

INVESTMENT HOLDING GROUP Q.P.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
AS AT AND FOR THE
SIX-MONTHS PERIOD ENDED
JUNE 30, 2021**

AND INDEPENDENT AUDITOR'S REVIEW REPORT

TABLE OF CONTENTS

	Page(s)
Independent auditor's review report	--
Interim consolidated statement of financial position	1-2
Interim consolidated statement of profit or loss and other comprehensive income	3
Interim consolidated statement of changes in equity	4
Interim consolidated statement of cash flows	5
Notes to the interim condensed consolidated financial statements	6-19

INDEPENDENT AUDITOR'S REVIEW REPORT

**TO THE BOARD OF DIRECTORS
INVESTMENT HOLDING GROUP - Q.P.S.C.
DOHA – STATE OF QATAR**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Investment Holding Group Q.P.S.C. (the "Company" or "Parent") and its subsidiaries (together referred to as the "Group"), which comprise the interim consolidated statement of financial position as of June 30, 2021, and related interim consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-months period ended June 30, 2021, and related explanatory notes.

Management of the Group is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard (IAS) 34 "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagement 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of the interim financial information consists of making inquiries, primarily of persons responsible for the 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, 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.

Basis for qualified conclusion

As disclosed in Note 22 to the interim condensed 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 of the unincorporated joint operation up to the end of the year 2016. We were unable to determine if any provision required, resulting from un-collectable amounts due from the main contractor of the project or from the liability to settle the whole amount of borrowings due to one of the local banks by the joint operation as the other Partner in the joint operation is under liquidation.

Qualified conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of the Group, are not prepared, in all material respects, in accordance with IAS 34, "*Interim Financial Reporting*".

INDEPENDENT AUDITORS' REVIEW REPORT (CONTINUED)


Emphasis of matters

We draw attention to the following notes of the accompanying interim condensed consolidated financial statements:

- Note 10 to the interim condensed consolidated financial statements, which describes internally generated goodwill amounting to QR. 711,492,489 recognized in the interim consolidated statement of financial position.
- Note 22 to the interim condensed consolidated financial statements, which describes that one of the subsidiaries of the Group, Trelco Building Material - L.L.C. ("the Subsidiary") is subject to liquidation proceedings initiated by one of its Partners. During April 2020, the Court of Appeals has ordered to suspend the execution of the liquidation ruling. The Group still consolidates the interim financial statements of the said subsidiary in the accompanying interim condensed consolidated financial statements.

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

For Russell Bedford and Partners
Certified Public Accountants


Hami Mukhaimer
License No. (275)
QFMA License No. (1202013)



Doha, State of Qatar
August 10, 2021

Investment Holding Group Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

		<i>June 30, 2021 QR (Reviewed)</i>	<i>December 31, 2020 QR (Audited)</i>
	<i>Notes</i>		
ASSETS			
Current assets			
Cash and bank balances	5	41,762,865	39,936,850
Accounts receivable and other debit balances	6	235,449,770	231,016,811
Due from related parties	7	16,729,367	17,814,006
Contract assets		196,929,945	208,631,763
Inventories	8	47,583,638	56,576,105
Total current assets		538,455,585	553,975,535
Non-current assets			
Retention receivables		36,043,046	32,968,430
Financial assets at fair value through profit or loss	9	31,000,000	31,000,000
Right-of-use assets		1,873,479	2,853,361
Investment properties		27,904,147	27,904,147
Goodwill	10	711,492,489	711,492,489
Property and equipment	11	13,388,209	13,837,481
Total non-current assets		821,701,370	820,055,908
TOTAL ASSETS		1,360,156,955	1,374,031,443
EQUITY AND LIABILITIES			
Equity			
Share capital	12	830,000,000	830,000,000
Legal reserve	13	12,928,305	12,928,305
Revaluation reserve		14,398,000	14,398,000
Other reserves		(138,909,704)	(138,909,704)
Retained earnings		126,919,642	114,040,261
Equity attributable to shareholders of the Parent		845,336,243	832,456,862
Non-controlling interests	20	9,228,372	9,593,854
Total equity		854,564,615	842,050,716



The attached notes are integral part of these interim condensed consolidated financial statements.


