	2020
	QR.	QR.
Construction Development Contracting and Trading Co. W.L.L.	—	(820,146)
Electro Mechanical Engineering Company W.L.L.	(8,857,715)	252,588
Debbas Enterprises Qatar W.L.L.	3,431,960	4,277,894
Trelco Building Materials Company W.L.L.	216,868	70,857
	<u>(5,208,887)</u>	<u>3,781,193</u>

27.4 Summarized statement of financial position and profit or loss for the year ended December 31, 2021:

	EMEC	DEQ	TBMC
	QR.	QR.	QR.
Current assets	<u>76,132,835</u>	<u>168,480,675</u>	<u>34,767,670</u>
Non-current assets	<u>6,453,282</u>	<u>9,442,809</u>	<u>13,229</u>
Current liabilities	<u>80,431,664</u>	<u>148,510,895</u>	<u>43,830,501</u>
Non-current liabilities	<u>20,156,868</u>	<u>4,635,025</u>	<u>410,123</u>
Revenue	<u>9,397,651</u>	<u>61,469,070</u>	<u>19,127,309</u>
Net (loss)/profit for the year	<u>(28,119,729)</u>	<u>7,004,000</u>	<u>1,445,784</u>

Summarized statement of financial position and profit or loss for the year ended December 31, 2020:

	EMEC	DEQ	TBMC
	QR.	QR.	QR.
Current assets	<u>103,385,612</u>	<u>173,898,016</u>	<u>36,488,247</u>
Non-current assets	<u>10,162,286</u>	<u>6,122,168</u>	<u>29,669</u>
Current liabilities	<u>(84,588,771)</u>	<u>(158,293,739)</u>	<u>(41,656,146)</u>
Non-current liabilities	<u>(18,841,808)</u>	<u>(3,952,879)</u>	<u>(915,111)</u>
Revenue	<u>52,574,961</u>	<u>69,449,735</u>	<u>17,831,054</u>
Net profit for the year	<u>801,867</u>	<u>8,730,396</u>	<u>472,376</u>

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

27. NON-CONTROLLING INTERESTS (CONTINUED)

27.5 Summarized statement of cash flows for the year ended December 31, 2021:

	EMEC. QR.	DEQ QR.	TBMC QR.
Net cash generated by/(used in) operating activities	7,510,130	(972,998)	733,889
Net cash used in investing activities	(27,789)	(1,649,496)	—
Net cash (used in)/generated from financing activities	(9,272,200)	6,230,517	—
Net (decrease)/increase in cash and cash equivalents	<u>(1,789,859)</u>	<u>3,608,023</u>	<u>733,889</u>

Summarized statement of cash flows for the year ended December 31, 2020:

	EMEC. QR.	DEQ QR.	TBMC QR.
Net cash (used in)/generated by operating activities	(12,003,722)	3,795,712	28,926,520
Net cash used in investing activities	(10,100)	—	(1,700)
Net cash (used in)/generated from financing activities	23,355,263	(2,459,777)	(207,900)
Net increase in cash and cash equivalents	<u>11,341,441</u>	<u>1,335,935</u>	<u>28,716,920</u>

28. SEGMENT INFORMATION

Information reported 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 sales maintenance and services.
5. *Others*: This represents 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, these individual operating segments are aggregated into a single operating unit taking into account the following criteria:

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

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

28. SEGMENT INFORMATION (CONTINUED)

Geographical segments

The Group has not diversified its activities outside of the State of Qatar; therefore, majority of the Group assets are located within Qatar. Accordingly, there are no distinctly identifiable geographical segments in the Group for the years ended 31 December 2021 and 2020.

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.

