

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE NINE MONTHS PERIOD
ENDED SEPTEMBER 30, 2017**

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**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") for the nine month period ended September 30, 2017 comprising of interim consolidated financial position as at September 30, 2017 and the related interim consolidated statements of profit or loss, other comprehensive income, changes in shareholders' equity and cash flows for the nine-month period then ended and the related explanatory notes.

The Management 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 nine-month period ended September 30, 2017 are not prepared, in all material respects, in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)**

Emphasis of Matters

1- Approval have been taken from Ministry of Economy and Commerce on conducting General assembly on that date which include the founders, new shareholders for the public invitation to subscribe for shares, to discuss the consolidated financial statements as of December 31,2016 that was held on 23rd of August 2017.

2-Without qualifying our conclusion, we refer to Note No. (13), where by management had recognized the value of internally generated goodwill amounted to QR 711,492,489 resulted from valuation of the company and its subsidiaries, as a result of transferring its legal status from limited liability company to Qatari Public Shareholding Company. As the share capital was fixed at QR 830 million, to reflect the company value as per valuation and not as per the partner's equity as per book value at 31st December 2016 and the issuance of resolution by His Excellency the Minister of Economy and Commerce, fixing the paid-up capital at QR 830 million being the value of the Company including the goodwill. Then approval of the concern authorities of the Ministry of Economy and Commerce, Qatar Financial Market Authority, and Qatar Stock Exchange on the share capital. Then its approval of the prospectus which adopted the same approach. All that resulted that the Company not the shareholders incur the value of goodwill resulted from valuation. Although this matter led to depart from IAS 38: "Intangible assets" which does not allow the recognition of internally generated goodwill, the company has to recognize the new share capital in accordance with the resolution issued by His Excellency the Minister of Economy and Commerce which automatically resulted in recognition of the goodwill resulted from valuation in the company's books of account.

**Previous Auditor Report for the audit of the year ended December 31,2016 and a review of
financial statements for the nine-month period ended September 30,2016**

The consolidated financial statements of the company for the year ended December 31, 2016 and the interim condensed consolidated financial statements for the nine-month period ended September 30,2016 were audited and reviewed by other independent auditor, whose report dated on July 3,2017, expressing a Qualified opinion and Qualified conclusion on those financial statements as follows:

Basis of Qualified opinion and conclusion in the previous audit and review report

(a)One the Group's Joint operations (ETA Star Engineering and Contracting WLL and Debbas Enterprise Qatar W.L.L. Joint Operation) recognized cumulative revenue as of December 31, 2016 from unapproved variation orders amounting to QR. 77,775,000 (30th of September 2016: QR 94,392,783) (the Group's Share) in respect of scope changes and prolongation costs. Management is currently in negotiations with the customer for approving those variations. Management is confident that the amounts recognized in the books are fully recoverable. Management did not provide sufficient and appropriate data about the recoverability and completeness of the total amount recognized as of December 31, 2016 and as of September 30,2016, as well as a qualified conclusion

As of September 30,2016 for the accompanying interim condensed consolidated financial statements do not present the comparative figures of the financial position as of September 30,2015 and the statements of profit or loss and other comprehensive income, changes in shareholders' equity for the nine-month period ended September 30,2015 as required by international accounting standard no. (34), additionally, the accompanying interim condensed consolidated financial statements as of September 30,2016 do include the interim condensed consolidated statement of cash flow for the nine-month period then ended at that date which is not in accordance with international financial reporting standards.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Emphasis of matters in the previous audit and review report:

A- Without qualifying our opinion or conclusion, we draw attention to Note No. 1, of the accompanying consolidated financial statements as of December 31,2016 and the interim condensed consolidated financial statements for the nine-month period ended September 30,2016, which describes the change in the Group's ownership percentages due to share swap agreements with non-controlling partners effective from January 1, 2015.

B- Without qualifying our opinion or conclusion, we draw attention to Notes No. (1), (23) and (39) of the accompanying consolidated financial statements as of December 31,2016, as well as Notes No. (1) and (16) and (19) on the condensed consolidated financial statements of the group for the nine-month period ended September 30,2016 which describe the change in the Group's legal structure and invitation for the public to subscribe for shares in the period up to the date of approval of the consolidated financial statements.

C- Without qualifying our opinion or conclusion, we draw attention to Note No. 17 of the accompanying consolidated financial statements as of December 31,2016, as well as Note No. (13) for the condensed consolidated financial statements of the group for the nine-month period ended 30th of September 2016 which describes that the Group continues to guarantee debts of certain entities which are no longer consolidated with effect from 2013.

D- Without qualifying our opinion, we draw attention to Note 39 of the accompanying consolidated financial statements, which describes the subsequent events occurred after December 31, 2016 related to the public subscription offering and disposal of investment in El Sewedy Cables Qatar W.L.L., a joint operation. Those events are not part of consolidated financial statement for the year ended December 31, 2016.

