مجموعة إستثمار القابضة ش.م.ع.ق.

INVESTMENT HOLDING GROUP Q.P.S.C.

Company Profile 2020

www.ihgqatar.com

مجموعة إستثمار القابضة ش.م.ع.ق.

INVESTMENT HOLDING GROUP Q.P.S.C.

His Highness Sheikh Hamad bin Khalifa Al-Thani
The Father Emir

His Highness Sheikh Tamim Bin Hamad Al-Thani
Emir of the State of Qatar

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CHAIRMAN'S MESSAGE

On behalf of the Board of Directors, I am delighted to share with you IHG's Annual Report for the fiscal year ended 31 December 2020.

Despite the challenges imposed by the pandemic on the Group's operations which led to a large decrease in its profitability – as expected-, IHG reported a net profit of QR 23.3 million in 2020 compared with QR 55 million in 2019, recording a decrease of 57%. The Earnings per Share amounted to QR 0.028 in 2020 compared with QR 0.066 in 2019.

As some of the repercussions arising from the economic situation of 2020 continues, the Board of Directors recommended to forgo paying cash dividend for 2020 and carry forward the net profit to the following year to maintain a solid cash position at Group's level, to enable it to tackle any potential consequences that may arise if the pandemic persists and the possible negative impacts on our subsidiary companies' operations.

As always, Qatar has once again demonstrated the strength and resilience of its economy in facing difficulties, which comes as a result of the decisions taken by the Government under the visionary leadership of His Highness Sheikh Tamim Bin Hamad Al Thani, the Emir of the State of Qatar. Since the beginning of the pandemic last year, the Qatari market has witnessed a lot of challenges that led to the cancellation and suspension of a large number of our subsidiaries' projects and maintenance contracts. However, the effectiveness of the Group's strategic plans, which were implemented during the year, was demonstrated by strengthening its leading position in the Qatari market and continuing to deliver sustainable returns to its shareholders.

Despite the drop in the net profit, the Group's results have demonstrated its resilience and ability to deliver and fulfil the various needs for services and products in the Qatari market while ensuring that the highest level of services are provided to its customers, placing the subsidiaries in a leading positing in the sectors in which they operate. There is no doubt that IHG has benefited from the diversity of its investment portfolio, its clients' trust and its long-lasting record of achievements.

With the start of the new year, we are looking forward to benefit from the Qatari economy's recovery from the impacts of COVID-19. Through our subsidiaries, we will continue to explore investment opportunities, focus on projects with high margins and relatively lower risk and collaborate with our strategic partners, all of which will help deliver steady and sustainable returns for our esteemed shareholders.

Certainly, we would not have maintained the company's profitability for another year without our employees whom I express my sincere appreciation and gratitude for their tireless efforts and faithfulness, and who have worked diligently to maintain a working environment that was able to overcome an exceptionally challenging year. Our gratitude is extended to the governmental authorities and regulatory bodies for their continuous and valuable support as well as all other stakeholders who contributed to our success during this challenging year.

On behalf of the Board of Directors, I would like to express our sincere appreciation to His Highness Sheikh Tamim Bin Hamad Al Thani, the Emir of the State of Qatar and to His Highness, Sheikh Hamad Bin Khalifa Al Thani, the Father Emir, for their guidance and wise leadership that had laid down the foundation for success and prosperity.

Ghanim Sultan Al-Hodaifi Al-Kuwari
Chairman

CEO'S MESSAGE

We are proud of our performance during the fiscal year 2020, despite the drop in Net Profit compared to last year's. IHG has demonstrated resilience, strength and agility in responding to the consequences of the global and local financial and economic challenges, caused by the pandemic. The Group's Net Profit attributable to shareholders has witnessed a decrease of 57% as it amounted to QR 23.3 million in 2020 compared with QR 55 million in 2019. The Earnings per Share amounted to QR 0.028 in 2020 compared with QR 0.066 in 2019.

The drop in Net Profit is mainly attributed to the impact of the nationwide precautionary measures applied to curb the spread of COVID-19- on the operations of the Group's subsidiaries. Those precautionary measures have led to the suspension and cancellation of many contracting projects as well as the postponement of most of the maintenance contracts pertaining to: wellness and pools activities, and other maintenance works including but not limited to, fire-fighting systems, mechanical, electrical and plumping equipment. Furthermore, the exceptional temporary and partial lock down in the Industrial Area -where many of our trading business's clients are located- has further impacted the trading activities of those subsidiaries. Moreover, the increase in the labor costs for many of our subsidiaries' -which exceeded 50% of the estimated cost in some cases – caused by the difficulty of overseas hiring, as a result of the travel restrictions- has also led to a large increase in projects' costs beyond the projected budget; thus, a drop in its profit margins.

IHG's general and administrative expenses have decreased during 2020 compared with 2019. The decrease reflects the gradual implementation of its strategy to reduce overhead expenses. In terms of financing and building upon its strong relationships with banks in Qatar, IHG has managed to access additional banking facilities, reduced financing expenses and further deleveraged its balance sheet which had a positive impact on its results in 2020.

In spite of the pandemic, we have made all the necessary efforts to exploit available opportunities in the Qatari market. Thanks to the Group's diversified business model that enabled us to partially offset the pandemic's impact by focusing on the more resilient trading sector and restructuring some of the subsidiaries' supply chain. The implementation of these measures has resulted in an increase in the trading sector's revenues by 56% in the fiscal year ended December 31, 2020 compared with the same period in 2019. Believing in the importance of an efficient executive management, we have also worked on restructuring some of our subsidiaries' organizational structures to ensure having the right team to: optimally implement the Group's strategies, ensure achievement of its objectives, boost growth and development of the subsidiaries' businesses, and to manage all possible risks to which these companies might be exposed to. Additionally, we have successfully established a shared services model across the Group, a step that will help us to further reduce operational expenses and increase efficiency through synergies. Furthermore, the Group and its subsidiaries are expected to relocate to a new headquarters where it will further benefit from full implementation of a shared services model. The move will also facilitate increased operational synergies and productivity which will significantly decrease general and administrative expenses. To further increase our operational efficiency, reduce expenses and boost our competitiveness, we are finalizing a study to merge some of our subsidiary companies of similar and/or overlapping activities. Moreover, we have started the implementation of an enterprise resource planning (ERP) system, a step that will significantly enhance the control, reporting, operational efficiency and decision-making across the Group and its subsidiaries.

Throughout the year, IHG has maintained its compliance with the Governance Code for Companies and Legal Entities issued by Qatar Financial Markets Authority (QFMA) and has adopted the best practices in governance. This aims at ensuring proper functioning of all activities and promoting transparency, responsibility taking, justice and equality principles as well as boosting investors and stakeholders' confidence in the company.Driven by our commitment to social responsibility, IHG has taken all precautionary measures and enhanced safety measures among its clients, employees, and workers across the Group, its subsidiaries and at all work sites. Moreover, the Group has cooperated with the health authorities to maintain public health and to contribute to limiting the spread of the virus. Looking at 2021, we are expecting a significant increase in the Group's revenues. This is supported by the execution of many of our existing contracts which had been postponed in 2020 in addition to the newly signed contracts and benefiting from the gradual economic recovery from the pandemic.

We are striving to build on our experiences and substantial success as well as continue to diversify the Group's sources of income, focus on adding activities in defensive industries and specialized projects with high profit margins. We will continue our endeavor to capitalize on the opportunities for growth, provided by the Qatar National Vision 2030 and the governmental supportive actions towards all economic activities with the approach of the World Cup 2022, supported by the wise vision of the Qatari government under the leadership of His Highness Sheikh Tamim Bin Hamad Al-Thani, the Emir of the State of Qatar.

On this occasion, I would like to extend my sincere gratitude and appreciation to our employees who have contributed to achieving our target and delivering long-term sustainable returns to our shareholders, by their outstanding performance. I would also like to express our deep thanks to the Chairman, the Board of Directors, our esteemed shareholders, the Executive Management and all stakeholders for their extensive support during these difficult times.