	Contracting QR.	Specialized Contracting QR.	Trading QR.	Water treatment and related maintenance QR.	Parent QR.	Total segments QR.	Adjustments and eliminations QR.	Consolidated QR.
December 31, 2021								
Revenue	34,567,556	188,909,343	46,178,927	95,816,923	–	365,472,749	(1,642,527)	363,830,222
Finance costs	(203,322)	(682,602)	(1,762,969)	(534,179)	(6,659,617)	(9,842,689)	–	(9,842,689)
Depreciation and amortization	(1,262,275)	(1,368,174)	(1,561,747)	(2,548,431)	(387,888)	(7,128,515)	–	(7,128,515)
Profit/(loss) for the year	1,521,698	20,261,521	12,546,798	10,652,938	17,561,940	62,544,895	(41,429,122)	21,115,773
Total assets	27,963,541	385,238,439	190,699,903	125,025,384	1,128,084,877	1,857,012,144	(438,786,559)	1,418,225,585
Total liabilities	30,918,611	277,920,528	73,151,992	71,544,455	201,992,288	655,527,874	(99,810,661)	555,717,213
	Contracting QR.	Specialized Contracting QR.	Trading QR.	Water treatment and related maintenance QR.	Parent QR.	Total segments QR.	Adjustments and eliminations QR.	Consolidated QR.
December 31, 2020								
Revenue	10,522,009	209,027,318	38,777,520	65,165,494	–	323,492,341	(2,160,025)	321,332,316
Finance costs	(283,957)	(3,864,258)	(1,038,535)	(906,405)	(6,191,705)	(12,284,860)	–	(12,284,860)
Depreciation and amortization	(1,472,080)	(1,440,161)	(341,841)	(7,635,861)	(979,163)	(11,869,106)	–	(11,869,106)
(Loss)/Profit for the year	(6,092,660)	38,266,154	9,543,761	6,354,958	10,769,635	58,841,848	(31,695,934)	27,145,914
Total assets	25,766,188	404,515,366	181,497,837	92,656,381	1,128,176,569	1,832,612,341	(458,580,898)	1,374,031,443
Total liabilities	30,434,986	291,446,463	62,703,266	49,828,392	200,722,527	635,135,634	(103,154,907)	531,980,727

INVESTMENT HOLDING GROUP Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

29. INTEREST IN JOINT OPERATIONS

The Group had entered into an unincorporated joint arrangement through its subsidiary Debbas Enterprises Qatar Q.L.L. 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 "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. However, one of the shareholders, ETA Star Engineering and Contracting W.L.L. is under liquidation.

	2021	2020
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 years ended December 31, 2021 and 2020:

Extracts from the financial statements of Joint Operations are as follows	December 31,	
	2021	2020
	QR.	QR.
Total assets	215,358,715	215,554,625
Total liabilities	220,504,133	224,325,752
Net profit for the year	3,625,710	2,571,417
Contingent liabilities	43,000,000	43,000,000

Following is the Group's share of assets, liabilities, net profit and contingent liabilities in the Joint Operation for the years ended December 31:

	December 31,	
	2021	2020
	QR.	QR.
Total assets	107,679,357	107,777,313
Total liabilities	110,252,066	112,162,876
Share in net profit	1,812,855	1,285,709
Contingent liabilities	21,500,000	21,500,000

30. CONTINGENCIES AND COMMITMENTS

	December 31,	
	2021	2020
	QR.	QR.
Letter of guarantees	48,520,513	66,950,957
Performance bonds	46,797,520	60,742,336
Letters of credit	18,004,598	9,380,038
Advance payment guarantees	14,500,479	7,469,125
Tender bonds	12,584,000	2,065,943

INVESTMENT HOLDING GROUP Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 2020 amounted to QR 152,696,565 (2019: QR. 148,463,224), of which the Group's share is QR. 76,048,233 (2019: 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 amounting to QR. 43,000,000
- Corporate guarantee from Debbas Enterprises – Qatar, W.L.L amounting to QR. 276,000,000
- Corporate guarantee from ETA Star Engineering and Trading – W.L.L (Under liquidation) amounting 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 from 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.
- D. Referring to the above cases, on January 2019, the court hearing, lawsuit no. 568/2018 transferred the case to the court hearing, lawsuit 2926/2018 in order for the two lawsuits to move in parallel due to their interdependency.
- E. On March 21, 2019, the Court of First Instance decided to combine the two cases, case numbers 568/18 and 2926/16. Subsequently, on April 30, 2019, the Court decided to delegate the case to a panel of experts. Several meetings and exchanges were conducted between the experts and each of the parties (plaintiffs and defendant) in addition to a visit conducted at the site. The court adjourned the sessions on numerous occasions to allow some time to experts to consolidate and submit their findings which were further delayed and affected by COVID-19 situations.