Investment Holding Group Q.P.S.C.


INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)


As at June 30, 2021

		June 30, 2021 QR (Reviewed)	December 31, 2020 QR (Audited)
	Notes		
Liabilities			
Current liabilities			
Bank overdrafts	5	9,304,938	9,396,089
Borrowings	14	204,998,024	214,826,749
Lease liabilities		799,230	1,780,648
Due to related parties	7	7,658,159	8,937,880
Contract liabilities		—	1,164,957
Retention payable		2,125,165	3,685,944
Dividend payable		3,292,369	3,466,308
Accounts payable and other credit balances	15	140,993,756	142,296,164
Total current liabilities		369,171,641	385,554,739
Non-current liabilities			
Borrowings	14	116,513,509	125,353,071
Lease liabilities		1,094,705	1,097,725
Retention payable		386,257	812,016
Employees' end of service benefits	16	18,426,228	19,163,176
Total non-current liabilities		136,420,699	146,425,988
Total liabilities		505,592,340	531,980,727
TOTAL EQUITY AND LIABILITIES		1,360,156,955	1,374,031,443

These interim condensed consolidated financial statements were approved by the Board of Directors and signed on their behalf by the following on August 10, 2021:


Sheikh Nasser bin Ali bin Saud Al-Thani
Board Member


Mr. Mohd Ghanim S. H. Al-Kuwari
Board Member and Group Deputy Chief
Executive Officer


Mr. Samer Wahbeh
Group Chief Executive Officer



The attached notes are integral part of these interim condensed consolidated financial statements.

Investment Holding Group Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

For the six-months period ended June 30, 2021

		<i>For the six-months period ended June 30,</i>	
		<i>2021</i>	<i>2020</i>
		<i>QR</i>	<i>QR</i>
		<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>Notes</i>		
Revenue	17	159,983,335	150,914,195
Direct costs		(115,889,399)	(115,071,418)
Gross profit		44,093,936	35,842,777
Other income		2,486,365	14,386,448
Loss on change in fair value of investment properties		—	(353,373)
General and administrative expenses	18	(29,060,477)	(27,256,309)
Finance costs		(5,005,925)	(6,390,536)
Net profit for the period		12,513,899	16,229,007
Other comprehensive income		—	—
Total comprehensive income for the period		12,513,899	16,229,007
<i>Attributable to:</i>			
Shareholders of the Parent		12,879,381	15,401,834
Non-controlling interests		(365,482)	827,173
		12,513,899	16,229,007
Basic and diluted earnings per share			
Basic earnings per share	19	0.016	0.019



The attached notes are integral part of these interim condensed consolidated financial statements.

Investment Holding Group Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-months period ended June 30, 2021

	Attributable to shareholders of the parent						Non- controlling interest QR	Total equity QR
	Share capital QR	Legal reserve QR	Revaluation reserve QR	Other reserve QR	Retained earnings QR	Total QR		
Balance as at January 1, 2021 (Audited)	830,000,000	12,928,305	14,398,000	(138,909,704)	114,040,261	832,456,862	9,593,854	842,050,716
Total comprehensive income for the period	-	-	-	-	12,879,381	12,879,381	(365,482)	12,513,899
Balance as at June 30, 2021 (Reviewed)	<u>830,000,000</u>	<u>12,928,305</u>	<u>14,398,000</u>	<u>(138,909,704)</u>	<u>126,919,642</u>	<u>845,336,243</u>	<u>9,228,372</u>	<u>854,564,615</u>
Balance as at January 1, 2020 (Audited)	830,000,000	11,851,341	14,398,000	(152,508,123)	92,336,622	796,077,840	22,313,139	818,390,979
Total comprehensive income for the period	-	-	-	-	15,401,834	15,401,834	827,173	16,229,007
Balance as at June 30, 2020 (Reviewed)	<u>830,000,000</u>	<u>11,851,341</u>	<u>14,398,000</u>	<u>(152,508,123)</u>	<u>107,738,456</u>	<u>811,479,674</u>	<u>23,140,312</u>	<u>834,619,986</u>



The attached notes are integral part of these interim condensed consolidated financial statements.