Samer Mohammad Wahbeh

Group Chief Executive Officer

Board of Directors

H.E. Ghanim Sultan Al Hodaifi Al-Kuwari
Chairman

Mr. Khalid Ghanim S Al Hodaifi Al-Kuwari
Vice Chairman

Sheikh Nasser bin Ali bin Saud Al-Thani
Board Member

Mr. Hamad Abdulla M SH Al-Emadi
Board Member

Mr. Omer Abdulaziz H A Al-Marwani
Board Member

Mr. Abdul Rahman Ghanim S Al Hodaifi Al-Kuwari
Board Member

Mr. Mohammed Ghanim S Al Hodaifi Al-Kuwari
Board Member

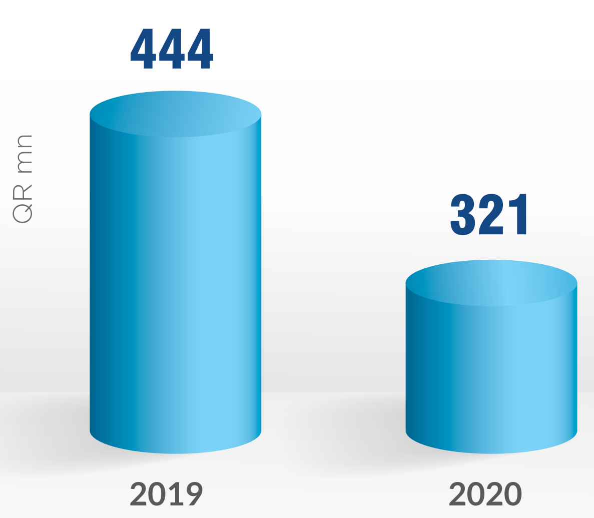
Mr. Sultan Ghanim S Al Hodaifi Al-Kuwari
Board Member

Mr. Hamad Ghanim S Al Hodaifi Al-Kuwari
Board Member

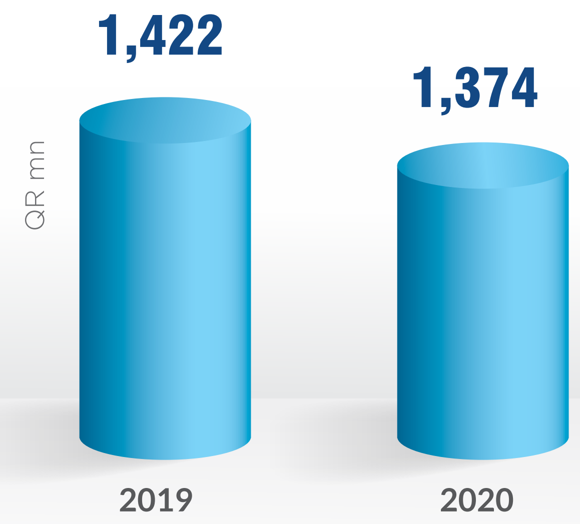
Mr. Abdulaziz Ghanim S Al Hodaifi Al-Kuwari
Board Member

Financial Indicators

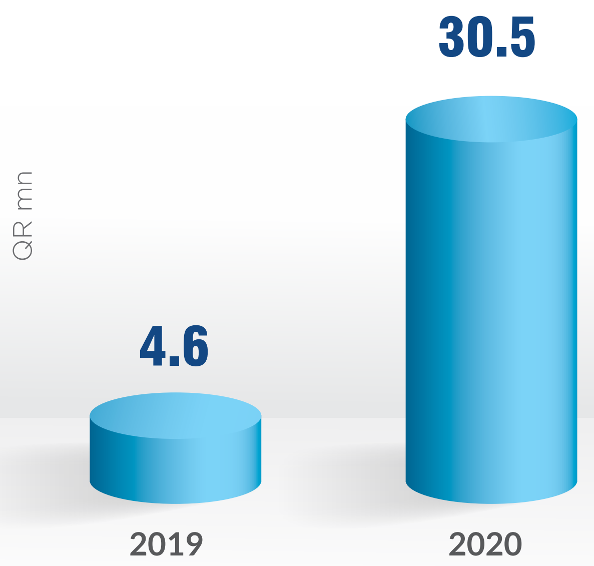
Revenue



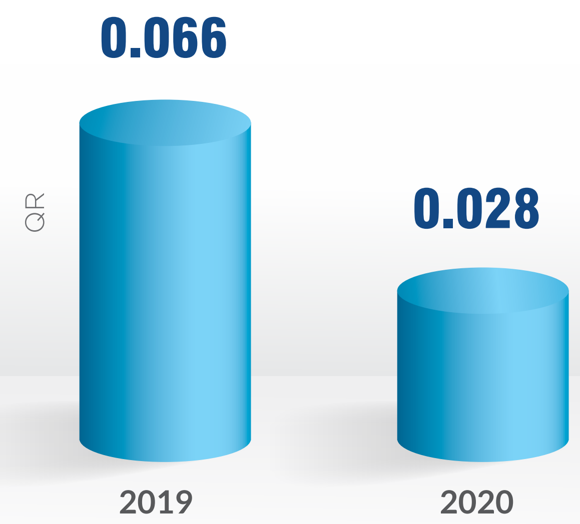
Assets



Cashflow



Earnings per Share



About Us

Investment Holding Group Q.P.S.C. (IHG) was founded in 2008 as a Limited Liability Company and has converted its legal status to a Qatari Public Shareholding Company with its shares publicly traded on the Qatari Stock Exchange since 2017. IHG is one of the leading conglomerates in Qatar managing its portfolio companies that are operating in compliance with Islamic Sharia. IHG's current subsidiary companies are specialized in: construction and contracting, specialized contracting (mechanical, electrical and plumbing), supply of building materials, safety equipment, wooden products, fire-fighting systems, and other related materials, in addition to food, chemicals, consumable supplies and real estate.

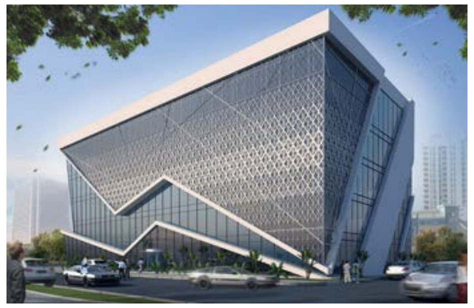
Since its foundation and throughout the years, IHG has always held majority stakes in all subsidiaries; thus, exercised control over the subsidiaries. The Group strives to further acquire significant stakes in companies operating in defensive. industries and diversify its portfolio to include a variety of sectors, including: manufacturing, education, healthcare, trading, hospitality and significantly increase its real estate portfolio.

Representing a network of leading companies in the Qatari market, IHG benefits from its subsidiary companies' extensive expertise, which ensures providing outstanding services and engineering solutions to its clients enabling them to enjoy successful track records in their respective sectors. The Group assesses its projects both financially and strategically and prioritizes specialized projects with high profitability and relatively lower risk, through which it contributes to the development of the Qatari economy, and delivers steady and sustainable returns for its shareholders.

IHG considers minimizing the environmental impact of its work as a top priority as it seeks to improve the quality of life for everyone, now and in the future. The Group therefore endeavors to promote sustainable development by conserving energy, materials, and resources. Moreover, the Group takes active measures to ensure its activities are conducted in an environmentally conscious manner, and to incorporate the relevant environmental safety precautions.

Consolidated Engineering Systems Company W.L.L.

Consolidated Engineering Systems Co.



Consolidated Engineering Systems Company W.L.L. (CESCO) is specialized in the firefighting and low-current systems associated with commercial and residential complexes, and with industrial plants and military establishments. Additionally, it specializes in lighting and electrical installation material for various applications.

Specifically, CESCO services encompass design, engineering, supply, installation, commissioning and maintenance of the following systems:

- Fire detection and voice alarm systems (Edwards)
- Xtralis aspirating detection systems (VESDA)
- FM-200, Co2 and dry chemical systems
- Security systems (access control, CCTV, integrated security systems)
- Public address systems
- Intercom & paging
- Timekeeping
- Nurse call systems
- Parking control systems

CESCO has completed a large number of complex and high-profile mega projects since its establishment in 2006, and is renowned for its effectiveness, consistent quality and superb after-sales service. The company is recognized by principal advisors, civil and other specialists for its high standards in planning and executing, for its firefighting protection work and for the low-current systems related to different types of premises.

