INVESTMENT HOLDING GROUP - Q.P.S.C

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE BOARD OF DIRECTORS
INVESTMENT HOLDING GROUP (Q.P.S.C.)
DOHA – QATAR

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of **Investment Holding Group Q.P.S.C** (the "Company") and its subsidiaries (together referred to as the "Group") as at and for the six month period ended June 30, 2019 which comprise of the interim consolidated financial position as at June 30, 2019, interim consolidated statement of profit or loss, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended and notes to the interim condensed consolidated financial statements.

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Investment Holding Group (Q.P.S.C) for the six-month period ended June 30, 2019 are not prepared, in all material respects, in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

Emphasis of Matters

1- We draw attention to note 22 to the accompanying interim condensed consolidated financial statements, in respect of the following matters,

(a) in the prior year, the Group has initiated legal proceedings against the main contractor of a particular project and as per the Group's external legal advisor, the claim filed, stands a reasonable chance of success.

(b) the Group legal proceedings initiated by a local bank requiring to settle the outstanding loan balance which secured by Corporate/ Personal Guarantees.

The Group does not expect any material contingent liabilities to arise from the above lawsuits.

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Emphasis of Matters (Continued)

2- We draw attention to note no. 11 to the accompanying interim condensed consolidated financial statements which describes recognition of goodwill. the management has recognised internally generated goodwill amounting to QR. 711,492,489 arising from evaluation of the Company and its subsidiaries due to transferring of the Company's legal status from Limited Liability Company to Qatari Public Shareholding Company, although, this matter is not in conformity with IAS 38" Intangible Assets", due to legal considerations represented by determining the Company's share capital at QR. 830 Million by H.E the Minister of Economy and Commerce and the later approvals by the Ministry of Economy and Commerce and the approvals of Qatar Financial Market Authority and Qatar Stock Exchange on the share capital as well as the Initial Public Offer in which the Prospectus took the same approach. Then the shareholders' approved the same in their Constituent General Assembly. As a result of all these, it became inevitable to recognise internally generated goodwill in the Company's books of account.

Our conclusion is not modified in respect of the above matters.

Rödl & Partner – Qatar branch
Certified Public Accountants

Doha –Qatar
August 4, 2019

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30 June 2019 QR (Reviewed)	31 December 2018 QR (Audited)
ASSETS			
Current assets			
Bank balances and cash	5	**46,177,633**	79,952,464
Accounts receivable and other debit balances	6	**202,200,340**	169,958,891
Gross amounts due from customers on contract work		**200,735,499**	201,198,975
Due from related parties	7 (a)	**30,680,574**	30,910,519
Inventories	8	**61,027,079**	78,662,759
Total current assets		**540,821,125**	560,683,608
Non-current assets			
Retention receivables		**42,516,390**	44,620,556
Financial assets at fair value through profit or loss		**31,000,000**	31,000,000
Goodwill	11	**711,492,489**	711,492,489
Investment properties	9	**17,528,771**	959,146
Right-of-use assets	3	**5,618,328**	-
Property and equipment	10	**20,213,084**	21,337,574
Total non-current assets		**828,369,062**	809,409,765
TOTAL ASSETS		**1,369,190,187**	1,370,093,373
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**830,000,000**	830,000,000
Legal reserve	13	**8,857,760**	8,857,760
Other reserve		**(152,508,123)**	(152,508,123)
Revaluation reserve		**14,625,000**	-
Retained earnings		**69,471,983**	62,383,494
Equity attributable to shareholders of the parent		**770,446,620**	748,733,131
Non-controlling interests	20	**24,408,988**	24,766,544
Total Equity		**794,855,608**	773,499,675