Investment Holding Group Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-months period ended June 30, 2021

		<i>For the six-month period ended June 30,</i>	
	<i>Notes</i>	<i>2021 (Reviewed) QR.</i>	<i>2020 (Reviewed) QR.</i>
OPERATING ACTIVITIES			
Net profit for the period		12,513,899	16,229,007
<i>Adjustments for:</i>			
Depreciation of property and equipment	11	1,671,487	2,131,920
Depreciation of right-of-use assets		979,882	4,281,787
Gain on sale of property and equipment		(9,200)	(25,146)
Reversal of discounting for retention receivables		(185,887)	(42,031)
Finance costs on borrowings		4,928,381	6,083,514
Finance costs on lease liabilities		77,544	307,022
Net movement in employees' end of service benefits		1,906,072	1,568,913
Reversal of allowance for expected credit losses		—	(341,435)
Reversal of allowance for obsolete and slow-moving items		—	(3,500,000)
Bad debts directly written off		—	140,615
Fair value loss from investment properties		—	353,373
		21,882,178	27,187,539
<i>Changes in working capital:</i>			
Inventories		8,992,467	3,700,953
Due from related parties		1,084,640	4,911,816
Contract assets		39,348,124	(8,027,043)
Accounts receivable and other debit balances		(37,896,442)	28,130,249
Retention receivables		2,928,447	(16,477,031)
Due to related parties		(1,279,721)	(14,026,954)
Contract liabilities		(1,164,957)	(953,050)
Accounts payable and other credit balances		(5,036,165)	(25,299,808)
Retention payables		(1,986,538)	(550,722)
Cash flow from/(used in) operating activities		26,872,033	(1,404,051)
Finance costs paid		(1,194,624)	(3,050,179)
Employees' end of service benefits paid	16	(2,643,020)	(1,777,230)
Net cash generated from/(used in) operating activities		23,034,389	(6,231,460)
INVESTING ACTIVITIES			
Proceeds from sale of property and equipment		9,200	25,146
Acquisition of property and equipment	11	(1,222,215)	(575,046)
Acquisition of investment properties		—	(49,300)
Proceeds from sale of investment properties		—	384,955
Net cash used in investing activities		(1,213,015)	(214,245)
FINANCING ACTIVITIES			
Net movements in borrowings		(18,668,287)	17,819,050
Payment of lease liabilities		(1,061,982)	(4,732,368)
Dividends paid		(173,939)	—
Net cash (used in)/ generated from financing activities		(19,904,208)	13,086,682
Net increase in cash and cash equivalents		1,917,166	6,640,977
Cash and cash equivalents at the beginning of the period	5	30,540,761	4,577,731
Cash and cash equivalents at the end of the period	5	32,457,927	11,218,708

The attached notes are integral part of these interim condensed consolidated financial statements.

Investment Holding Group Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months period ended June 30, 2021

1. GENERAL INFORMATION

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.

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 interim condensed consolidated financial statements comprise the interim financial statements of the Parent Company, interim financial statements of its subsidiaries and a subsidiary’s share in a joint operation (collectively, the “Group”). Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals to the voting rights held by Group:

Name of entities	Principal activity	Country of incorporation	Ultimate effective ownership interest	
			June 30, 2021	December 31, 2020
Consolidated Engineering Systems Company W.L.L.	Trading of fire alarms, security systems and related contracting activities.	Qatar	100%	100%
Trelco Limited Company W.L.L.	Trading of food items, chemicals, IT services, and etc.	Qatar	100%	100%
Consolidated Supplies Company W.L.L.	Trading of electrical and construction materials.	Qatar	100%	100%
Watermaster Qatar W.L.L.	Water treatment and contracting activities.	Qatar	100%	100%
(Note i)				
Electro Mechanical Engineering Company W.L.L.	Installation and maintenance of electro-mechanical works.	Qatar	68.5%	68.5%
Construction Development Contracting & Trading Company W.L.L.	Contracting and maintenance activities.	Qatar	100%	100%
Debbas Enterprises (Qatar) - W.L.L.	Trading of electrical equipment, switchgear, light and instrument, electrical tools, electromechanical equipment installation and maintenance works.	Qatar	51%	51%
Trelco Building Materials Company W.L.L.	Trading of wood, steel and other building materials.	Qatar	85%	85%

Note i:

The Group owns indirect ownership percentage equals to the voting rights in Watermaster Qatar W.L.L. and Construction Development Contracting and Trading Company W.L.L., equivalent to 36.7% and 49% respectively, through its subsidiary, Trelco Limited Company W.L.L. which is 100% owned by Investment Holding Group Q.P.S.C.

All of the above subsidiaries are located in the State of Qatar and prepare their interim 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 June 30, 2021 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 for the year ended December 31, 2020. In addition, results for the six-months period ended June 30, 2021 are not necessarily indicative of the results that maybe expected for the financial year ending December 31, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

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 consolidated financial statements for the year ended December 31, 2020 except for the adoption of new and amended standards effective as noted below.

Newly effective standards and amendments to standards

The following amendments to standards apply for the first time in 2021 and have been applied by the Group in preparation of these interim condensed consolidated financial statements.

<i>Effective date</i>	<i>Description</i>
April 1, 2021	Amendment to IFRS 16 "Covid-19-Related Rent Concessions"
January 1, 2021	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform — Phase 2"

The adoption of the above amendments and interpretations to the standards did not result in any changes in to previously reported net profit or equity of the Group, but they may result in additional disclosures at the year-end.

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

The below new and amended IFRS that are available for early adoption for financial year ending December 31, 2021, are not effective until a later period, and they have not been applied in preparing these interim condensed consolidated financial statements:

<i>Effective date</i>	<i>Description</i>
January 1, 2022	Amendments to IAS 1 on 'Classification of Liabilities as Current or Noncurrent'
January 1, 2022	Annual Improvements to IFRS Standards (2018-2020) covering the following standards: <ul style="list-style-type: none"> • IAS 41- Agriculture • IFRS 1- First Time Adoption of IFRS • IFRS 9- Financial Instruments • IFRS 16- Leases
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 IFRS 3 updating reference to the Conceptual Framework
January 1, 2023	IFRS 17 - "Insurance Contracts"
January 1, 2023	Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"
January 1, 2023	Amendments to IAS 8 "Definition of Accounting Estimates"
Effective date deferred indefinitely/ available for optional adoption	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investment in Associates and Joint Ventures" on sale or contribution of assets between an investor and its associate or joint venture

Investment Holding Group Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months period ended June 30, 2021

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 December 31, 2020.

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

Going Concern

Considering prevailing economic conditions and with available information about future risks and uncertainties. The Group has performed an assessment whether going concern is applicable. Based on the assessment, the Group has concluded that at present it has sufficient resources to continue its operational existence and going concern assumptions remains largely unaffected from December 31, 2020. As a result, these interim condensed consolidated financial statements have been prepared on a going concern basis.

The Group continues to monitor the situation closely and it has taken measures to manage business disruptions COVID - 19 may have on its operations and financial performance during the period and in the future.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2020.