Our comments on the Basis for Qualified opinion of predecessor auditor:

Based on our review of the interim condensed consolidated financial statements of the Group for the nine-month period ended September 30, 2017, we have noted that such qualifications are no longer valid during the period under our review, as the company founders have sent a letter to Qatar Financial Market Authority dated 26th of July 2017 showing that, the Group have complete approved documents to represent scope change to orders in accordance with operating orders approved by the Customer at project location. This gives the Group the right and eligibility to recognize and to collect the value of additional work presented to the client, also the founders have undertaken in the letter shown above that they will be responsible for the value of payments in case of inability to recover their share in such payments. So, reason of qualified opinion mentioned in the previous audit report is not necessary. As well as, the interim condensed consolidated financial statements for the nine-month period ended September 30,2016 has included the comparative figures for the financial position as of September 30,2016, the statement of profit or loss and other comprehensive income, and changes in owners' equity for the nine-month period ended September 30,2016 as required by International Accounting Standards No. (34).

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)**

Our comments on Emphasis of matters of predecessor auditors':

Based on our review for the nine-month period ended September 30, 2017, we have noted the following:

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

Rödl & Partner
Certified Public Accountants


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



Doha – State of Qatar
October 25, 2017

INVESTMENT HOLDING GROUP Q.P.S.C.
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2017

	<i>Notes</i>	September 30, 2017	December 31, 2016
		(Unaudited) QR	(Audited) QR
ASSETS			
Current Assets			
Bank balances and cash	5	145,967,872	122,513,544
Accounts receivable and other debit balances	6	188,294,342	211,781,355
Gross amounts due from customers on contract work	7	181,156,811	148,699,011
Due from related parties	8(a)	46,611,864	39,008,327
Inventories	9	60,092,233	66,743,445
		622,123,122	588,745,682
Assets classified as held for sale	10(a)	--	395,195,104
Total current assets		622,123,122	983,940,786
Non-current assets			
Retention receivables		32,091,441	43,306,924
Available-for-sale investments		2,250,000	2,250,000
Investment properties		1,716,374	2,170,692
Property, plant and equipment	11	19,836,872	22,778,217
Goodwill	12	711,492,489	--
Total non-current assets		767,387,176	70,505,833
Total assets		1,389,510,298	1,054,446,619

The accompanying notes are an integral part of these Interim Condensed Consolidated financial statements.

INVESTMENT HOLDING GROUP Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2017

	<i>Notes</i>	September 30, 2017 (Unaudited) QR	December 31, 2016 (Audited) QR
LIABILITIES AND EQUITY			
Current Liabilities			
Bank overdraft	13(i)	72,459,996	70,945,173
Borrowings	13(ii)	117,479,404	96,188,745
Due to related parties	8(b)	32,480,889	23,515,587
Gross amounts due to customers on contract work	14	24,392,392	34,719,844
Accounts payable and accruals	15	155,240,366	171,493,762
Dividends payable		20,503,253	--
Income tax payable		121,421	4,381,651
		422,677,721	401,244,762
Liability directly associated with assets classified as held for sale	10(b)	--	269,603,697
Total current liabilities		422,677,721	670,848,459
Non-current liabilities			
Borrowings	13 (ii)	3,451,161	6,171,246
Retentions payable		1,558,433	852,453
Employees' end of service benefits		26,331,074	29,614,741
Total non-current liabilities		31,340,668	36,638,440
Total liabilities		454,018,389	707,486,899
Equity and reserves			
Share capital	16	830,000,000	10,000,000
Capital reserve		--	18,468,265
Legal reserve		--	5,000,000
Retained earnings		30,489,883	259,232,780
Equity attributable to the owners of the Company		860,489,883	292,701,045
Non-controlling interest	18	75,002,026	54,258,675
Total equity		935,491,909	346,959,720
Total liabilities and equity		1,389,510,298	1,054,446,619


H.E. Ghanim Sultan Al Hodaifi Al Kuwari
Chairman


Wael Mousa Shtayyeh
Group CEO

The accompanying notes are an integral part of these Interim Condensed Consolidated financial statements.

INVESTMENT HOLDING GROUP Q.P.S.C.
**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

	<u>Notes</u>	<u>For the nine-month period ended 30 September</u>	
		<u>2017</u>	<u>2016</u>
		<u>(Unaudited) QR</u>	<u>(Unaudited) QR</u>
Continuing Operations			
Revenue		321,509,100	327,263,002
Direct cost		(217,763,570)	(209,884,036)
Gross profit		103,745,530	117,378,966
Other income		11,207,935	9,044,858
Dividends income from available for sale investments		5,000,000	--
General and administrative expenses		(61,300,252)	(68,123,527)
Interest expenses		(6,033,659)	(6,350,771)
Depreciation of property, plant and equipment	11	(2,814,302)	(4,421,632)
Loss on revaluation of investment properties at fair value		(454,318)	(449,888)
Group's share from loss of associates		--	(95,981)
Profit for the period from continuing operations		49,350,934	46,982,025
Discontinued operations			
Profit for the period from discontinued operations		--	38,561,988
Gain on disposal of a subsidiary		--	--
Profit for the period		49,350,934	85,544,013
Profit for the period attributable to:			
Owners of the Company			
From continuing operations		30,489,883	32,115,577
From discontinued operations *		--	38,561,988
Profit for the period attributable to the Owners of the Company		30,489,883	70,677,565
Non-controlling interest			
From continuing operations		18,861,051	14,866,448
From discontinued operations		--	--
Profit for the period attributable to non-controlling interest		18,861,051	14,866,448
Total		49,350,934	85,544,013
Basic Earnings per share			
From continuing and discontinued operations		0.37	0.39
From discontinued operations		--	0.46
Total Basic Earnings per share	17	0.37	0.85