The award of ISO 9001:2015 Quality Management Certification demonstrates CESCO's dedication to continuous business venture improvement. The company's environmental management system—recognized with ISO 14001:2015—guarantees the applicable implementation of its environmental strategies. Likewise, ISO 18001:2007 affirms the consistency of CESCO's frameworks within the International Occupational Health and Safety Management Systems. Furthermore, CESCO is a distinguished member in the National Fire Protection Association (NFPA), and is certified by the Qatar Civil Defense and listed by Kahramaa. In addition, the company is classified Grade 'A' by the Qatar Ministry of Interior, thereby verifying the company's high performance and commitment to the highest standards in the services it provides to clients.

Consolidated Supplies Company W.L.L.

CONSOLIDATED SUPPLIES CO.
Electrical Materials Supplies

Formed in 2002, **Consolidated Supplies Company W.L.L. (CSC)** is a multi-divisional business that is specialized in the refilling and servicing of fire extinguishers, the supply and maintenance of electrical, lighting, sanitary ware and personal protective equipment. CSC also supplies additional building materials such as safety equipment, power tools, hand tools, plumbing materials, lighting fixtures, binding wires and other accessories that are commonly used in construction projects.

In addition, the global brand names showcased within CSC's multiple divisions—such as Waiss and Hammer Man—are perceived for their standout clean items and personal safeguard apparatuses that are exclusive to CSC.

With the successful completion of numerous projects over the last two decades, CSC has gained a strong reputation for productivity, unwavering quality and an excellent after-sales service.

Guaranteeing the high caliber of its items through reviews and stringent testing, CSC meets the continuous high demand for its products and services that are customized to the needs of its clients, while meeting the significant legal and administrative requirements of the State of Qatar.

WATERMASTER Qatar W.L.L.

WATERMASTER

Water Technology, Swimming Pools, Jaccouzi, Saunas
Fountains Designers & Contractors

WATERMASTER Qatar W.L.L. (WATERMASTER), was founded in 2006 and specializes in water-related projects that include water features, water / wastewater treatment, and wellness and pools. The company also provides designs for treatment plants and sub-water networks as well as the supply, installation, commissioning and maintenance of the plants.

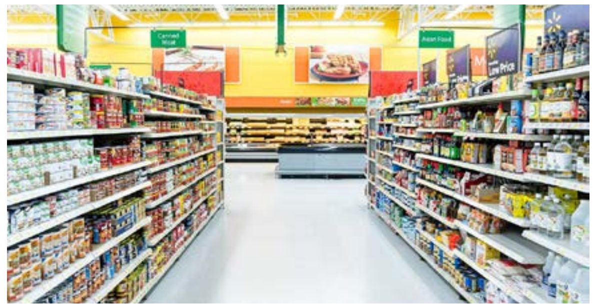
Since its initiation, WATERMASTER has consistently kept pace with the latest innovations in water treatment. The company's advancements in this field are due to its precision design and planning standards, expert knowledge of water toxins and science, and industry best practices for environmental protection.

Over the last couple of years, the company has effectively completed around 170 projects in Qatar. In accordance with the, Equivalent Employment Opportunity' strategy, WATERMASTER promotes a culture of equity and fairness, providing professional development opportunities to every worker. The company likewise regularly assesses its health and safety standards to shield staff from any risks, updating its procedures as necessary.

In recognition of WATERMASTER's continued efforts in the area of risk control, the company has gained the OHSAS 18001:2007 Occupational Health and Safety Management Systems certification. Additionally, the company has been certified with ISO 9001:2015 for Quality Management Systems and ISO 14001:2005 for Environmental Management Systems.

Trelco Limited Company W.L.L.

Trelco LIMITED CO. W.L.L.
شركة تريلكو المحدودة ذ.م.م
Trading, Contracting, Transportation
Projects & Government Supplies & Services



Trelco Limited Company W.L.L. (TLC) is a fast-growing business group with major operations. Its commitment to solid principles and corporate ethics has earned TLC a reputation that spans over 40 years. The business activities of the company currently cover the following sectors:

- Trading
- Information technology and communications
- Security
- Engineering
- Construction
- Transport
- Services
- Energy
- Consumer products
- Chemicals

TLC specializes in the trading of industrial materials and chemicals, oil and gas, water treatment, and agriculture and health chemicals. Furthermore, TLC is now one of the major suppliers of imported foods and beverages and other consumer goods in Qatar.

Supported by its team of expert professionals, highly experienced in sales, marketing and distribution; the company supplies various government departments as well as private companies. TLC meets clients' requirements for an assortment of hardware equipment, consumable supplies and services.

Debbas Enterprise-Qatar W.L.L.

debbas
DEBBAS ENTERPRISE - QATAR WLL

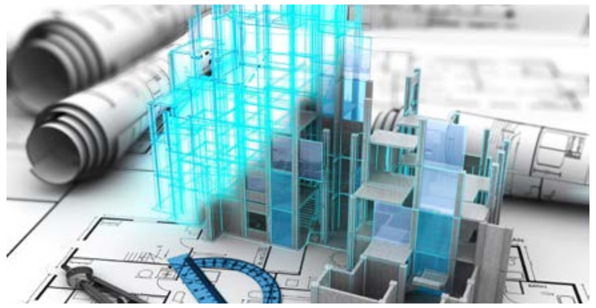
Debbas Enterprise – Qatar W.L.L. (DEQ) was established in 2006, in partnership with Debbas Holding - Lebanon, with the aim of providing top-notch electro-mechanical contracting and facility management services to the booming market of the State of Qatar. Specialized in the management and execution of electro-mechanical projects, DEQ is structured to tackle the entire process from design support, planning and comprehensive engineering to complete execution and integrated facility management services. DEQ services include mechanical, electrical, plumbing, low voltage works and data center infrastructure in addition to street-lighting installations.

In affirmation of its strong focus on quality management, DEQ has been awarded ISO 9001:2015; for its commitment to environmental protection: ISO 14001:2015; and for its health and safety standards: OHSAS 18001:2007. These accreditations confirm the company's dedication to persistent improvement and excellence in every area of its operations.

DEQ is confirmed by KAHRAMAA as a Grade 3 company for executing electrical works of up to 500 KW, and designated by Ashghal for roadway/road light support works. Likewise, the company is classed as Grade 2 by the Ministry of Finance for electro-mechanical works; establishment of works and for the maintenance of MEP equipment and electrical works.

Construction Development Contracting & Trading W.L.L.

Construction Development



Construction Development Contracting and Trading W.L.L. (CDCT) is a civil contractor providing a broad range of construction services. The company's solid reputation comes from its long-term partnerships with customers, architects, engineers, subcontractors and suppliers. Distinguished by its managerial expertise and well-established system of operations, CDCT has highly trained engineering and executive teams with extensive experience with the company in construction, consultancy and supervision work.

Supported by employees committed to offering exceptional customer service—and with its 70 completed projects so far—CDCT has consistently exceeded expectations.

As a holder both of ISO 9001:2008 for quality management and ISO 14001:2004 for environmental management, CDCT is perceived as a quality-affirmed company for its guarantees in these areas. Additionally, the OHSAS 18001:2007 certification affirms the company's strong performance in occupational health and safety management.

Electro Mechanical Engineering Co. W.L.L.

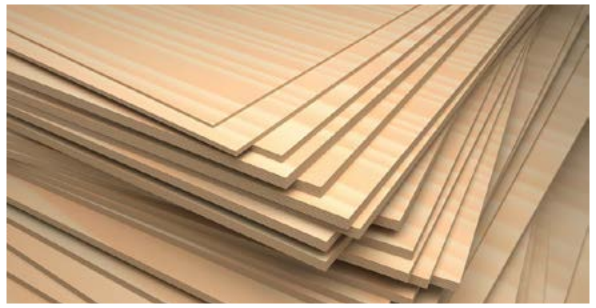
Electro Mechanical Engineering Company W.L.L. (EMEC) was established in 2005. The company provides various mechanical, electrical and contracting activities. Its areas of specialty include the installation and maintenance of HVAC, plumbing, drainage and water supply systems. It also specializes in the supply, installation and maintenance of high- and low-voltage equipment, in addition to low-current, security and building management systems. EMEC's services are supported by its team of highly qualified engineers and technicians.