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

	Notes	*30 June 2019 QR (Reviewed)*	*31 December 2018 QR (Audited)*
Liabilities			
Current liabilities			
Bank overdrafts	5	**62,311,186**	70,246,568
Borrowings	14	**143,966,907**	141,972,244
Lease liabilities	3	**2,959,937**	-
Due to related parties	7 (b)	**52,673,230**	63,030,367
Gross amounts due to customers on contract work		**11,690,692**	18,308,856
Dividend payable		**4,269,669**	3,292,812
Accounts payable and accruals	15	**183,769,163**	184,872,422
Total current liabilities		**461,640,784**	481,723,269
Non-current liabilities			
Borrowings	14	**83,807,432**	87,795,993
Lease liabilities	3	**3,043,991**	-
Retentions payable		**1,918,879**	1,881,032
Provision for employees' end of service benefits	16	**23,923,493**	25,193,404
Total non-current liabilities		**112,693,795**	114,870,429
Total liabilities		**574,334,579**	596,593,698
TOTAL EQUITY AND LIABILITIES		**1,369,190,187**	1,370,093,373

These interim condensed consolidated financial statements were approved by the Board of Directors and signed on their behalf by the following on 4 August 2019.

Abdulaziz Ghanim Sultan Al Hodaifi
Board Member

Samer Wahbeh
Group Chief Executive Officer

Mohmmed Ahmad Abdalla
Group Financial Controller

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six-month period ended 30 June 2019

	Notes	For the six-month period ended 30 June, 2019 QR (Reviewed)	2018 QR (Reviewed)
Revenue	17	**211,696,572**	220,426,621
Direct cost		**(159,623,829)**	(157,867,588)
Gross profit		**52,072,743**	62,559,033
Gain on financial assets at FVTPL		**-**	28,750,000
Other income		**13,226,804**	10,299,939
Fair value gain/(loss) on investment properties		**1,944,625**	(302,875)
General and administrative expenses	18	**(30,267,098)**	(64,274,619)
Finance cost		**(7,536,141)**	(5,822,895)
Profit for the period		**29,440,933**	31,208,583
Profit attributable to:			
Shareholders of the parent		**27,838,489**	23,328,337
Non-controlling interests		**1,602,444**	7,880,246
Total profit for the period		**29,440,933**	31,208,583
Basic earnings per share (Qatari Riyals)	19	**0.034**	0.028

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2019

	Notes	*For the six-month period ended 30 June,* 2019 QR (Reviewed)	2018 QR (Reviewed)
Profit for the period		**29,440,933**	31,208,583
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Revaluation surplus upon the transfer of property and equipment to investment property	9	**14,625,000**	-
Other comprehensive income for the period		**14,625,000**	-
Total comprehensive income		**44,065,933**	31,208,583
Total comprehensive income attributable to:			
Shareholders of the Parent		**42,463,489**	23,328,337
Non-controlling interests		**1,602,444**	7,880,246
		44,065,933	31,208,583

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six-month period ended 30 June 2019

	Attributable to shareholders of the parent							
	Share capital QR	*Legal reserve QR*	*Revaluation reserve QR*	*Other reserve QR*	*Retained earnings QR*	*Total QR*	*Non-controlling interest QR*	*Total equity QR*
Balance as at 1 January 2019 (Audited)	**830,000,000**	**8,857,760**	**-**	**(152,508,123)**	**62,383,494**	**748,733,131**	**24,766,544**	**773,499,675**
Profit for the period	**-**	**-**	**-**	**-**	**27,838,489**	**27,838,489**	**1,602,444**	**29,440,933**
Other comprehensive income	**-**	**-**	**14,625,000**	**-**	**-**	**14,625,000**	**-**	**14,625,000**
Total comprehensive income	**-**	**-**	**14,625,000**	**-**	**27,838,489**	**42,463,489**	**1,602,444**	**44,065,933**
Dividends distribution	**-**	**-**	**-**	**-**	**(20,750,000)**	**(20,750,000)**	**(1,960,000)**	**(22,710,000)**
Balance at 30 June 2019 (Reviewed)	**830,000,000**	**8,857,760**	**14,625,000**	**(152,508,123)**	**69,471,983**	**770,446,620**	**24,408,988**	**794,855,608**
Balance at 1 January 2018 (audited)	830,000,000	696,902	-	-	38,997,240	869,694,142	85,777,141	955,471,283
Impact of IFRS 9 implementation at January 1, 2018	-	-	-	-	(5,348,134)	(5,348,134)	(1,434,110)	(6,782,244)
Impact of IFRS 15 implementation at January 1, 2018	-	-	-	-	741,948	741,948	486,442	1,228,390
Balance at January 1, 2018 - adjusted	830,000,000	696,902	-	-	34,391,054	865,087,956	84,829,473	949,917,429
Total comprehensive income	-	-	-	-	23,328,337	23,328,337	7,880,246	31,208,583
Dividends distribution	-	-	-	-	(20,750,000)	(20,750,000)	(22,265,872)	(43,015,872)
Balance at 30 June 2018	830,000,000	696,902	-	-	36,969,391	867,666,293	70,443,847	938,110,140