5. CASH AND CASH EQUIVALENTS

	<i>June 30, 2021 QR (Reviewed)</i>	<i>December 31, 2020 QR (Audited)</i>
Cash on hand	493,701	467,358
Cash at banks	35,262,354	31,058,716
Bank margins	6,006,810	8,410,776
Cash and bank balances	41,762,865	39,936,850
<i>Less: Bank overdrafts</i>	<i>(9,304,938)</i>	<i>(9,396,089)</i>
Cash and cash equivalents as at the end of the period/year	32,457,927	30,540,761

Investment Holding Group Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months period ended June 30, 2021

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	June 30, 2021 QR (Reviewed)	December 31, 2020 QR (Audited)
Accounts receivable – <i>net</i>	121,761,031	121,970,941
Retention receivables – <i>net</i>	29,858,688	36,319,454
Advances to suppliers or subcontractors	18,972,717	9,841,213
Refundable deposits	2,454,460	416,136
Prepaid expenses	1,313,720	2,502,007
Other debit balances	61,089,154	59,967,060
	<u>235,449,770</u>	<u>231,016,811</u>

7. RELATED PARTY BALANCES

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.

	June 30, 2021 QR (Reviewed)	December 31, 2020 QR (Audited)
<i>a) Due from related parties</i>		
Al Hodaifi Group W.L.L. and its subsidiaries	14,780,796	15,993,621
Others	<u>1,948,571</u>	<u>1,820,385</u>
	<u>16,729,367</u>	<u>17,814,006</u>
<i>b) Due to related parties</i>		
Al Hodaifi Group W.L.L. and its subsidiaries	2,593,147	3,671,910
Others	<u>5,065,012</u>	<u>5,265,970</u>
	<u>7,658,159</u>	<u>8,937,880</u>

8. INVENTORIES

	June 30, 2021 QR (Reviewed)	December 31, 2020 QR (Audited)
Trading inventories	46,800,288	48,132,725
Construction materials and consumables	<u>8,422,715</u>	<u>9,589,863</u>
	55,223,003	57,722,588
Less: Allowance for obsolete and slow-moving items	<u>(7,639,365)</u>	<u>(7,596,937)</u>
Inventories- <i>net</i>	47,583,638	50,125,651
Goods in transit	<u>–</u>	<u>6,450,454</u>
	<u>47,583,638</u>	<u>56,576,105</u>

Investment Holding Group Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months period ended June 30, 2021

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>June 30, 2021 QR (Reviewed)</i>	<i>December 31, 2020 QR (Audited)</i>
Balance at the beginning of the period/year	31,000,000	31,000,000
Change in fair value during the period/year	—	—
Balance at the end of the period/year	31,000,000	31,000,000

Financial assets at fair value through profit or loss represent investment in unquoted equity shares in the State of Qatar. 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 interim consolidated statement of profit or loss during the period/year.

10. GOODWILL

The share capital of the Company was determined to be QR 830,000,000 to reflect its 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. 830,000,000 by H.E the Minister of Economy and Commerce and consequent approvals by the Ministry of Economy and Commerce, Qatar Financial Markets Authority (QFMA) and Qatar Stock Exchange on the share capital as well as the Initial Public Offer in which the Prospectus took a similar approach. Therefore, the shareholders approved the same in their Constituent General Assembly. As a result of all these, it became inevitable for the management to recognize an internally generated goodwill in the Company's books of accounts amounting to QR 711,492,489.

Investment Holding Group Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months period ended June 30, 2021