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

31. LEGAL CASES (CONTINUED)

- F. Based on the results of the investigations performed by appointed independent experts of EDJV and as approved by the Court on May 2017, to provide an impartial assessment of the merit and quantum of each claim before taking the decision to invoke the dispute resolution clause and subsequently instigate the legal proceedings, the independent experts concluded that EDJV was entitled to a total amount of QR. 209,023,312 whereas, the experts could not quantitatively provide an assessment to previous claims amounting to QR 207,635,459 and QR. 66,502,015 due to insufficient substantiation and for falling outside the scope of engineering expertise. The number of claims for extension of time, loss and expenses were prepared using a widely known and approved approach across the construction industry and under the supervision of independent specialized claims consultant company.

Based on the foregoing, the Joint Operation strongly believes that (i) SMJV will be dismissed by the Court as SMJV were ready to make a settlement pay of QAR 23 million to EDJV to close the final account and negotiate further beyond this amount to narrow the gap between the two assessments; (ii) the amount ruled by the Court to be paid by SMJV/Qatari Diar will largely exceed Ahlibank's liabilities. Hence, the Group do not expect any material contingencies to arise from the above lawsuits which would require disclosures or additional provisions in the consolidated financial statements as of 31 December 2021 and 2020.

31.2 Other litigations

One of the local banks filed a lawsuit against the Group and other parties to claim an amount of QR. 12.5 million based on a facility agreement and corporate guarantees signed by IHG and the other parties with the bank during December 2012. As of reporting date, the lawsuit is still ongoing with the uncertainty of its outcome.

32. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk and
- Interest rate 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.

The tables below detail the credit quality of the Group's financial assets:

	December 31,	
	2021	2020
	QR.	QR.
Trade receivables and other debit balances	242,944,459	182,740,055
Due from related parties	15,771,406	17,428,088
Contract assets	188,376,794	208,631,763
Retention receivables	75,030,766	69,287,884
Cash in banks	39,762,125	39,469,492
	<u>561,885,550</u>	<u>517,557,282</u>

INVESTMENT HOLDING GROUP Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2021 and 2020.

	December 31,	
	2021	2020
	QR.	QR.
Aging of trade receivables		
0- 30 days	43,712,156	50,203,034
30 - 60 days	20,106,912	8,385,338
61 - 90 days	9,043,302	4,899,190
91 - 180 days	33,207,673	14,346,682
181 - 365 days	26,964,817	13,291,639
More than 365 days	29,147,983	40,470,848
Total gross trade receivables	162,182,843	131,596,731
Less: allowance for impairment of trade receivables	(10,000,395)	(9,625,790)
Net trade receivables	152,182,448	121,970,941

	December 31,	
	2021	2020
	QR.	QR.
Other debit balances	89,505,649	62,254,714
Less: allowance for impairment of other receivables	(1,739,378)	(1,901,736)
	87,766,271	60,352,978

The movements in the allowance for expected credit losses is disclosed in Note 6.

Cash in banks

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

	December 31,	
	2021	2020
	QR.	QR.
Cash in banks	39,762,125	39,469,492

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 immaterial.

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.