By meeting the complex demands of its customers in Qatar, EMEC ensures the complete satisfaction of its long-term and professional partnerships across the commercial, industrial, residential and public sectors.

Designated as a Grade 'A' MEP contractor, the company is included in the list of Ashghal's vendors for undertaking drainage projects. Likewise, EMEC acts as a subcontractor for installation work and is approved by Kahramaa as a Grade 'A' company for executing electrical contracting works in Qatar.

The company has earned EMEC ISO 9001:2015, confirming that all processes and procedures within its quality administration framework have been carefully designed and quality-tested according to international standards. Furthermore, the company holds the ISO 14001:2015 certificate of compliance for its environmental management systems, and ISO 45001:2018, in recognition of its commitment to health and safety in the workplace.

Trelco Building Materials Company W.L.L.



Trelco Building Materials Company W.L.L. (TBMC) was established in 2008 and supplies building materials to the market in Qatar. The company is the main supplier of:

- Plywood
- Bitumen impregnated boards
- Steel prop pipe supports
- Scaffolding
- Engineered panels
- Softwood
- Temperate and tropical hardwood species
- Woodworking accessories and tools

TBMC's substantial storage facilities, together with its large fleet of transportation vehicles and equipment facilitate its major operations.

Well-known for its quality, adaptability and dependability over the last decade, TBMC consistently earns consumer loyalty through the expertise of its proficient and accomplished technical team.

The company is authorized with ISO: 9001:2015 Quality Management Systems and Forest Stewardship Council certifications. As such, the company demonstrates a strong commitment to implementing environmental policies as well as occupational health and safety systems across all areas of the business.

GOVERNANCE REPORT 2020

Governance Report

2020

In accordance with the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market issued by Qatar Financial Markets Authority (QFMA) pursuant to Resolution No. 5 of 2016.

Introduction

Governance is one of the most important management and control systems for companies in general, and for listed shareholding companies in particular. Such importance is due to the fact that governance entrenches the principles of good governance; determines the functions and responsibilities of the Board of Directors, Senior Executive Management and employees of the Group; promotes the principles of justice and equality among stakeholders; ensures productive control and risk management; enhances transparency and disclosure; regulates stakeholder's rights; and promotes community advancement. This can improve the Group's performance in general, and inevitably ends in achieving the true meaning of the principle of upholding the interests of the public, the Group and stakeholders, placing them before any other interest.

From that standpoint and based on the commitment of Investment Holding Group Q.P.S.C. to the principles of Corporate Governance Code for Companies and Legal Entities Listed on the Main Stock Market, particularly those promulgated under the QFMA Board of Directors' decision No. 5 of 2016, published in the Official Gazette on 15/05/2017, and out of the keenness of the Board to implement the rules of governance, the Group adopts the best management practices with a view to achieving a good governance level. By doing so, the Group aims to: promote the confidence of current and prospective investors; spread the Group's governance culture; consolidate the values of justice and equality among stakeholders and non-discrimination on the basis of race, gender and religion; promote transparency and disclosure and provision of information to the Authority and stakeholders at the right time and in the manner that enables them to make decisions and undertake their duties properly; uphold the values of the Group's corporate social responsibility; giving the public interest of the Group and stakeholders a priority over the personal interest; and undertake duties, tasks and functions in good faith, integrity, honor and sincerity and take the responsibility arising therefrom before both stakeholders and society. All that can be achieved by establishing the following principles:

Transparency

This principle is based on good faith, honesty and openness; upholding of the values of self-censorship and integrity; exercising of great caution, diligence and honesty in performing the tasks and functions assigned to each and every employee and official in the Group, including the Chairman, Board members, Senior Executive Management, all employees and other parties related to the Group. This principle determines the framework of disclosure and provision of the information required by the Authority, other regulatory bodies or stakeholders at the right time and in the manner that enables the requester of information to take the proper decision. It also regulates insiders' way of dealing in the securities issued by the Group or any of its subsidiaries as well as serves to avoid and reduce conflicts of interest and achieve public interest under the concept of fair investment in the market.

Responsibility Taking and Acknowledgement: This principle aims to determine the rights, duties and responsibilities in the Group; develop an appropriate control mechanism to hold each official/employee accountable for his work and assess his performance; and assess the Group's overall performance in accordance with best international standards whether the control process is carried out internally by the Board and its committees or by the internal audit, each within its scope of competence, or externally by an auditor. It also aims to make each official acknowledge his responsibility even when delegating some of his functions or powers to others since such delegation is only related to tasks not responsibilities. In addition, this principle aims to outline the social responsibility of the Group and its role towards the development and prosperity of society and preservation of the environment.

Justice and Equality: Stakeholders, first and foremost shareholders, have equal rights and shall be treated without any discrimination whatsoever on the basis of race, gender or religion, and they shall have all the same rights arising from their share ownership or capacity in the Group. This principle also covers stakeholders' rights in the Group, whether shareholders or others that have a position or an interest in the Group, such as employees, creditors, clients and suppliers. This is aimed to enable them to exercise and enjoy their rights, particularly the rights related to the General Assembly and accessible participation therein, including the rights to vote, candidacy and election of Board members, dividends, access information, and adopt the bonus and incentives policy in the Group, including bonuses of the Chairman and members of the Board and Senior Executive Management.

Commitment

The Group takes into account the protection of the rights of investors and stakeholders in general, enabling them to exercise such rights, as well as upholding of values of protecting the rights of minority shareholders and employees of the Group by adopting preferential treatment for small investors and minority shareholders. The pillars of such treatment involve: not allowing the majority to control the minority; not allowing one or more Board members to dominate the decision-making process; and adopting cumulative voting method in the election of Board members. This method of voting gives each shareholder voting rights equivalent to the number of shares owned by them and allows them to cast the said votes for a single candidate or divide them among selected candidates without any duplication of votes. The said method could increase the opportunities of minority shareholders to enjoy fair representation in the Board, and provide an appropriate mechanism that enable all shareholders and other stakeholders to access information to the extent that protects the interests and rights of the Group and others, as well as a mechanism for submitting appeals and complaints and reporting any violations or risks that might threaten the Group.

Definitions

Company: Investment Holding Group Q.P.S.C.

Chairman: The Board chairman.

Board: The Board of Directors of the company

Governance: System by which a company is directed and controlled. The governance specifies the foundations and principles of the distribution of rights and responsibilities among the different participations in the Company – such as the Board of Directors, managers, shareholders and other Stakeholders – and spells out the rules and procedures for making decisions of the Company's affairs.

Executive Board Member: A Board member who performs an executive role and/ or has a full-time position.

Non-Executive Board Member: A Board member who does not have a full-time management position at the Company or who does not receive a wage.

Independent Board Member: A Board member, who has complete independence.

Corporate Governance Code: Qatar Financial Markets Authority (QFMA) Resolution No. 5 of 2016 for Companies and Legal Entities Listed on the Main Market and its amendments.

Law: Commercial Companies Law No. (11) of 2015 and its amendments.

Authority: Qatar Financial Markets Authority (QFMA).

Disclosures in the Annual Report

The Board is committed to submitting an annual governance report in accordance with the applicable regulations. In its annual report, the Group shall disclose its commitment to apply the principles and provisions of the Governance Code. In case of non-compliance with any principle or provision of the Code for reasons accepted by the Authority, taking into account the public interest, the market interest or the protection of investors, the Group shall specify in the Governance Report the article or articles that it has not complied with and express the justifications for non-compliance or the reasons for violation, as the case may be, provided that the Governance Report is part of the annual report of the Group, including the following:

First: Procedures followed by the Group in implementing the provisions of this Code:

In fact, the Group has adopted the Governance Code No. 5/2016 since the Constituent General Assembly of the Group held on May 8, 2017, which approved the Group's Articles of Association and finally announced the establishment of the Group.

In 2020, the Group adhered to the application of governance systems. To explain, during 2020, the Group held fifteen (15) meetings for the Audit and Risk Management Committee, two (2) meetings for the Nominations and Remuneration Committee, twelve (12) Board meetings, One (1) Ordinary General Assembly meeting and Two (2) Extraordinary General Assembly meetings.