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2019

	Notes	*For the six-month period ended 30 June* 2019 Reviewed QR	2018 QR
OPERATING ACTIVITIES			
Profit for the period		**29,440,933**	31,208,583
Adjustments for:			
Depreciation of property and equipment and right-of-use assets		**4,235,946**	2,932,974
Fair value (gain)/loss from investment properties		**(1,944,625)**	302,875
Allowance for obsolete and slow-moving items		**-**	9,984,290
Allowance for expected credit losses		**264,176**	4,479,398
(Gain)/loss from sale of property and equipment		**(371,406)**	15,598
Interest income		**(469,627)**	-
Fair value gains from financial assets		**-**	(28,750,000)
Finance cost		**7,536,141**	5,822,895
Provision for employees' end of service benefits		**1,586,985**	2,508,014
Operating profit before working capital changes		**40,278,523**	28,504,627
Working capital adjustments:			
Inventories		**17,635,680**	(12,508,519)
Due from/to related parties		**(10,127,192)**	3,780,894
Gross amount due from/to customers on contract work		**(6,154,688)**	(32,114,569)
Accounts receivable and other debit balances		**(32,505,625)**	4,867,879
Accounts payable and accruals		**(1,103,259)**	29,052,814
Retentions receivable		**2,104,166**	4,633,919
Retentions payable		**37,847**	188,370
Cash flows from operating activities		**10,165,452**	26,405,415
Interest received		**469,627**	-
Finance cost paid		**(7,536,141)**	(5,822,895)
Employees' end of service benefits paid		**(2,856,896)**	(5,855,772)
Net cash flows generated from operating activities		**242,042**	14,726,748
INVESTING ACTIVITIES			
Acquisition of property and equipment		**(1,673,143)**	(2,107,716)
Proceeds from sale of property and equipment		**473,362**	-
Net cash used in investing activities		**(1,199,781)**	(2,107,716)
FINANCING ACTIVITIES			
Net movements in bank loans and borrowings		**(1,993,898)**	(784,150)
Payment of lease liabilities	3	**(1,154,669)**	-
Dividend paid		**(21,733,143)**	(42,389,079)
Net cash used in financing activities		**(24,881,710)**	(43,173,229)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(25,839,449)**	(30,554,197)
Cash and cash equivalents at the beginning of the period		**9,705,896**	66,376,260
Cash and cash equivalents at the end of the period	5	**(16,133,553)**	35,822,063

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

1. GENERAL INFORMATION

Investment Holding Group Q.P.S.C ("The Company or the Parent") is registered in the State of Qatar under Commercial Registration No. 39127 which has been amended by converting the legal status of the company from a limited liability company to Qatari public shareholding company effective 11 of May 2017.

The Company is engaged in various types of investments inside the State of Qatar in accordance with sound commercial and economic practices.

Before this date, the company was registered under the same commercial registration No. 39127 as a limited liability from 11th of May 2008.