* In 2016, net profit of company amounted to QR 38,561,988 was not bought by the shareholding company, so it's results should be excluded from the comparative results.

The accompanying notes are an 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

	<u>Notes</u>	For the nine-month period ended 30 September	
		2017	2016
		(Unaudited)	(Unaudited)
		QR	QR
Profit for the period		49,350,934	85,544,013
Other comprehensive income from continuing operations		--	--
Total comprehensive income for the period attributable to:		<u>49,350,934</u>	<u>85,544,013</u>
Owners of the Company			
From continuing operations		30,489,883	32,115,577
From discontinued operations		--	38,561,988
Total comprehensive income for the period attributable to the parent Company		<u>30,489,883</u>	<u>70,677,565</u>
Non-controlling interests			
From continuing operations		18,861,051	14,866,448
From discontinued operations		--	--
Total comprehensive income for the period attributable to non-controlling interest		<u>18,861,051</u>	<u>14,866,448</u>
Total		<u>49,350,934</u>	<u>85,544,013</u>

The accompanying notes are an integral part of these Interim Condensed Consolidated financial statements.

INVESTMENT HOLDING GROUP Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

	Equity attributable to the owners of the parent company					Non-controlling interest	Total
	Share capital	Capital reserve	Legal reserve	Retained earnings	Equity attributable to the owners of the parent company		
	QR	QR	QR	QR	QR		
Balance at January 1, 2016 (Audited)	10,000,000	18,468,265	5,000,000	162,264,612	195,732,877	40,839,358	236,572,235
Total comprehensive income for the period	--	--	--	70,677,565	70,677,565	14,866,448	85,544,013
Dividend distribution	--	--	--	(5,596,528)	(5,596,528)	(5,940,000)	(11,536,528)
Balance at September 30, 2016 (Unaudited)	<u>10,000,000</u>	<u>18,468,265</u>	<u>5,000,000</u>	<u>227,345,649</u>	<u>260,813,914</u>	<u>49,765,806</u>	<u>310,579,720</u>
Balance at January 1, 2017	830,000,000	--	--	--	830,000,000	62,763,492	892,763,492
Total comprehensive income for the period	--	--	--	30,489,883	30,489,883	18,861,051	49,350,934
Dividend distribution	--	--	--	--	--	(6,622,517)	(6,622,517)
Balance at September 30, 2017 (Unaudited)	<u>830,000,000</u>	<u>--</u>	<u>--</u>	<u>30,489,883</u>	<u>860,489,883</u>	<u>75,002,026</u>	<u>935,491,909</u>

The accompanying notes are an integral part of these Interim Condensed Consolidated financial statements.

INVESTMENT HOLDING GROUP Q.P.S.C.
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

	<u>Notes</u>	For the nine Month Period ended September 30,	
		<u>2017</u> <u>(Unaudited)</u> <u>QR</u>	<u>2016</u> <u>(Unaudited)</u>
OPERATING ACTIVITIES			
Net Profit for the period		49,350,934	85,544,013
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	11	4,502,889	4,421,632
Tax expenses		--	4,183,954
Dividends income from AFS financial assets		(5,000,000)	--
Profit from Disposal of property, plant and equipment		--	(187,910)
Written-off of property, plant and equipment		274	--
Loss on revaluation of investment properties at fair value		454,318	449,888
Group's share from profit of associates		--	95,981
Provision for slow moving inventory	9	600,000	--
Allowance for doubtful debts		--	900,000
Interest expenses		6,033,659	6,350,771
Provision for employees' end of service benefits		3,459,725	5,151,402
		59,401,799	106,909,731
<i>Movements in working capital:</i>			
Inventories	9	6,051,212	4,105,516
Due from related parties		(7,603,537)	(8,414,419)
Gross amount due from customers on contract work		(32,457,800)	3,627,437
Accounts receivable and other debit balances	6	22,773,690	(4,496,416)
Due to related parties	8(b)	8,965,302	15,966,376
Retentions receivable		11,215,483	2,122,654
Accounts payable and accruals	15	(16,253,396)	(15,075,630)
Gross amounts due to customers on contract work	14	(10,327,452)	(8,757,718)
Retention payable		705,980	(2,427,886)
Cash generated from operating activities		42,471,281	93,559,645
Income tax paid		(4,260,230)	(7,034,088)
Interest expense paid		(6,033,659)	(6,350,771)
Employees' end of service benefits paid		(6,743,390)	(2,337,190)
Net cash generated from operating activities		25,434,002	77,837,596
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(1,561,818)	(7,273,825)
Proceeds from sale of property, plant and equipment		--	771,934
Net movement in asset classified as held for sale			(38,811,235)
Net cash used in investing activities		(1,561,818)	(45,313,126)

The accompanying notes are an integral part of these Interim Condensed Consolidated financial statements.