During Financial Year 2020, the Audit and Risk Committee meetings approved the annual budget for the Group and its subsidiaries, The Committee discussed the internal audit reports of the Group and its subsidiaries. The Internal Auditor presented during the meetings the results of their detailed reports regarding their internal audit on the subsidiaries. It also discussed amending the organizational structure of Investment Holding Group and some subsiaries, discussing the executive regulations of the tax law and some of the disputes that some subsidiary companies face, discussing the measures to be taken to face the consequences of the spread of the Coronavirus Covid 19, discussing the semi-annual financial statements for the year 2020 and hearing observations of the external auditor and then the condensed consolidated financial statements for the nine-month period ending on September 30, 2020, and some pending issues pertaining to the group and its subsidiaries, and discussing the internal audit report of the subsidiaries.

At the level of the Board of Directors, twelve (12) meetings were held. The most important topics discussed were the discussion and approval of all the periodic financial statements at the specified times in accordance with the law and regulations as well as the Audit and Risk Management Committee reports during the fiscal year 2020. The Board approved the restructuring of the Board and the committees. The Board also accepted the resignation of a Board member and appointed a new Board Secretary in replace of the resigned Secretary. The Board approved the amendment of Investment Holding Group's representatives in the Board of Directors of its subsidiaries; Electro Mechanical Engineering Co. (EMEC) and Consolidated Supplies Company W.L.L. (CSC) and Watermaster (Qatar). Furthermore, the Board approved restructuring banking facilities for the Group as well as renewal and amendment of banking facilities for the Group and its subsidiaries, based on the delegation provided to the Board of Directors during a previous General Assembly.

The Group has called for two meetings for the ExtraOrdinary General Assembly where the first meeting held on 27 April 2020 was adjourned to the second meeting held on 29 April 2020, due to lack of qurom. The purpose of the meeting were to approve the amendment of Articles 6,13,15,20,22,23,26, 27,28,29,33,37,40,43,45,46,48,49,51,53,55,56,58,59,60,62,67,72,79,81 of the Articles of Association of Investment Holding Group. The Group has called as well for one meeting for the Ordinary General Assembly which was held on 27 April 2020. The mentioned amendments to the Memorandum of Association were published in the Official Gazette, in its issue No. 13 dated 13 August 2020, pages 544 to 579. The Annual General Assembly meeting was held once on 27 April 2020. In addition to the above, the Group made effective disclosures in a way ensuring justice and transparency, preventing conflicts of interest and exploitation of information not available to the public, and clarifying the rules to be followed when dealing in securities by insiders. The Board meetings, resolutions and recommendations, periodic financial statements, and the place and time of holding the General Assembly meetings were disclosed. A new Secretary has been appointed for the Group's Board of Directors. The basic statements of the listed company were disclosed according to the applicable laws and regulations. The contracts signed by the subsidiaries were also disclosed. In addition, the Group disclosed the list of names and data of the member of the Board of Directors, and the list of informed persons, as well as committees and recommendations, committee members and court lawsuits. Moreover, the Group disclosed all periodic and immediate information and notifications regarding material issues.

During the Financial Year 2020, the Group carried out all disclosure procedures stipulated in the applicable laws and regulations, particularly to QFMA, Qatar Stock Exchange and Qatar Central Securities Depository. The Group's website was updated to keep the shareholders updated of all the news and disclosures issued by the Group.

Second: Disclosure of any violations committed during the year, including violationsand penalties imposed for non-compliance with the implementation of any of the principles or provisions of this Code, their reasons, the remedial measures taken and ways to avoid the same in the future

During the period until the end of the financial year 2020, the Group did not commit any violations, and no penalties were imposed on it due to its commitment to implementing the principles of Governance principles. However, the company has been summoned to appear before the investigation committee at the Qatar Stock Exchange to hear its statements about the fact that the company held the BOD meeting to discuss the annual financial statements on Saturday, March 28, 2020, and then sent the results of the meeting on Sunday, March 29, 2020, after the end of the trading session.

Representatives of the company attended before the committee and confirmed that the company has never delayed disclosing any of the previous meetings, and it has a regular record of disclosure, and that the company has in no way deliberately delayed disclosure, and that this matter happened only as a result of the difficult work conditions that accompanied the precautionary measures taken from the government to respond to the outbreak of the Corona virus and work remotely through modern communication platforms.

The company also clarified that the financial statements, which were approved by the board of directors at its meeting subject of the investigation, had been published within the legal deadlines in the local newspapers and on the website of Investment Holding Group, which enabled all shareholders to check and review them at the same time.

The general assembly of the company convened after the date of its meeting was duly notified and all the conditions imposed by law were fulfilled. Therefore, decisions were taken by the general assembly regarding all the contents of the aforementioned board of directors' minutes in a legal and fair manner for all shareholders of the company.

Accordingly, the measure taken by the Qatar Stock Exchange in facing the company was limited to warning that the violation will not be repeated in the future, and the company was notified of the committee's decision on 9/22/2020.

Third: Disclosure of information relating to Board Members and Committees and Senior Executive Management in the Group and their responsibilities, powers and work during the year, as well as their remunerations

A. BOD Members:

The Board shall consist of ten (10) members to be elected by the Ordinary General Assembly by secret ballot. As an exception, the Founders appointed the first Board, which shall remain in office for five years in accordance with the Group's Articles of Association.

Board is formed of the following members:

SN.	Data, Brief CV and Qualifications of Board Member
1	**HE Ghanim Sultan Al Hodaifi Al Kuwari** **Chairman** Minister of State Former Director of State Security Service Former Undersecretary of Ministry of Interior
2	**Khalid Ghanim Sultan Al Hodaifi Al Kuwari** **Vice Chairman** BA in Police Science from Durham Military College Businessman
3	**Sheikh Nasser bin Ali bin Saud Al Thani** **Board Member (Independent, Non-Executive)** Board Member of Ahli Bank
4	**Hamad Abdulla Shareef Al Emadi** **Board Member (Independent, Non-Executive)** Business Management Diploma from Arizona University MBA from Plymouth University CEO of Alijarah Holding Q.P.S.C.
5	**Omar Abdulaziz Al-Marwani** **Board Member (Independent, Non-Executive)** CPA from California Board of Accountancy, USA Board member in a number of major companies, such as Ooredoo & Katara Hospitality Former CFO of Qatar Investment Authority
6	**Abdul-Rahman Ghanim Sultan Al Hodaifi Al Kuwari** **Board Member (Non-Independent, Non-Executive)** BA in Police Science from Durham Military College Businessman
7	**Mohammed Ghanim Sultan Al Hodaifi Al Kuwari** **Board Member (Non-Independent, Executive)** BSc in Technological and Information Business Administration, Accounting Department, Higher Technological Institute, Egypt Deputy CEO of Investment Holding Group Q.P.S.C. Businessman
8	**Sultan Ghanim Sultan Al Hodaifi Al Kuwari** **Board Member (Non-Independent, Non-Executive)** Business Administration Diploma, Qatar University, 1996 MA in Diplomatic Studies, University of Westminster, UK, 2001 Emiri Diwan, Head of His Highness Emir Office for Personal Affairs
9	**Hamad Ghanim Sultan Al Hodaifi Al Kuwari** **Board Member (Non-Independent, Non-Executive)** Military Science Diploma, Royal Military Academy Sandhurst, London, 2000 An officer in the Qatari Police Amiri Diwan
10	**Abdul-Aziz Ghanim Sultan Al Hodaifi Al Kuwari** **Board Member (Non-Independent, Non-Executive)** BSc in Business Administration, Plymouth University, UK, 2011 International Bank of Qatar - Corporate Relations Manager (20/11/2011 - 31/05/2013) Training courses and experience at the National Bank of Kuwait in New York and the UK Amiri Diwan - Amiri Protocols

The Group is committed to the competence and effectiveness of Board members. It shall ensure that Board members are qualified with sufficient knowledge of administrative matters and relevant experience to perform their duties effectively, and that they devote enough time to do their job with integrity and transparency in order to achieve the Group's interest, goals and objectives. Board members shall meet the applicable requirements, namely: None is under twenty-one years of age; none has been sentenced to a criminal penalty, or an offence against honor or integrity, or any of the crimes referred to in Article 40) of Law No. 8 of 2012 on Qatar Financial Markets Authority, and Articles (334) and (335) of Law No. 11 of 2015 promulgating the Commercial Companies Law; none is banned from practicing any work in the entities subject to the Authority's oversight under Article (35 (paragraph 12)) of Law No. 8 of 2012 referred to; and none has been declared bankrupt, unless they have been rehabilitated. Moreover, a Board member shall be a shareholder owning 100,000 shares of the Group's shares determined by its Article of Association. Such shares shall be deposited with the Depository Authority with restriction of trading, mortgage or seizure until the end of membership period and approval of the Financial Statements of the last fiscal year in which the member performed his duties. Such shares shall also be allocated to guarantee the rights of the Group, shareholders, creditors and third parties for the liability against Board members.