11. PROPERTY AND EQUIPMENT

	Building and construction	Leasehold improvements	Office equipment	Furniture and fixtures	Motor vehicles	Tools and equipment	Machinery and equipment	Computer equipment	Total
	OR.	OR.	OR.	OR.	OR.	OR.	OR.	OR.	OR.
Cost:									
Balance 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	15,000	147,749	252,308	186,423	228,019	357,077	—	35,639	1,222,215
Disposals	—	—	—	—	(160,950)	—	—	—	(160,950)
Balance as at June 30, 2021	12,812,280	10,626,796	10,849,941	4,831,641	14,834,715	10,309,039	657,533	1,638,187	66,560,132
Accumulated depreciation:									
Balance 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 period	202,639	524,324	198,213	104,653	442,618	179,519	117	19,404	1,671,487
Related to disposals	—	—	—	—	(160,950)	—	—	—	(160,950)
Balance as at June 30, 2021	7,331,912	6,862,933	9,876,815	4,340,045	13,282,189	9,273,145	656,043	1,548,841	53,171,923
Net book value:									
Balance as at June 30, 2021	5,480,368	3,763,863	973,126	491,596	1,552,526	1,035,894	1,490	89,346	13,388,209
	OR.	OR.	OR.	OR.	OR.	OR.	OR.	OR.	OR.
Cost:									
Balance 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	25,200	—	257,844	26,753	415,200	—	1,600	21,939	748,536
Disposals	—	—	—	—	(2,481,500)	(6,098)	—	—	(2,487,598)
Reclassifications	(10,886)	—	—	—	—	—	—	—	(10,886)
Balance 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
Accumulated depreciation:									
Balance 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)
Balance 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
Net book value:									
Balance 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months period ended June 30, 2021

12. SHARE CAPITAL

	<i>June 30, 2021 QR (Reviewed)</i>	<i>December 31, 2020 QR (Audited)</i>
Authorized and issued 830,000,000 ordinary shares of QR. 1 per share	<u>830,000,000</u>	<u>830,000,000</u>

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

	<i>June 30, 2021 QR (Reviewed)</i>	<i>December 31, 2020 QR (Audited)</i>
Projects finance – (Note i)	20,572,136	19,861,058
Import loans – (Note ii)	69,183,285	75,121,397
Demand loans - (Note iii)	18,569,942	18,569,942
Term loans - (Note iv)	74,279,671	73,531,120
Musawama loan - (Note v)	83,333,334	91,666,667
Murabaha loans - (Note vi)	55,514,665	61,371,136
Vehicle loan	<u>58,500</u>	<u>58,500</u>
	<u>321,511,533</u>	<u>340,179,820</u>

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

	<i>June 30, 2021 QR (Reviewed)</i>	<i>December 31, 2020 QR (Audited)</i>
Current portion	204,998,024	214,826,749
Non-current portion	<u>116,513,509</u>	<u>125,353,071</u>
	<u>321,511,533</u>	<u>340,179,820</u>

(i) Projects finance

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 customers and bear an interest rate ranging from 4% to 6.5% (2020: 4% to 6.5%). These loans are secured by corporate guarantees and personal guarantees by the subsidiaries' partners.

(ii) Import loans

Import loans represent loans obtained from local banks for the purchase of materials for projects and issuing letters of credit to sub-contractors. These loans bear an average interest rate of 4% to 6.5% (2020: 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.

Investment Holding Group Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months period ended June 30, 2021

14. BORROWINGS (CONTINUED)

(iii) Demand loans

Demand loans represent loans obtained from local banks by the Group to finance working capital requirements of the projects. These loans bear an average interest rate of 4.5% to 5.75% per annum (2020: 4.5% to 5.75%).

(iv) Term loans

Term loans have different maturity dates and bears profit rate ranging from 4% to 6.75% annually (2020: 4% to 6.75%).

(v) Musawama loan

The Company had obtained a Musawama facility from a local bank to finance the acquisition of the remaining shares from the non-controlling interest in Consolidated Engineering Systems Company W.L.L. The facility will be repaid in semi-annual installments with a fixed profit rate of 6% for 6 years. During the year 2020, the Company decreased the profit rate to 5.5%.

(vi) 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% (2020: 4.5% to 6.5%) annually and have maturities ranging from 270 to 360 days.

15. ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES

	June 30, 2021 QR (Reviewed)	December 31, 2020 QR (Audited)
Trade and notes payable	72,009,795	74,037,814
Advances from customers	29,123,666	27,622,874
Social sports fund contribution	—	584,118
Accruals and other credit balances	39,860,295	40,051,358
	<u>140,993,756</u>	<u>142,296,164</u>

16. EMPLOYEES' END OF SERVICE BENEFITS

	June 30, 2021 QR (Reviewed)	December 31, 2020 QR (Audited)
Balance at the beginning of the period/ year	19,163,176	21,867,578
Provided during the period/ year	2,124,771	2,825,266
Reversals during the period/year	(218,699)	(705,256)
Payments made during the period/ year	(2,643,020)	(4,824,412)
Balance at the end of the period/ year	<u>18,426,228</u>	<u>19,163,176</u>

Investment Holding Group Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months period ended June 30, 2021

17. REVENUE

	<i>For the six-months period ended June 30,</i>	
	<i>2021</i>	<i>2020</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
<i>Disaggregation of revenue - over time</i>		
Contracting revenue	75,407,361	87,959,851
Maintenance revenue	26,931,413	26,039,624
	<u>102,338,774</u>	<u>113,999,475</u>
<i>Disaggregation of revenue - at a point in time</i>		
Trading revenue	57,430,669	36,835,574
Refilling and servicing revenue	213,892	79,146
	<u>57,644,561</u>	<u>36,914,720</u>
	<u>159,983,335</u>	<u>150,914,195</u>

18. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>For the six-months period ended June 30,</i>	
	<i>2021</i>	<i>2020</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Salaries and fringe benefits	17,933,684	14,823,997
Rent	1,838,308	1,220,556
Professional and legal fees	1,616,335	1,267,550
Depreciation of property and equipment	1,258,803	1,586,249
Depreciation of right-of-use assets	979,885	4,281,787
Insurance	595,746	922,600
Bank charges	481,969	339,842
Repairs and maintenance	464,934	262,899
Travel	415,878	448,076
Marketing and promotion	336,084	—
Electricity and water	325,046	46,188
Immigration and visa charges	202,826	29,440
Postage and communication	197,472	202,675
Vehicle expense	129,908	81,343
Office supplies	126,739	166,003
Miscellaneous	2,156,860	1,577,104
	<u>29,060,477</u>	<u>27,256,309</u>

19. BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>For the six-months period ended June 30,</i>	
	<i>2021 (Reviewed)</i>	<i>2020 (Reviewed)</i>
Profit for the period attributable to shareholders of the parent (QR.)	12,879,381	15,401,834
Weighted average number of shares outstanding during the period	830,000,000	830,000,000
Basic earnings per share (Qatari Riyals per share)	0.016	0.019

20. NON-CONTROLLING INTERESTS

	<i>June 30, 2021 QR (Reviewed)</i>	<i>December 31, 2020 QR (Audited)</i>
Balance at the beginning of the period/ year	9,593,854	4,992,515
(Loss)/Profit allocated to non-controlling interest during the period/year	(365,482)	4,601,339
Balance as at the end of the period/ year	9,228,372	9,593,854

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. General 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 and related maintenance: This includes contracting for wellness and pools, water features and water treatment and after sale maintenance and services.

The Trading and Specialized Contracting 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

Investment Holding Group Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months period ended June 30, 2021

21. SEGMENT INFORMATION (CONTINUED)

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, the majority of the Group assets are located in the State of Qatar. Accordingly, there are no distinctly identifiable geographical segments in the Group for the six months period ended June 30, 2021 and 2020:

<i>June 30, 2021</i>	<i>General contracting QR</i>	<i>Specialized contracting QR</i>	<i>Trading QR</i>	<i>Water treatment and related maintenance QR</i>
Segment revenue	6,273,249	90,368,172	23,112,008	40,574,109
Segment results	(1,955,098)	17,518,116	1,959,568	3,988,598
Reportable segment assets	19,028,575	383,117,726	188,674,647	104,560,622
Reportable segment liabilities	25,460,442	266,543,223	54,732,964	57,744,035
<i>June 30, 2020</i>				
Segment revenue	6,395,411	103,112,742	16,455,531	24,950,511
Segment results	(2,727,915)	20,402,431	4,260,150	(314,746)
Reportable segment assets	32,301,993	423,745,627	170,471,048	94,518,778
Reportable segment liabilities	33,593,546	300,550,697	56,752,188	59,283,874