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

Name of entities	*Principal activity*	*Country of incorporation*	*Ultimate ownership interest*	
			June 30, *2019*	**December 31,** *2018*
Consolidated Engineering Systems Company W.L.L	Mainly engaged in trading in fire alarms, security systems and related contracting activities.	Qatar	**100%**	100%
Trelco Limited W.L.L	Mainly engaged in various trading activities.	Qatar	**100%**	100%
Consolidated Supplies Company W.L.L	Mainly engaged in trading of electrical and construction materials.	Qatar	**100%**	100%
Water master (Qatar) Company W.L.L	Mainly engaged in water treatment contracting activities.	Qatar	**63.3%**	63.3%
Electro Mechanical Engineering Company W.L.L	Mainly engaged in installation and maintenance of electro mechanical works.	Qatar	**68.5%**	68.5%
Construction Development Contracting & Trading Company W.L.L	Mainly engaged in the contracting activities and trading in building materials.	Qatar	**51%**	51%
Debbas Enterprises - Qatar W.L.L	Mainly engaged in trading in electrical equipment, switch gear, light and instrument electrical tools, electromechanical equipment installation and maintenance works.	Qatar	**51%**	51%
Trelco Building Materials Company – W.L.L	Mainly engaged in trading of wood, steel and building materials.	Qatar	**85%**	85%

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months period ended 30 June 2019 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and have been presented in Qatari Riyals which is the functional and presentation currency of the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018. In addition, results for the six months ended 30 June 2019 are not necessarily indicative of the results that maybe expected for the financial year ending 31 December 2019.

The consolidated financial statements of the Group as at and for the year ended 31 December 2018 are available upon request from the Company's registered office or at www.ihgqatar.com.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of the interim condensed consolidated financial statements requires management of the Group to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2018.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards and interpretations effective as of 1 January 2019.

The following amended accounting standard became effective in 2019 and have been adopted by the Group in preparation of these interim condensed consolidated financial statements as applicable. Whilst they did not have any material impact on these interim condensed consolidated financial statements, they may require additional disclosures in the annual financial statements for the year ending 31 December 2019:

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

During the current period, the Group adopted the below amendments and improvements to the International Financial Reporting Standards that are effective for annual periods beginning on 1 January 2019:

Annual Improvement 2015-2017 Cycle
IFRS 3 Business Combination
IFRS 11 Joint Arrangements
IAS 12 Income taxes
IAS 23 Borrowing Costs
Other changes
IFRIC Interpretation 23 Uncertainty over Income Tax treatment
Amendments to IFRS 9: Prepayment Features with Negative Compensation
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
Amendments to IAS 28: Long-term interests in associates and joint ventures

The adoption of the above amendments and improvements had no significant impact on the interim condensed consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below.

IFRS 16 Leases
IFRS 16 supersedes the IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC -27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and required lessees to account for most leases under a single on-balance sheet model.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and amended standards and interpretations adopted by the Group (continued)

IFRS 16 Leases (continued)
Lessor accounting under IFRS 16 is substantially unchanged from IAS 17, Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 as at 1 January 2019 is as follows:

Impact on the interim consolidated statement of financial position:

	30 June 2019 *QR* *(Reviewed)*	*1 January 2019* *QR* *(Unaudited)*
Assets		
Right-of-use assets	**5,618,328**	**7,158,597**
Liabilities		
Lease liabilities	**6,003,928**	**7,158,597**

The lease liability is presented in the interim consolidated statement of financial position as at 30 June 2019 as follows:

	QR *(Reviewed)*
Non-current	**3,043,991**
Current	**2,959,937**
	6,003,928

Impact on the interim consolidated statement of profit or loss for the six-month period ended 30 June 2019:

	QR *(Reviewed)*
Depreciation expense on right-of-use assets	**1,540,269**
Finance cost on lease liabilities	**132,930**
Total cash outflow from leases (Lease payments)	**1,154,669**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and amended standards and interpretations adopted by the Group (continued)

IFRS 16 Leases (continued)
The following is a reconciliation of total operating lease commitments at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

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

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various staff accommodation and office premises. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases when it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liability to make lease payments and right of use assets representing the right to use the underlying assets.