The members of the Board also acknowledged not occupying any position prohibited by law to be combined with the membership of the Board, based on written declarations signed on 3/28/2020,

The Board shall ensure that no one or more members shall control the decision-making process in the Group by approving the Group's authority matrix in the minutes of the Board meeting No. 12 of 13 June 2018. The authority matrix detailed the powers of the Board, Executive Management, general managers, and senior employees in the Group and its subsidiaries in terms of decision making, including plans and budget, corporate governance, periodic reports and control, policies and procedures, salary scales, employee relations and affairs, banking and financial matters, payment and contractual obligation signing powers, stock inventory pricing, contract amendments, financial and legal settlements, disposal of assets and debt clearances, and public relations. It also included a detailed analysis of the control systems and risk policies of the Group and its subsidiaries.

In addition to the above, the Group shall ensure that no Board member may combine any of the prohibited positions at the same time. That is, no Board member, whether in person or in capacity, may serve as a board chairman or a vice-chairman for more than two companies headquartered in the State, nor serve as a board member for more than three shareholding companies headquartered in the State, nor serve as a delegated director in more than one shareholding company headquartered in the State, nor combine two board memberships of two companies exercising a homogeneous activity. The Group shall not allow combining the position of the Board Chairman with any other executive position in the Group.

1. Board Charter:

The Group committed to preparing the Charter of the Board in 2017 and published it on its website www.ihgqatar.com. It shall amend the Charter according to the circumstances.

2. Board Responsibilities:

The Board shall represent all shareholders and exert due diligence and care in managing the Group in an effective and productive manner so as to achieve the interest of the Group, partners, shareholders and stakeholders, and achieve public interest as well as promote investments in the State and enhance community development. The Board shall also bear the responsibility for protecting shareholders from illegal or arbitrary practices and business, or from any acts or decisions that may be harmful to them, cause discrimination among them, or let a group dominate another.

The responsibilities of the Board are clearly defined in the Group's Articles of Associations and in "the Board Charter" referred to above.

Without violating the provisions of the law, the Board shall carry out its functions and duties and bear its responsibility according to the following:

- The Board shall carry out its duties responsibly, in good faith and with due diligence. Its decisions shall be based on sufficient information received from the Executive Management, or from any other reliable source.
- A Board member shall represent all shareholders, and shall be committed to achieving whatever is in the interest of the Group, not the interest of the person he represents or the person that voted in favor of his appointment to the Board.
- The Board shall determine the powers to be delegated to the Executive Management and the procedures for taking any decision and the validity of such delegation. It shall also determine matters reserved for decision by the Board. The Executive Management shall submit to the Board periodic reports on the exercise of delegated powers in order to consider the proposed recommendations and make administrative decisions thereon.
- The Board shall ensure that procedures are laid down for familiarizing the new Board members with the Group's business and, in particular, the financial and legal aspects, and providing them with the necessary training.
- The Board shall ensure that sufficient information about the Group is made available to all Board members in general, and to non-executive members in particular, to enable them to perform their duties and roles efficiently.
- The Board didn't conclude any loan contracts with terms exceeding three years, and did not sold or mortgaged the property of the Group, or discharged the Group's debtors from their obligations, unless it is authorized to do so under the Group's Articles of Association and according to the conditions stipulated therein. In case the Group's Articles of Association contains provisions in this regard, the Board did not act without the approval of the General Assembly, unless such acts fall within the normal scope of the Group's purposes.
- The Board assumed all the powers and authorities necessary to manage the Group and delegated some functions to its committees, particularly the Audit and Risk Management Committee, the Nominations and Remuneration Committee, and the Executive Committee. However, the Board is not bound by the recommendations made in the minutes of the committees.

3. Board Chairman:

The Chairman serves as the head of the Group, represents it before others and before the judiciary, is primarily responsible for ensuring the proper management of the Group in an effective and productive manner, and works to achieve the interest of the Group, partners, shareholders and stakeholders. The Board Charter defines the tasks and responsibilities of the Chairman as follows:

- Ensuring that the Board discusses all the main issues in an efficient and timely manner;
- Approving the agenda of the Board meeting, taking into consideration any matter proposed by any Board member;
- Encouraging all Board members to collectively and effectively participate in the conduct of the Board's affairs to ensure that the Board is undertaking its duties to achieve the best interest of the Group;
- Making available for the Board members all data, information, documents and records of the Group, and the Board and its committees;
- Creating effective communication channels with shareholders and communicating their opinions to the Board;
- Allowing effective participation by non-executive Board members in particular and promoting constructive relations between executive and non-executive Board members; and
- Keeping Board members constantly informed about the implementation of the provisions of the Governance Code, allowing the Chairman to authorize the Audit and Risk Management Committee or others in this regard.

4. Board Members' Obligations:

In inviting Board members to meet, the Board committed to inviting them to meet in person or through teleconference, videoconferencing or similar communication equipment. The Board ensured that everyone was able to listen and talk to each other throughout the meetings, bearing in mind that boards minutes of meeting require the signature of at least half the members to be valid.

5. Invitation for Meetings:

The Board shall meet at the invitation of its Chairman in accordance with the Group's Articles of Associations or at the request of two of its members. The invitation, accompanied with the agenda, shall be sent to each member at least one week prior to the appointed date of the meeting. Any member may request the addition of one or more items to the agenda, and the Chairman shall confirm the addition of such new items to the agenda. During 2020, the Board held twelve (12) Board meetings, at intervals not exceeding three months. Those meetings were attended by the majority of members. All members participated in the meetings of the Board in person or by means of modern communication technology, so that all members heard and participated in the proceedings of the Board and the issuance of its decisions.

The decisions of the Board were always passed by a majority vote of those present or their representatives. All meetings were signed by the Chairman and the Secretary, as well as all members present. Some decisions were issued in a written and valid form that is enforceable for all purposes, with at least half of the members signing in accordance with Article 33 of the Group's Articles of Association.

All the minutes of meetings were signed by the Chairman and the Secretary. Accordingly, the Board complied with the provisions of Article 104 of the Companies Law, Article 14 of the Governance Code, and Article 33 of the Group's Articles of Association.