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	Contractual cash flows		
	Gross carrying amount	Within one year	1-5 years
	QR.	QR.	QR.
December 31, 2021			
<i>Non-derivative financial liabilities</i>			
Bank overdrafts and borrowings	346,187,401	242,916,401	103,271,000
Lease liabilities	17,060,432	5,651,461	11,408,971
Due to related parties	6,974,284	6,974,284	—
Retention payables	2,594,491	1,262,223	1,332,268
Dividends payable	2,131,634	2,131,634	—
Trade and other payables	137,732,455	137,732,455	—
	512,680,697	396,668,458	116,012,239

	Contractual cash flows		
	Gross carrying amount	Within one year	1-5 years
	QR.	QR.	QR.
December 31, 2020			
<i>Non-derivative financial liabilities</i>			
Bank overdrafts and borrowings	349,575,909	224,222,838	125,353,071
Lease liabilities	2,878,373	1,780,648	1,097,725
Due to related parties	8,937,880	8,937,880	—
Retention payables	4,497,960	3,685,944	812,016
Dividends payable	3,466,308	3,466,308	—
Trade and other payables	114,673,290	114,673,290	—
	484,029,720	356,766,908	127,262,812

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.

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.

Interest rate sensitivity analysis

The Group is exposed to interest rate risk mainly on bank borrowing and overdrafts. A 1% increase or decrease is used when reporting interest rate risk to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If the interest rates had been 1% higher/lower and all other variables were held constant, the Group's net income would be impacted as follows:

	December 31,	
	2021 QR.	2020 QR.
Bank overdrafts (Note 5)	9,299,924	9,396,089
Project finance (Note 18)	19,823,119	19,861,058
Import loans (Note 18)	79,133,968	75,179,897
Demand loans (Note 18)	18,569,942	18,569,942
Term loans (Note 18)	73,345,363	73,531,120
Musawama loans (Note 18)	75,000,001	91,666,667
Total bank exposure subject to interest rate risk	275,172,317	288,204,773
1% increase / decrease effect on net income	2,751,723	2,882,048

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

33. IMPACT OF COVID-19

In March 2020, COVID-19 was declared a pandemic by WHO (World Health Organization) and is causing disruptions to business and economic activities across the globe. The local government system in Qatar has announced various measures to support businesses to mitigate possible adverse impact due to the pandemic. The Group continues to monitor the situation and the Group's management have taken measures to continue the operations with minimal disruptions and also have risk management plans in place to manage potential disruptions in the future.

Due to the prevailing uncertain situation, the Group management have revisited its judgements, estimates and risk management objectives and have considered the potential impacts of the current volatility in determining the reported amounts of the Group's financial and non-financial assets as at December 31, 2021 and 2020.

Going concern

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. The Group has been profitable, and it had positive net asset (equity), 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 consolidated financial statements continue to be prepared on a going concern basis.

The Group continues to monitor the situation closely and the Group's management have taken measures to manage potential business disruptions from COVID -19 that may have on the Group's operations and financial performance in 2021 and in the future.

Expected credit losses ("ECL") and impairment of financial assets

The uncertainties caused by COVID-19 have required the Group to reassess the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at December 31, 2021. The Group has updated the relevant forward-looking information with respect to the weightage of the relevant macroeconomic scenarios of the market; increase in credit risk; and assessing the indicators of impairment for the exposures in potentially affected sectors.

Commitments and contingent liabilities

The management of the Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group entities, customers and suppliers, to determine if there is any potential increase in contingent liabilities and commitments.

34. REVERSE ACQUISITION TRANSACTION

On April 7, 2021, IHG announced a potential investment opportunity to acquire Elegancia Group Holding W.L.L. ("EG") (Formerly known as Elegancia Group Administrative Consultancy W.L.L.) and its subsidiaries through a reverse acquisition transaction (the "Transaction")

As a result, IHG will issue new shares to the existing owners of EG. The former shareholders of EG will own the majority of new shares to be issued and control the majority of votes in the Group by exchanging their shares for the new shares of IHG. Accordingly, IHG will be legal acquirer and EG will be the accounting acquirer for accounting purposes.

On October 12, 2021, IHG's board of directors approved the Transaction based on exchange ratios agreed by both parties.

All required documentations related to the Transaction have been submitted to Qatar Financial Markets Authorities (QFMA). Legal formalities related to the Transaction are still in process.

35. COMPARATIVE FIGURES

Certain amounts in the comparative figures of the consolidated financial statements and notes to the consolidated financial statements have been reclassified to conform to the current year's presentation. Management believes that reclassification resulted to a better presentation of accounts and did not have any significant impact on prior year's net income.