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right-of-use assets
The Group recognises right -of-use assets at the commencement date of the lease (i.e., the date underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re measurement of lease liabilities. The cost of right -of-use assets includes the amount of leased liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right -of-use assets are depreciated on a straight line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the Commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and amended standards and interpretations adopted by the Group (continued)

Short-term leases
The Group applies the short-term lease recognition exemption to its short-term leases of buildings (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Topics	*Effective date*
Amendments to IFRS 3	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IAS 1 and IAS 8 on 'Definition of Material'	1 January 2020
IFRS 17 Insurance Contracts	1 January 2022
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date to be determined

4. USE OF JUDGMENTS AND ESTIMATES

In preparing the interim condensed consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018.

In the process of applying the Group's accounting policies, management has made following judgements apart from those involving estimations which have the most significant effect on the amounts recognised in the interim condensed consolidated financial statements.

Determining the lease term of contracts with renewal option.
The Group determines the lease term as the non – cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the renewal. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g, a change in business strategy.)

5. BANK BALANCES AND CASH

	30 June 2019 QR (Reviewed)	*31 December 2018 QR (Audited)*
Cash in hand and at bank	**44,607,217**	66,240,702
Bank margin	**1,570,416**	6,711,762
Short term deposits	**-**	7,000,000
Total cash and short-term deposits	**46,177,633**	79,952,464
Less; Bank overdrafts	**(62,311,186)**	(70,246,568)
Cash and cash equivalents for the period/year	**(16,133,553)**	9,705,896

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

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	30 June 2019 QR (Reviewed)	*31 December 2018 QR (Audited)*
Trade receivables - net	**133,992,601**	102,770,923
Retention receivable	**32,977,966**	37,033,953
Prepaid expenses	**3,682,545**	2,239,817
Other debit balances	**31,547,228**	27,914,198
	202,200,340	169,958,891

7. RELATED PARTY DISCLOSURE

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

	30 June 2019 QR (Reviewed)	*31 December 2018 QR (Audited)*
a) Due from related parties		
Al Hodaifi Group - W.L.L. and its subsidiaries	**23,943,099**	26,076,842
Others	**6,737,475**	4,833,677
	30,680,574	30,910,519
b) Due to related parties		
Existing Shareholders	**6,893,467**	6,893,467
Al Hodaifi Group W.L.L. and its subsidiaries	**5,466,248**	4,623,738
Others	**40,313,515**	51,513,162
	52,673,230	63,030,367

8. INVENTORIES

	30 June 2019 QR (Reviewed)	*31 December 2018 QR (Audited)*
Trading inventories	**64,342,629**	76,014,180
Raw material	**7,328,483**	7,434,002
Goods in transit	**-**	6,361,311
	71,671,112	89,809,493
Less; Allowance for obsolete and slow-moving items	**(10,644,033)**	(11,146,734)
	61,027,079	78,662,759

9. INVESTMENT PROPERTIES

	30 June 2019 QR (Reviewed)	*31 December 2018 QR (Audited)*
Balance at beginning of the period /year	**959,146**	1,564,919
Additions	**2,451,403**	-
Transfer from property and equipment – Cost - (Note 10)	**4,189,483**	-
Transfer from property and equipment – Depreciation - (Note 10)	**(4,189,483)**	-
Remeasurement adjustment– (Note i)	**14,625,000**	-
Changes in fair value	**1,944,625**	(605,773)
Impairment	**(2,451,403)**	-
Closing balance at the end of period/ year	**17,528,771**	959,146

Note – i

The difference between the carrying value and the fair value applicable to the portion considered as investment property at the date of change in use was recognized as remeasurement adjustment amounting to QR 14,625,000 which has been recognised in the consolidated statement of comprehensive income.

10. PROPERTY AND EQUIPMENT

	30 June 2019 QR (Reviewed)	31 December 2018 QR (Audited)
Cost:		
At the beginning of the period/year	**72,404,990**	65,116,682
Additions	**1,673,143**	7,974,262
Transfer to investment properties – (Note i)	**(4,189,483)**	-
Disposals	**(580,700)**	(685,954)
Total cost at the end of period/year	**69,307,950**	72,404,990
Accumulated Depreciation:		
At the beginning of the period/year	**51,067,416**	45,472,240
Charge for the period/year	**2,695,677**	5,864,415
Relating to transfer to investment properties – (Note i)	**(4,189,483)**	-
Relating to disposals	**(478,744)**	(269,239)
Accumulated depreciation at the end of period/year	**49,094,866**	51,067,416
Net carrying amount at the end of the period/year	**20,213,084**	21,337,574