The schedule of Board meetings in 2020 is as follows:

Meeting No.	Date	Agenda	Number of Attendants
28/2020	23/2/2020	1. Discussing the annual budget 2020 for Investment Holding Group Q.P.S.C. and its subsidiaries. 2. Accepting the resignation of the Board Secretary and appointing an alternate secretary	10
29/2020	22/3/2020	Discussing the purchase of the remaining shares of Consturction Development Contracting & Trading (CDCT).	10
30/2020	28/3/2020	1. Discussing the consolidated balance sheet of the company, the profit and loss statement, the statement of financial flows and the clarifications for the year ending on 31/12/2019 compared to the fiscal year ending on 31/12/2018 certified by the company's auditors and the report of the Board of Directors on the company's activity, financial position and future plans Discussing the governance report. 2. Discussing the report of the Audit and Risk Committee on the financial statements on the company's activities and its financial position during the fiscal year ending on 31/12/2019 3. Discussing offers to appoint account auditors and determine their profits. 4. Discussing and recommending to the General Assembly about distributing profits to shareholders 5. Considering discharging the members of the Board of Directors and determining their remuneration. 6. Inviting the annual general assembly and the extraordinary assembly of the company to convene and renew their agenda.	10
31/2020	23/4/2020	Discussing and deciding on the criminal complaint filed against Ayham and Muhammad Sheikh Al-Souq	10
23/2020	28/4/2020	Discussing the Group's financial report for the Interim Condensed Consolidated Financial Statements for the first quarter of the fiscal year 2020 ending on 31 March 2020	10
33/2020	27/7/2020	1. Changing the representatives of Investment Holding Group in the Board of Directors of Electro-Mechanical Engineering Company 2. Changing the representatives of Investment Holding Group in the Board of Directors of Concolidated Engineering Systems Company 3. Changing the representatives of Investment Holding Group in the Board of Directors of Concolidated Supplies Company. 4. Change of representatives of Investment Holding Group in the Board of Directors of Watermaster (Qatar)	10
34/2020	10/8/2020	Reviewing and discussing the semi-annual audited financial statements for the period ended 30 June 2020	10
35/2020	7/10/2020	Transfer of the debit current account of Trelco Building Materials Company with Barwa Bank to a long-term loan in the name of Investment Holding Group.	9
36/2020	11/10/2020	Discussing the proposed settlement of the executive management with Water Holding Company S.A.L. (Foreign partner in Watermaster Qatar) and former director of Watermaster Qatar LLC. (Mr. Pierre Khalil Bouary)	9
37/2020	14/10/2020	Discussing the appointment of a new member in the Audit and Risk Committee	9
38/2020	27/10/2020	Reviewing and discussing the summarized consolidated financial statements for the nine months ended 30 September 2020	9
39/2020	27/12/2020	Banking facilities from Qatar International Islamic Bank	10

6. Board Secretary:

In its meeting dated 23 February 2020, the Board appointed Mrs. Sanaa Daakour as the Board Secretary instead of Mr. Joseph Akiki who resigned from his role. Mrs. Daakour holds a university degree in law and has been working with Investment Holding Group since Feb 2020 as Head of Legal to the Group and its subsidiaries. The Secretary provided the needed assistance for the Chairman and all members of the Board in conducting their duties and committed to the conduct of all work of the Board, including:

- Recording the minutes of Board meetings, setting out the names of attending and absent members, indicating all that has taken place during meeting discussions, and recording members' objections to any decision issued by the Board.
- Recording Board decisions in the register prepared for this purpose as per issuance date.
- Recording the meetings held by the Board in a serial numbered register prepared for this purpose and arranged as per the holding date, setting out the names of attending and absent members, meeting discussions, and members' objections, if any.
- Keeping Board meetings' minutes, decisions and reports, as well as all Board records and correspondence in paper and electronic records, as the case may be. Invitations were always sent electronically, and none of the Board members objected. The Secretary confirmed that invitations were delivered to all members.
- Sending to Board members and participants - if any - the meeting invitations accompanied with the agenda at least one week prior to the appointed date of the meeting, and receiving members' requests to add one or more items to the agenda and indicating the submission date thereof.
- Fully coordinating between the Chairman and members, and among members themselves, as well as between the Board, Related Parties and Stakeholders in the Group, including shareholders, management and employees.
- Enabling the Chairman and members to have timely access to all information, documents and data of the Group.
- Keeping Board members' acknowledgments of not combining prohibited positions according to the law and the provisions of this Code. In this regard, the Board's decision No. 12/2018, dated 13 June 2018, was issued to inform the Board of the positions prohibited to be combined by Board members. The Chairman and members of the Board acknowledged that they are fully aware of this requirement and declared that they do not occupy any of the positions prohibited to be combined.

7. Board Committees:

The Board approved re-forming the Audit and Risk Committee at its meeting No. 37/2020 dated 14/10/2020. A decision was issued to appoint a new member to the committee. The formation of the Nominations and Remunrations Committee remained as is.

The Audit and Risk Management Committee shall amend the proposed internal control system of the Group and conduct periodic reviews as required, including the approval of the annual audit plan and the annual internal audit table of subsidiaries. In addition, the Audit Committee shall undertake the following:

- Setting the procedures of contracting with and nominating External Auditors, and ensuring their independence while performing their work.
- Overseeing the Group's internal controls and following the External Auditor's work and coordinating between them, ensuring their compliance with the implementation of the best International Standards on Auditing and Financial Reporting in accordance with the International Financial Reporting Standards (IFRS/IAS) and (ISA) and their requirements; verifying that the External Auditor's report includes an explicit mention of whether it has obtained all the necessary information and the Group's compliance with international standards (IFRS/IAS), and whether the audit has been conducted based on International Standards on Auditing (ISA) or not.
- Overseeing and reviewing the accuracy and validity of the financial statements and the annual, semi-annual and quarterly reports.
- Studying, reviewing and following up the External Auditor's reports and notes on the Group's financial statements.
- Ensuring the accuracy of and reviewing the numbers, data and financial statements and whatever items submitted by the Group to the General Assembly.
- Coordinating among the Board, Senior Executive Management and the Internal Control of the Group.
- Reviewing the systems of financial and internal control, and risk management.
- Conducting investigations in financial control matters requested by the Board.
- Coordinating between the Internal Audit Unit in the Group and the External Auditor.
- Reviewing the financial and accounting policies and procedures of the Group and expressing opinions and making recommendation on the same to the Board.
- Reviewing the Group's dealings with the Related Parties, and confirming whether such dealings are subject to and comply with the relevant controls.
- Regularly developing and reviewing the Group's policies on risk management, taking into account the Group's business, market changes, investment trends and expansion plans of the Group.
- Supervising the training programs on risk management prepared by the Group, and nominations to them.
- Preparing and submitting periodic reports on the Group's risks and their management to the Board - at a time determined by the Board - including its recommendations, and preparing reports on certain risks at the behest of the Board or the Chairman.
- Implementing the assignments of the Board regarding the Group's Internal Control.
- Conducting discussions with the External Auditor and Senior Executive Management on audit-related risks, particularly the appropriateness of the accounting decisions and estimates, and submitting the same to the Board to be included in the annual report.

8. Committee Meetings:

The Audit and Risk Management Committee held fifteen (15) meetings at intervals not exceeding two months, a number exceeding the minimum number stipulated in Article 19 of the Governance Code.

The Board prohibited chairing more than one of the Board Committees mentioned in the governance regulations. The chairmanship of the Audit Committee was not combined with the membership of any other committee. The Nominations Committee and the Remuneration Committee were merged into one committee. None of the committees held a meeting except with the attendance of its chairman and at least one member. Minutes were prepared for each meeting, indicating meeting discussions, and signed by the committee's chairman and the members present.

Committees shall submit annual reports to the Board, including their work and recommendations. The Board approved the recommendations of the committees at its first meeting after the convening of these committees. In this regard, the Board shall include the work of the committees in the annual report.

9. Internal Control System:

The Group shall adopt the policy and proposal submitted by the Audit and Risk Management Committee on the Group's internal control system. The said proposal shall include a control mechanism; the duties and functions of the Group's departments and divisions as well as the provisions and procedures of responsibility therein; and awareness and education programs for employees about the importance of self-control and internal controls. It shall also include the Group's risk management plan that identifies, at least, the major risks that the Group may face, particularly those related to new technology; determines the Group's ability to take risks; sets up mechanisms to identify, measure and monitor risks; and implements awareness programs and develops ways to mitigate them. The Internal Control System of the Group shall include establishing one or more efficient and independent units to assess and manage risks, carry out financial audit, and oversee the Group's compliance with the controls of financial transactions, especially those done with any Related Party. The said unit shall be managed by one or more internal auditors enjoying competence and experience in financial audit, performance assessment and risk management. The internal auditors enjoy access to all the Group's departments to follow up their work. A decision was issued by the Board regarding the appointment, functions and remuneration of internal auditors. They shall report to the Board.