INVESTMENT HOLDING GROUP Q.P.S.C.**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

		For the nine Month Period Ended September 30,	
	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		(Unaudited) QR	(Unaudited) QR
FINANCING ACTIVITIES			
Dividend paid		(20,503,253)	(11,536,528)
Movement of bank loans and borrowings	13	18,570,574	(20,576,519)
Net cash used in financial activities		(1,932,679)	(32,113,047)
Net increase in cash and cash equivalents		21,939,505	411,423
Cash and cash equivalents at beginning of the period		51,568,371	41,680,994
Cash and cash equivalents at the end of the period	5	73,507,876	42,092,417

The accompanying notes are an integral part of these Interim Condensed Consolidated financial statements.

INVESTMENT HOLDING GROUP Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017****1 LEGAL STATUS AND MAIN ACTIVITIES****NOTE (A)**

Investment Holding Group (the “Company” or “Parent”) is registered in the State of Qatar under Commercial Registration No. 39127 which has been amended to take effect of changing the legal status from a limited liability company to Qatari public shareholding company from 12 of November 2016. The Company is engaged in various types of investments inside the State of Qatar in accordance with sound commercial and economic practices. previously, 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 include the financial statements of the Company and those related to its subsidiaries mentioned below and the Company’s share of its joint operation (together referred as the “Group”), as follows:

	Percentage of ownership (%)		Type of interest
	September 30, 2017 (unaudited)	December 31, 2016 (Audited)	
Trelco Limited (W.L.L)	100	100	Subsidiary
Consolidated Engineering Systems Company W.L.L.(<i>Note i</i>)	60.4	60.4	Subsidiary
Water master (Qatar) Company W.L.L.(<i>Note i</i>)	63.3	63.3	Subsidiary
Electro Mechanical Engineering Company W.L.L.(<i>Note i</i>)	68.5	68.5	Subsidiary
Construction Development Contracting & Trading Co. W.L.L.	51	51	Subsidiary
Debbas Enterprises-Qatar W.L.L.	51	51	Subsidiary
Trelco Building Materials Co. W.L.L.(<i>Note i</i>)	85	85	Subsidiary
Consolidated Supplies Company W.L.L.(<i>Note i</i>)	75.5	75.5	Subsidiary

- **Trelco Limited–(W.L.L).**, is engaged in various trading activities.
- **Consolidated Engineering Systems Company W.L.L.**is mainly engaged in trading in fire alarms, security systems and related contracting activities. (*Note i*).
- **Water master (Qatar) Company W.L.L.**is mainly engaged in water treatment contracting activities. (*Note i*).
- **Electro Mechanical Engineering Company W.L.L.**is mainly engaged in installation and maintenance of electro mechanical works. (*Note i*).
- **Construction Development Contracting & Trading Co. W.L.L.** is mainly engaged in the contracting activities and trading in building materials.
- **Debbas Enterprises –Qatar W.L.L.** is mainly engaged in trading in electrical equipment, switch gear, light and instrument electrical tools, electro mechanical equipment installation and maintenance works.
- **Trelco Building Materials Co. W.L.L.** is mainly engaged in trading of wood, steel and building materials. (*Note i*).
- **Consolidated Supplies Company W.L.L.** is mainly engaged in trading of electrical and construction materials. (*Note i*).

All the above entities are located in the state of Qatar, its financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs) and applicable provisions of Qatar Commercial Companies Law.

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

LEGAL STATUS AND MAIN ACTIVITIES (Continued)

Note (B):

Effective January 1, 2015, the Company's ownership percentages in certain subsidiaries mentioned above has changed, as a result of share swap agreements with the non-controlling partners in the same subsidiaries. This swap was based on the share swap agreements signed and agreed among the partners after conducting valuation of the entities subject to the shares swap. The effect of these changes amounting to QR. 11,318,924 as of December 31, 2015 have been recognized in the consolidated statements of changes in shareholders' equity

Note (C):

During 2015, the partners of the Company agreed to dispose of the Company's share in El Sewedy Cables Qatar W.L.L. (the "Joint Operation"). Accordingly, as of the reporting date, the balances of the Joint Operation are included in a disposal group and presented in the interim condensed consolidated statement of financial position and classified as assets held for sale and liabilities directly associated with assets classified as held for sale.