Deprecation charge has been allocated in the interim consolidated statement of profit or loss as follows:

	For the six-month period ended 30 June	
	2019 QR (Reviewed)	2018 QR (Reviewed)
Direct cost	**884,361**	926,649
General and administrative expenses	**1,811,316**	2,006,325
	2,695,677	2,932,974

Note – i

At the beginning of the year 2019, a portion of accommodation property was transferred from property and equipment to investment property at net carrying value due to the change in use as evidenced by renting to third parties. The cost and accumulated depreciation pertaining to such accommodation property amounted to QR. 4,189,483 at the date of transfer.

11. GOODWILL

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

12. SHARE CAPITAL

	30 June 2019 QR (Reviewed)	*31 December 2018 QR (Audited)*
Issued capital:		
830,000,000 ordinary shares with nominal value of QR 1 each (2018: 83,000,000 ordinary shares with nominal value of QR 10 each)	**830,000,000**	830,000,000

Cash dividend paid
During the period, the Company's General Assembly Meeting held on 14 April 2019 has approved to declare a cash dividend of QR 0.25 per share totalling to QR 20,750,000 for the year 2018 (30 June 2018: QR. 0.25 per share totalling to QR 20,750,000 for the year 2017).

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

As a result, the Company's shares has been increased from 83,000,000 shares (with par value QR. 10) to 830,000,000 (with par value QR. 1). The listing of the new shares on Qatar Exchange was effective on 23 June 2019, consequently, weighted average number of shares has been retrospectively adjusted.

13. LEGAL RESERVE

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

14. BORROWINGS

	30 June 2019 QR (Reviewed)	*31 December 2018 QR (Audited)*
Project financing – (i)	**7,467,895**	12,680,188
Import loans – (ii)	**59,001,323**	54,690,163
Demand loans - (iii)	**18,569,942**	18,562,947
Term loans - (iv)	**13,919,251**	17,063,054
Musawama loan - (v)	**100,000,000**	100,000,000
Murabaha loan	**28,746,595**	26,689,553
Vehicle loan	**69,333**	82,332
	227,774,339	229,768,237

14. BORROWINGS (CONTINUED)

Borrowings are presented in the interim consolidated statement of financial position as follows:

	30 June 2019 QR (Reviewed)	*31 December 2018 QR (Audited)*
Current portion	**143,966,907**	141,972,244
Non-current portion	**83,807,432**	87,795,993
	227,774,339	229,768,237

(i) Project financing

The Group entered into loans that are utilized to finance its existing projects. These loans are settled within 4 to 10 months from the progress payments paid by the client and bear an interest rate ranging from 5% to 6.75% (2018: 5.5% to 6.75%). The non-current portion refers to the project cash loans to finance the project cash expenses which are maturing on varying dates 3 months after the project completion dates with interest rate of 6%. These loans are secured by corporate guarantees and personal guarantees by subsidiaries' partners of the Group.

(ii) Import loan

Import loans represent loans obtained from a local bank for the purchase of materials for the project and issuing letters of credit for sub-contractors. These loans bear an average interest rate of 5% to 6.75% (2018: 5% to 6.75%) annually and have maturities ranging from 180 to 270 days. These loans are secured by corporate guarantees and personal guarantees by subsidiaries' partners of the Group.

(iii) Demand loan

Demand loans represent loans obtained from a local bank to finance working capital requirements. These loans bear an average interest rate of 5% to 6.75% per annum (2018: 5% to 6.75%). These loans are secured by corporate guarantees and personal guarantees by subsidiaries' partners of the Group.

(iv) Term loans

The Group entered into agreements with the local banks for the construction of labor camp and warehouse. These loans are secured by corporate guarantees and personal guarantees by subsidiaries' partners of the Group. Term loans have different maturity dates and bears interest rate of 5% to 6.75% annually (2018: 5% to 6.75%).