22. LEGAL CASES

22.1 Debbas Enterprises – Qatar – W.L.L

- a) One of the Group's subsidiaries, Debbas Enterprises (Qatar) - W.L.L. has entered into a Joint operation (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 December 31, 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 April 16, 2016, EDJV received a Taking-Over-Certificate backdated to June 11, 2015, based on which EDJV submitted its final invoice on May 15, 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 a credit facility from a local bank in 2011 to finance this project and the total outstanding balance including accrued interest as of December 31, 2019 amounted to QR. 148,463,224, of which the Group's share is QR. 74,231,611. The Group and other related parties have provided corporate and personal guarantees to Ahli Bank against the credit facilities as following:

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

Additionally, the founders' committee of IHG has given an undertaking letter to personally guarantee to pay the recognized cumulative revenue to December 31, 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 operation ETA Star Engineering and Contracting is under liquidation.

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

Based on studying the project's documents, the reports and assessments done by two external independent experts, and the management assessment, the Group's external legal advisor believe that based on the available information the claim filed by Subcontractor against Client, Main Contractor and others, stands a reasonable chance of success and that the counterclaim will largely be defeated, nevertheless, the ultimate outcome of the lawsuit is subject to the court's final decision; therefore, the Group do not expect any material contingent liabilities to arise from the above lawsuits that need to be disclosed in the interim condensed consolidated financial statements as of June 30, 2021.

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

During the year ended December 31, 2020, the experts collected the related data for the above cases and they are in the process of completing their reports, however, the experts expected to submit those reports to the court during the subsequent periods in 2021.

22. LEGAL CASES (CONTINUED)

22.2 Trelco Building Materials Company – W.L.L.

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

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

- Despite the losses incurred by TBMC, IHG being the major partner given the full financial and operational support to TBMC in order to preserve TBMC and avoid it to be dissolved and liquidated.
- IHG replaced the previous management of TBMC (Ala'a Ayoub) by a new capable and professional manager.
- During the year of 2020 TBMC managed to reduce the overdraft balance with one of the local banks amounting to QR. 29,500,000.
- IHG supported TBMC for the import of goods and products to sustain TBMC's operations through opening letters of credit for the amount of QR. 14,858,986. Accordingly, TBMC achieved a reasonable profit margin between 20 to 25% by selling the imported products into the local market, and managed to increase significantly its cashflow generated from operation.

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

On October 27, 2019, TBMC filed the appeal No 90006/2019T before the Court of Appeals to annul the liquidation judgment. A petition before the Court of Appeals filed in the file No 90006/2019 to stop the liquidation procedures up to the final judgement. A separate petition No 123/2020 was also filed on the same date before the Court of Appeals.

On February 23, 2020 a letter was issued by IHG to the liquidator to stop the liquidation procedures up to the final judgement issued in to the appeal No 90006/2019.

On February 24, 2020, the Court of Appeals has issued a formal decision to stop the liquidation procedure up to the final judgement. Despite the aforementioned, the liquidator is still authorized to sign on behalf of TBMC.

Therefore, IHG has assigned the liquidator to follow up with TBMC's management. The case is still pending before the Court of Appeals, and IHG presented all documents proving the improvement in the financial position of TBMC in addition to its confirmation that it is ready to increase the capital. Based on that, a decision was issued by the Court of Appeals to appoint an accounting expert to verify the foregoing, and sessions are currently being held with the expert to complete his report.

23. IMPACT OF COVID-19

COVID-19 was declared a pandemic by WHO (World Health Organization) and is causing disruptions to business and economic activities across various geographies globally. 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.

The Group's management have revisited its judgments, 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 June 30, 2021.

24. COMPARATIVE FIGURES

Certain figures have been reclassified as of December 31, 2020 to conform with the presentation of the interim condensed consolidated financial statements for the six months period ended June 30, 2021. Such reclassifications did not have any effect on the net profit and equity of the comparative period.