Note (D):

Investment Holding Group has obtained the approval of Ministry of Economy and Commerce in accordance with resolution from His Excellency the Minister of Economy & Commerce number 286 dated 5th of August 2015 to convert the Company from a limited liability company to a public shareholding Company with a capital of QR 914,086,370. For the purpose of listing its shares on Qatar Stock Exchange and to have a public offering, the company filed an application on 11 August 2015 for the listing of its shares on the Qatar stock exchange. The Qatar Financial Markets Authority (QFMA) requested a new valuation of the company and its subsidiaries by accredited evaluators, In accordance with discussions between QFMA and the company and its listing auditor, the company was re-valued for an amount of QR 830 Million, as a result share capital was amended to QR 830 Million divided in to 83 Million shares of QR 10 each fully paid. Which equals the group value as per the valuation and not according to the book value of the partners' equity of the group.

The company offered the shares for public subscription during the period from 8 January 2017 to 22 January 2017 and the subscription period was extended for an additional two weeks. As a result of public offering, the company's share capital became as follows:

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

2- Basis of Consolidation

Subsidiaries are consolidated from the acquisition date, the date on which the Group's control commences until the date that control ceases. The interim financial statements of the subsidiaries are prepared for the same reporting period as the parent company are using identical accounting policies. Unrealized balances, transactions, gains and losses arising from intra-group transactions are eliminated and the dividends distributed are eliminated in full.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

2- Basis of Consolidation (Continued)

The interim condensed financial statements include the financial statements of the company's subsidiaries as shown in Note No.1. The controlling is recognized when:

- Control the entity that has been invested in
- Exposure to changed income or has an equity resulted from the partnership with the entity that has been invested in
- The company has the ability to affect those returns through its power over the entity

The Group carries re-evaluation for its ability to control in investment and facts and circumstances that could give an indicator for changes in one or more from the three items of control as shown above.

The Non-controlling interest is accounted for if the ownership of the subsidiary is less than 100%. A percentage of non-controlling interest is allocated to the total comprehensive income for the period, even if that would result in a deficit.

3 BASIS OF PREPARATION

(a)Statement of Compliance

The interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard IAS 34– “Interim Financial Reporting” and Qatar Commercial Companies Law. The interim condensed consolidated financial statements is prepared in Qatari Riyals which is the Group's presentation functional currency. The interim condensed financial statements do not include all of the information required for full annual financial statements however, the selected explanatory notes are included to explain group's financial position and performance since the last annual financial statements as of December 31,2016.

b) Use of Judgments and estimates

In preparing these interim condensed financial reporting, management make judgements, 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 the Group's accounting policies and key sources of estimation uncertainty were same as those applied to financial statements as at and for the year ended December 31, 2016.

In addition, results for the nine-month period ended September 30,2017 are not necessarily indicative of the results that may be expected for the financial year ending December 31,2017, therefore should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31,2016

4- SIGNIFICANT ACCOUNTING POLICIES

a)Basis of measurement:

The interim condensed consolidated financial statements have been prepared under historical cost basis except for some assets that have been measured at fair value.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
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4- SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) New and amended standards adopted by the Group

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, 2016, except for the adoption of new standards and amendments effective as of January 1, 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Although the below new amendments apply for the first time in 2017, they do not have an impact on the interim condensed consolidated financial statements of the Group.

- Amendments to IAS 7: Disclosure initiatives
- Amendments to IAS 12: Recognition of deferred tax assets for unrealized losses
- Amendments to IFRS 12: Disclosure of interests in other entities - Annual improvements to IFRS standards 2014-2016 Cycle

The management has taken into account the new standards in the preparation of these interim consolidated financial statements, whilst they did not have any material impact on these interim condensed consolidated financial statements, they may require additional disclosures in the annual consolidated financial statements for the year ending 31 December 2017.

New and amended standards issued relevant but not yet effective

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

<i>Topic</i>	<i>Effective Date</i>
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Annual Improvements (2014-2016 Cycle) to IFRS 1 & IAS 28	1 January 2018
Amendments to IFRS 7 "Financial Instruments - Disclosures"	1 January 2018
IFRS 9 "Financial Instruments"	1 January 2018
Amendments to IAS 40 "Real Estate Investment"	1 January 2018
IFRS 17 "Insurance Contracts"	1 January 2021
IFRS 16 "Leasing"	1 January 2019

The Group is assessing the impact of implementation of these standards

INVESTMENT HOLDING GROUP Q.P.S.C.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
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5. BANK BALANCES AND CASH	September 30, 2017 (Unaudited) QR	December 31, 2016 (Audited) QR
Cash on hand	960,859	321,658
Cash in bank	138,007,013	114,501,886
Fixed deposits (Note i)	7,000,000	7,000,000
Bank margin	--	690,000
	145,967,872	122,513,544
Bank overdraft Note no.13(i)	(72,459,996)	(70,945,173)
Cash and cash equivalent	73,507,876	51,568,371

Note i: Fixed deposits are held with a local commercial bank in the State of Qatar. These deposits have a maturity for less than 3 months from the date of placement.