(v) Musawama loan

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

15. ACCOUNTS PAYABLE AND ACCRUALS

	30 June 2019 QR (Reviewed)	*31 December 2018 QR (Audited)*
Trade and notes payable	**76,456,169**	68,853,230
Advances from customers	**38,380,073**	40,636,432
Accruals and other credit balances	**68,932,921**	73,923,701
Social sports fund contribution	**-**	1,459,059
	183,769,163	184,872,422

16. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFIT

	30 June 2019 QR (Reviewed)	*31 December 2018 QR (Audited)*
Balance at beginning of the period/ year	**25,193,404**	30,138,760
Provided during the period/year	**1,586,985**	5,629,619
Reversed during the year	**-**	(3,298,389)
Paid during the period/year	**(2,856,896)**	(7,276,586)
Closing balance at the end of period/ year	**23,923,493**	25,193,404

17. REVENUE

	For the six-months period ended 30 June	
	2019 QR (Reviewed)	*2018 QR (Reviewed)*
Type of goods or service		
Contracting revenue	**137,951,299**	159,143,626
Trading revenue	**45,163,131**	46,856,680
Maintenance service	**28,164,724**	14,069,501
Refilling and servicing revenue	**417,418**	356,814
Total revenue from contracts with customers	**211,696,572**	220,426,621
Timing of revenue recognition		
Goods transferred at a point in time	**45,580,549**	47,213,494
Services transferred over time	**166,116,023**	173,213,127
Total revenue from contact with customers	**211,696,572**	220,426,621

18. GENERAL AND ADMINISTRATIVE EXPENSES

	For the six-month period ended 30 June	
	2019 QR (Reviewed)	*2018 QR (Reviewed)*
Salaries and fringe benefits	**17,285,616**	20,363,462
Rent expense	**2,437,609**	4,160,481
Professional and legal fees	**1,494,264**	1,036,791
Allowance for expected credit losses	**264,176**	4,479,398
Depreciation of property and equipment and right-of-use assets	**3,351,585**	2,006,325
Traveling expenses	**334,083**	222,864
Repairs and maintenance expenses	**500,005**	445,540
Postage and communication expenses	**460,346**	380,959
Electricity and water expenses	**88,419**	142,454
Immigration and visa charges	**144,048**	49,791
Allowance for obsolete and slow-moving items	**-**	9,984,290
Other provisions	**-**	17,484,525
Loss on sale of property and equipment	**-**	15,598
Miscellaneous expenses	**3,906,947**	3,502,141
	30,267,098	64,274,619

19. EARNINGS PER SHARE

The calculation of basic earnings per share ('EPS') is arrived by dividing the profit attributable to the owners of the parent Company for the period by the weighted average number of ordinary shares outstanding during the period.

	For the six-month period ended 30 June	
	2019	*2018*
	QR	*QR*
	(Reviewed)	*(Reviewed)*
Profit for the period attributable to shareholders of the Parent	**27,838,489**	23,328,337
Weighted average number of shares outstanding during the period	**830,000,000**	830,000,000
Basic earnings per share (Qatari Riyals per share)	**0.034**	0.028

As the parent has no potential dilutive shares, the diluted EPS equals to the basic EPS.

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

Referring to note 12, share and per share data (except par value) for the periods presented reflect the effects of this share split. References to numbers of shares of common share capital and per share data in the accompanying financial statements and notes thereto have been adjusted to reflect the share split on a retrospective basis.

20. NON-CONTROLLING INTERESTS

Name of Subsidiary	*Place of incorporation*	*Proportion of Ownership interests and voting rights held by non-controlling interests*	*Effect of IFRS 9 and 15 QR*	*Profit allocated to non-controlling interests QR*	*Dividend distribution QR*	*Effect of acquisition by parent on remaining share QR*	*Accumulated Non-controlling interest QR*
As at 30 June 2019							
Water master (Qatar) Company W.L.L.	**Qatar**	**36.70%**	**-**	**241,918**	**-**	**-**	**11,434,941**
Electro Mechanical Engineering Company W.L.L.	**Qatar**	**31.50%**	**-**	**106,031**	**-**	**-**	**2,054,083**
Construction Development Contracting & Trading Co.W.L.L.	**Qatar**	**49%**	**-**	**1,048,931**	**(1,960,000)**	**-**	**9,733,582**
Debbas Enterprises - Qatar W.L.L.	**Qatar**	**49%**	**-**	**640,571**	**-**	**-**	**2,451,753**
Trelco Building Materials Co. W.L.L.	**Qatar**	**15%**	**-**	**(435,007)**	**-**	**-**	**(1,265,371)**
			-	**1,602,444**	**(1,960,000)**	**-**	**24,408,988**
As at 31 December 2018							
Consolidated Engineering Systems Company - W.L.L.	Qatar	--	486,442	-	(12,090,066)	(42,305,651)	-
Water master (Qatar) Company W.L.L.	Qatar	36.70%	(512,688)	3,790,865	(2,727,806)	-	11,193,023
Electro Mechanical Engineering Company W.L.L.	Qatar	31.50%	(276,310)	306,204	-	-	1,948,052
Construction Development Contracting & Trading Co.W.L.L.	Qatar	49%	(534,360)	1,974,898	(1,960,000)	-	10,644,651
Debbas Enterprises - Qatar W.L.L.	Qatar	49%	(9,965)	(1,748,832)	-	-	1,811,182
Trelco Building Materials Co. W.L.L.	Qatar	15%	(100,787)	(649,284)	-	-	(830,364)
Consolidated Supplies Company W.L.L.	Qatar	--	-	-	(5,488,000)	834,743	-
			(947,668)	3,673,851	(22,265,872)	(41,470,908)	24,766,544

21. SEGMENT INFORMATION

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

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

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

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

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

Geographical segments

The Group has not diversified its activities outside of the State of Qatar; therefore, majority of the Group assets are located in Qatar. Accordingly, there are no distinctly identifiable geographical segments in The Group for the period ended 30 June 2019.

21. SEGMENT INFORMATION (CONTINUED)

30 June 2019	*Contracting QR*	*Specialized contracting QR*	*Trading QR*	*Water treatment and related maintenance QR*	*Others QR*	*Total QR*
Segment revenue	36,540,313	101,878,522	45,580,549	27,697,188	-	211,696,572
Finance cost	322,491	2,624,052	1,205,253	365,526	3,018,819	7,536,141
Depreciation expense	377,702	472,834	325,257	1,655,796	519,996	3,351,585
Segment results	2,140,676	27,680,497	8,410,612	659,176	18,337,472	57,228,433
Reportable Segment Assets	58,114,254	373,966,479	151,851,197	89,602,172	1,060,602,966	1,734,137,068
Reportable Segment Liabilities	43,906,744	275,615,834	47,403,600	59,307,413	161,427,749	587,661,340
30 June 2018						
Segment revenue	37,074,389	81,320,242	47,213,494	54,818,496	-	220,426,621
Finance cost	-	3,859,142	1,358,372	605,381	-	5,822,895
Depreciation expense	250,880	284,616	415,604	848,203	207,022	2,006,325
Segment results	(1,923,087)	22,288,207	42,947,238	7,329,339	17,563,528	88,205,225
Reportable Segment Assets	63,211,323	381,781,445	124,204,247	112,863,465	862,327,605	1,544,388,085
Reportable Segment Liabilities	51,447,135	250,077,883	63,564,976	83,907,523	22,669,388	471,666,905

22. LEGAL CASES

There are no significant updates to the legal cases that prevailed as of the year ended 31 December 2018 which was disclosed under the Note no. 33 to the Group's annual Consolidated Financial Statements as at and for the year ended 31 December 2018.

23. COMPARATIVE FIGURES

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

The ECL impact on the opening balances reported in the interim condensed consolidated financial statements as of June 30, 2018 was updated in the annual consolidated financial statements as at December 31, 2018. Therefore, this note should be read in conjunction with the disclosure made in note no. 3.a/2 and note no. 29 to the annual consolidated financial statements for the year ended December 31, 2018.