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES	September 30, 2017 (Unaudited) QR	December 31, 2016 (Audited) QR
Trade receivables, net	105,034,295	122,217,114
Retention receivable	43,194,106	50,246,224
Prepaid expenses	13,363,622	23,385,318
Other debit balances (Note i)	26,702,319	15,932,699
	188,294,342	211,781,355

7. Gross amounts due from customers on contract work	September 30, 2017 (Unaudited) QR	December 31, 2016 (Audited) QR
Contract value at cost plus attributable profit	715,038,676	736,531,973
Less: progress billings	(533,881,865)	(587,832,962)
	181,156,811	148,699,011

8. RELATED PARTIES

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

a) Due from related parties

	September 30, 2017 (Unaudited) QR	December 31, 2016 (Audited) QR
Al Hodaifi Group W.L.L. and its subsidiaries	43,571,615	33,805,743
Others	3,040,249	5,202,584
	46,611,864	39,008,327

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
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b) Due to related parties

	September 30, 2017	December 31, 2016
	(Unaudited)	(Audited)
	QR	QR
Existing Shareholders	6,893,477	7,650,878
Al Hodaifi Group W.L.L. and its subsidiaries	13,683,087	2,936,897
Others	11,904,325	12,927,812
	32,480,889	23,515,587

9. INVENTORIES

	September 30, 2017	December 31, 2016
	(Unaudited)	(Audited)
	QR	QR
Trading inventory	39,149,651	56,676,448
Raw material	23,682,189	6,394,943
Goods in transit	--	5,811,661
Total inventory balance	62,831,840	68,883,052
Allowance for obsolete and slow moving items	(2,739,607)	(2,139,607)
Net inventory balance	60,092,233	66,743,445

10. ASSETS CLASSIFIED AS HELD FOR SALE

	September 30, 2017	December 31, 2016
	(Unaudited)	(Audited)
	QR	QR
(a) Assets held for sale		
Investments of a joint operation*	--	395,195,104
(b) Liabilities associated with assets held for sale		
Liabilities of a joint operation	--	269,603,697

*** Investments of a joint operation**

During 2015, the partners of the Company agreed to dispose the Company's share in El Sewedy Cables Qatar W.L.L. (the "Joint Operation"). The fair value less cost to sell of the Joint Operation is expected to be greater than the Joint Operation's carrying amount. Therefore, no impairment loss recognised on reclassification of the assets and liabilities as held for sale as at December 31, 2016.

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

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

INVESTMENT HOLDING GROUP Q.P.S.C.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
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11. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2017	December 31, 2016
	(Unaudited) QR	(Audited) QR
Historical cost at the beginning of period/year	63,501,797	58,044,770
Add :		
Additions during period/year	1,561,818	9,099,095
Subtract:		
Disposals during period/year	(1,009,118)	(3,642,068)
Historical cost at the end of period/year	64,054,497	63,501,797
Accumulated Depreciation in the beginning period/year	40,723,580	38,095,885
Add :		
*Depreciation during period/year	4,502,889	5,685,076
Subtract :		
Accumulated depreciation for disposal during period/year	(1,008,844)	(3,057,381)
Accumulated depreciation during period/year	44,217,625	40,723,580
Closing balance	19,836,872	22,778,217

- Depreciation during the period/ year has been allocated between direct costs and General and administrative expenses.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

12- Goodwill

Referring to Note No. 1, company's share capital was determined for an amount of QR 830 million equivalent to the value of the company on the basis of valuation, not on the book value of partners' equity as of December 31, 2016, with a resolution issuance from His Excellency the Minister of Economy and Commerce no. (474) of year 2016 dated 12 of November 2016 to determine the company share capital with its full value on the basis of valuation including the Goodwill resulted from the valuation amounted to QR 830 million. With the approvals from official agencies in the Ministry of Economy and Commerce and Qatar Financial Market Authority and Qatar Stock Exchange for that procedure, as well as their approvals on the subscription prospectus which has adopted the same approach. As a result of that, the company not the shareholders will recognize the value of the Goodwill resulted from the valuation, so that the company can recognize its new share capital. If the share capital was determined as per the book value of the partners' equity, the company's share capital will be less than its current value, resulted in determining the selling share price with a value greater than its nominal value in a way to include Goodwill per share that has been resulted from the valuation.

Based on a decision from the minister of economy and commerce mentioned above for his approval of convert and determining the new share capital with an amount of QR 830 million has been distributed **on 83 million shares** with a nominal value of QR 10 per share fully paid. Based on that the company new share capital for year 2017 has been indicated, so the company share capital has reach an amount of **QR 830 million** (2016: QR 10 million). The assigned and involved authorities in the country has approved the shares subscription prospectus according to the authority controls as well as the approval of the completion of establishment procedures and taking the necessary procedures to held assembly foundation meeting.

The Company has made a public subscription of it's shares during the period from 8th of January 2017 to 22nd of January 2017, the period of subscription has been extended for an additional two weeks. The constitutional Assembly was held on 5th of May 2017, the chairman of assembly presented all the procedures to convert the company from limited liability company to Qatari shareholding company with a share capital of **QR 830,000,000**. And added that the cost of this conversation was **QR 17,000,000**. The shareholders discussed the results of public offering and they have noted that **24,756,800** shares only were subscribed representing 29.8% from total share capital, therefore, the existing shareholders will maintain shares equivalent to 70.2% from the current shareholders. The Assembly have approved all items of the agenda.

Ministry of Economy and Commerce has provided approval to conduct the General assembly which include the founders, new shareholders from the public subscription for discussing and approving the consolidated financial statements of the Group as of December 31, 2016, that was held on 23rd of august 2017.

13. BANK LOANS AND BORROWING

13.i BANK OVER DRAFT

	September 30, 2017 (Unaudited) QR	December 31, 2016 (Audited) QR
Closing balance	<u>72,459,996</u>	<u>70,945,173</u>

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

13.II BORROWING

	Current		Non-current	
	September 30, 2017 (Unaudited) QR	December 31, 2016 (Audited) QR	September 30, 2017 (Unaudited) QR	December 31, 2016 (Audited) QR
Project financing (1)	13,135,589	25,156,211	--	3,057,519
Import loan (2)	49,958,853	42,013,462	--	--
Demand loan (3)	18,017,944	16,777,638	--	--
Term loans (4)	11,550,584	11,980,504	3,451,161	3,113,727
Murabaha loan	24,701,601	--	--	--
Vehicle loan	114,833	260,930	--	--
	117,479,404	96,188,745	3,451,161	6,171,246

(1)Project financing

During 2014, 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 8% (2016: 5% to 8%) annually. 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. These loans bear an average interest rates from 5 to 6% annually.

(2)Import loan

Import loans represent loans obtained from a local bank for the purchase of materials for the project and issuing letters of credit for sub-contractors. These loans bear an average interest rate of 5% to 6% (Dec.31,2016: 4.5% to 4.75%) annually and have maturities ranging from 180 to 270 days.

(3)Demand loan

Demand loans represent loans obtained from a local bank to finance working capital requirements. These loans bear an average interest rate from 5 % to 6 % (Dec.31,2016: 4.5% to 5%) per annum.

(4)Term loan

Term loan is entered into agreements with the local banks for the construction of labor camp and warehouse. Term loans have different maturity dates and bears interest rate from 5 % to 6% (Dec.31,2016: 4.5% to 5%) annually.

14. GROSS AMOUNTS DUE TO CUSTOMERS ON CONTRACT WORK

	September 30, 2017 (Unaudited) QR	December 31, 2016 (Audited) QR
Progress billings	584,557,197	634,411,916
Less: contract value at cost plus attributable profit	(560,164,805)	(599,692,072)
	24,392,392	34,719,844

INVESTMENT HOLDING GROUP Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017****15. ACCOUNTS PAYABLE AND ACCRUALS**

	September 30, 2017	December 31, 2016
	(Unaudited) QR	(Audited) QR
Trade and notes payable	60,416,428	83,850,660
Advances from customers	40,714,911	46,097,741
Accruals and other credit balances	54,109,027	41,545,361
Closing balance	155,240,366	171,493,762

16. SHARE CAPITAL

The shareholders decided in their general assembly meeting held on October 16, 2016, to revise the capital ownership percentage and offer 60% of the revised number of shares to the public subscription.

Based on the shareholders' general assembly meeting held on November 27, 2016, all shareholders agreed on the final value of the Group, which represent the revised capital of the Group amounting to QR. 830,000,000 equivalent to 83,000,000 shares, the final value was based on valuation reports issued by independent valuers, and the shareholders agreed also to offer 49,800,000 shares to the public subscription representing 60% of the Group's revised capital.

The Company have amended its articles of association, and obtained approval from the Ministry of Economy and Commerce on December 5, 2016 and was authenticated by the Ministry of Justice on December 7, 2016, as well as, during the year, the company commercial registration has been indicated, so the share capital of the company has reach an amount of QR 830 Million (2016: QR 10 million). Also, Qatar financial market authority has agreed to finalize the establishment procedures and take the necessary procedures to conduct the basic assembly.

During the constitutional assembly held on May 5, 2017 the chairman of the assembly presented all procedures performed to convert the Company from Limited liability company to Qatari Public Shareholding Company with share capital of 830,000,000 QR and added that the cost of this conversion was QR. 17,000,000. Shareholders discussed the results of the public offering; and noted that only 24,756,800 shares were subscribed representing 29.8% of the total revised share capital. Therefore, the existing shareholders will maintain the remaining shares equivalent to 70.2%.

Based on public offering process, the share capital has become as follows:

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

INVESTMENT HOLDING GROUP Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017****17. BASIC EARNINGS PER SHARE**

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

	September 30, 2017	September 30, 2016
	(Unaudited)	(Unaudited)
	QR	QR
Basic earnings per share from continuing operations	0.37	0.39
Basic earnings per share from discontinuing operations	--	0.46
Total basic earnings per share	0.37	0.85

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

	September 30, 2017	September 30, 2016
	(Unaudited)	(Unaudited)
	QR	QR
Profit for the year used in the calculation of basic earnings per share from continuing operations	30,489,883	32,115,577
Profit for the year used in the calculation of the basic earnings per share from discontinued operations	--	38,561,988
Total profit for the year attributable to the Owners of the Company	30,489,883	70,677,565
Weighted average number of ordinary shares outstanding during the year (in shares)	83,000,000	83,000,000

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

INVESTMENT HOLDING GROUP Q.P.S.C.
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
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18 NON-CONTROLLING INTERESTS

Name of subsidiary	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests	Profit allocated to non-controlling interests	Dividend distribution	Accumulated non-controlling interest
			QR.	QR.	QR.
<i>September 30, 2017</i>					
Consolidated Engineering Systems Company W.L.L.	Qatar	39.60%	15,188,198	(6,622,517)	47,694,053
Water master (Qatar) Company W.L.L.	Qatar	36.70%	2,303,526	--	8,345,364
Electro Mechanical Engineering Company W.L.L.	Qatar	31.50%	(337,126)	--	2,350,286
Construction Development Contracting & Trading Co. W.L.L.	Qatar	49.00%	468,825	--	7,305,250
Debbas Enterprises - Qatar W.L.L.	Qatar	49.00%	1,625,239	--	4,748,247
Trelco Building Materials Co. W.L.L.	Qatar	15.00%	45,483	--	(128,808)
Consolidated Supplies Company W.L.L.	Qatar	24.50%	(433,094)	--	4,687,634
			18,861,051	(6,622,517)	75,002,026
<i>December 31, 2016</i>					
Consolidated Engineering Systems Company W.L.L.	Qatar	39.60%	21,483,265	(6,000,000)	42,577,011
Water master (Qatar) Company W.L.L.	Qatar	36.70%	2,957,878	--	5,808,214
Electro Mechanical Engineering Company W.L.L.	Qatar	31.50%	587,342	--	2,793,051
Construction Development Contracting & Trading Co. W.L.L.	Qatar	49.00%	648,484	--	6,810,266
Debbas Enterprises - Qatar W.L.L.	Qatar	49.00%	162,502	--	3,123,008
Trelco Building Materials Co. W.L.L.	Qatar	15.00%	79,044	--	(196,390)
Consolidated Supplies Company W.L.L.	Qatar	24.50%	(619,198)	(5,880,000)	(6,656,485)
			25,299,317	(11,880,000)	54,258,675

19. 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.

The 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 use 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 September 30,2017.

20. FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets and financial liabilities.

Financial Assets:

The Group's principal financial assets include bank balances and cash, due from related parties, trade receivables, retentions receivable, available-for-sale investments and investments in associates.

Financial Liabilities:

The Group's significant financial liabilities include trade payable, bank overdraft, borrowings, retentions payable and due to related parties.

Fair Value of Financial Instruments:

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties on an arm's length basis. Since the accompanying financial statements have been prepared under the historical cost convention, except for investment properties which is carried at fair value, the carrying values of the Group's financial instruments as recorded could therefore be different from their fair values. However, in the opinion of the management, fair values of the financial assets and liabilities are not considered significantly different from their book values as most of these items are short-term in nature or repriced frequently.

21. FINANCIAL RISK MANAGEMENT

Objectives and policies

The Group's principal financial liabilities comprise bank overdrafts, borrowings, due to related parties, retentions payable, and trade and notes payable. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, retentions receivable, due from related parties, available for sale investments, investment properties, investment in associates and bank current accounts, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, currency risk and liquidity risk. The Management reviews and agrees policies for managing each of these risks.

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22. COMPARATIVE FIGURES

Certain related parties' balances with related to the previous year in consolidated financial position have been reclassified in order to conform with the presentation in the current's period's financial statements. However, such reclassifications did not have any impact on the net profit, net assets or equity of the previous year.

- 1- Comparative figures related to companies, continued operations that partners' has entered in the valuation and it is not included their share in Qatari sewedy cables company which was presented in the financial statements for the year ended December 31,2016 audited by pervious auditor as assets held for sale with an amount of QR 395,195,104 and liabilities directly classified as held for sale amounted to QR 269,603,697 with a net figure amounted to QR 125,591,407 and non-continued operation profits amounted as of December 31,2016 with an amount of QR 56,839,043 (30 September 2016: 38,561,988 QR).
- 2- Comparative financial statements related to the financial statement for the year ended December 31,2016 do not include Goodwill resulted from the company valuation process and its subsidiary companies which based on that the Ministerial Resolution has been issued to determine the share capital with an amount of QR 830,000,000 and accordingly the public subscription of the offered shares has been operated.

The comparative financial statements related to the financial statement for the year ended December 31,2016 has been shown separately in this condensed consolidated financial statement.