The internal auditor shall submit to the Audit and Risk Management Committee a report every 45 days on the Group's internal control work. Based on the recommendation of the Audit and Risk Management Committee, the Board shall determine the data to be included in the report, including at least the following:

- Procedures of control and supervision in respect of financial affairs, investments, and risk management.
- Review of the development of risk factors in the Group and the suitability and effectiveness of the systems adopted by the Group to face the drastic or unexpected changes in the market.
- Comprehensive assessment of the Group's performance regarding its implementation of the Internal Control System in compliance with provisions of this Code.
- The Group's compliance with applicable market listing and disclosure rules and requirements
- The Group's compliance with Internal Control Systems when determining and managing risks.
- The risks faced the Group and their types, causes and the actions taken in relation thereto.
- The proposals for addressing violations and eliminating the causes of risks.

10. External Control:

The Audit and Risk Management Committee shall review and study the offers of External Auditors registered in the Authority's External Auditors List, and then submit to the Board a recommendation with reasons to choose one or more offers to appoint the Group's external auditor. Once the Board has approved the recommendation, it shall be included in the agenda of the Group's General Assembly meeting. The General Assembly shall appoint one or more external auditors for one-year renewable for a similar period or other similar periods up to a maximum of five consecutive years, provided that no external auditor may be reappointed before the passing of two consecutive years.

11. Disclosure and Transparency Requirements:

The Board shall comply with the disclosure requirements, including the financial reports, the number of shares owned by the Chairman, Board members, Senior Executive Management, and major shareholders or controlling shareholders. It shall also comply with the disclosure requirements regarding the information related to the Chairman, Board members and Board committees, as well as their academic and practical experiences as reflected in their CVs, and whether any of them is a member of the board, senior executive management or board committees of another company.

The Group made all immediate and periodic disclosures in accordance with the QFMA's regulations, notably the Offering and Listing of Securities Rulebook issued by QFMA by Decision No. 3 of 2010 as amended in its entirety, particularly Articles 48 et seq. It disclosed the financial statements for the fiscal year ended 2019 as well as the financial statements for the first quarter, first half and third quarter of the fiscal year 2020. The Board disclosed the number of shares held by the Chairman, members of the Board and major shareholders, and the information related to the Chairman and members of the Board according to the law, especially on the Group's website www.ihgqatar.com. The Group also maintained updated copies of the Shareholders' Register at the end of each month since the establishment of the Group.

The shares held by the Chairman and members of the Board, the Senior Executive Management and major shareholders, and their percentage of the Group's capital until 31/12/2020, are as follows:

Name	Title	Number of Shares	Capital Share (%)
Ghanim Sultan Al Hodaifi Al Kuwari	Chairman of the Board	160.511.840	19.3%
Sheikh Nasser bin Ali bin Saud Al Thani	Board Member	10,000	-
Khalid Ghanim Sultan Al Hodaifi Al Kuwari	Vice Chairman of the Board	7,666,120	0.92%
Hamad Abdulla Shareef Al Emadi	Board Member	-	-
Omar Abdul-Aziz Al-Marwani	Board Member	-	-
Abdul-Rahman Ghanim Sultan Al Hodaifi Al Kuwari	Board Member	8,092,020	0.97%
Mohammed Ghanim Sultan Al Hodaifi Al Kuwari	Board Member	7,240,220	0.87%
Sultan Ghanim Sultan Al Hodaifi Al Kuwari	Board Member	8,092,020	0.97%
Hamad Ghanim Sultan Al Hodaifi Al Kuwari	Board Member	8,092,020	0.97%
Abdul-Aziz Ghanim Sultan Al Hodaifi Al Kuwari	Board Member	8,517,910	1.03%
Samer Mohammed Wahbeh	Group CEO	-	-
Mohammed Deeb Abdullah	Group CFO	-	-
Sanaa Daakour	Group Head of Legal and Board Secretary	-	-
Asmaa Belal	Investor Relations Officer	-	-
Mohammad Rizk	Group Head of HR and Admnistration	-	-

Major shareholders who own more than 5% of the Group's capital as of 31/12/2020 are:

Name	Number of Shares	Capital Share (%)
Ghanim Sultan Al Hodaifi Al Kuwari	160.511.840	19.3%

The Group is committed to disclosing transactions and dealings with Related Parties as well as the transactions made by Board members, Senior Executive Management and insiders.

The Group is also committed to determining its policy on dealing with rumors by denying or confirming, through the official spokesman of the Group mentioned above. Moreover, the Group is committed to making clear disclosures in writing and in a manner not inconsistent with the Authority's relevant legislation. The Board shall ensure the accuracy and validity of the Group's disclosures and its commitment to all disclosure rules.

12. Stakeholder Rights:

The Group is committed to ensuring equal treatment of all shareholders. Its Articles of Association include the shareholders' rights to cumulative voting, dispose of shares, receive dividends, and attend General Assembly meetings and participate in deliberations and vote on their decisions. The Group is also committed to allowing shareholders to request any information but with no harm to the interests of the Group. In this respect, the Group has a website that enables all shareholders to view its documents and information, including but not limited to:

- List of Board members, showing independent and non-independent members and executive and non-executive members, and determining the term of Board seat for each member separately and indicating whether the member occupies a seat in any of the boards of other companies.
- The Secretary of the Board and the decision to appoint him, along with his academic qualifications or experience certificate in accordance with Article 16 of the Corporate Governance Code and the legal entities listed on the Main Stock Market.
- List of the Group's authorized signatories.
- List of Insiders.
- Shareholding ratio of Board members in capital.
- Capital structure and major shareholders' share in the Group's capital.
- An explanatory statement detailing the Group's structure of ownership in any subsidiary, and determining ownership ratios.
- The Group's organizational structure showing senior executives.
- Articles of Association.
- Commercial Register.
- List of the Group's policies and procedures.
- External Auditor.
- Contact data.
- Articles of Association and Memorandum of Association and the amendments thereof.
- Governance Charter.
- Financial Statements.

13. Shareholders' Rights Related to General Assembly:

The Group's Articles of Associations include regulating the shareholders' rights related to the General Assembly Meeting, including:

- Articles 45 and 58 of the Group's Articles of Association of the Group provide for the right of shareholder(s) owning at least 10% of the Group's capital, and for serious reasons, to invite the General Assembly to convene, and the right of shareholders representing at least 25% of the Group's capital to invite the Extraordinary General Assembly to convene pursuant to the procedures prescribed by the law and regulations in this regard.
- Article 49 of the Articles of Association provides that if a number of shareholders representing at least 10% of the Group's capital require the inclusion of certain matters on the meeting agenda, the Board must include them. Otherwise, the General Assembly may decide to discuss these matters at the meeting.
- Article 52 of the Group's Articles of Association provides for the right to attend meetings of the General Assembly; to have the opportunity to participate actively in these meetings and in deliberations taking place therein; to discuss the matters on the agenda; and to be informed about the date and place of the General Assembly meeting, the issues included in the agenda and the rules governing discussions and asking of questions. Moreover, shareholders are entitled to ask questions to Board members and receive answers from them to the extent that this does not jeopardize the interests of the Group. They are also entitled to appeal to the General Assembly if the answer to their questions is deemed insufficient, and the General Assembly's decision shall be binding in this respect.
- Article 48 of the Group's Articles of Association provides for the right of a shareholder to appoint, by virtue of a written special and fixed proxy, another shareholder who is not a member of the Board to attend the meeting of the General Assembly on his behalf, provided that the number of shares held by the proxy shall not exceed 5% of the Group's capital shares. In addition, minor and interdicted shareholders are entitled to attend the meetings of the General Assembly, and they are represented by their legal representatives. Shareholders are also entitled to vote on the General Assembly's resolutions and to receive all information on the rules and procedures governing the voting process.
- Shareholders have the right to object to any decision that is deemed to be issued for the interest or harm of a certain group of shareholders, or that brings a special benefit to the members of the Board or others without regard to the Group's interests. They are also entitled to demonstrate this in the meeting minutes and to invalidate the decisions to which such shareholders objected in accordance with provisions of the law in this regard.

14. Facilitating Effective Participation in General Assembly & Voting:

The Group enables shareholders to review the minutes and results of the General Assembly meetings by immediately disclosing them to the Qatar Financial Markets Authority, the Qatar Stock Exchange and the Ministry of Industry and Trade. It also places the minutes on the Group's website.

There is no impediment to any shareholder using his right to vote, especially since the voting process is cumulative and it is done through secret ballot.

15. Shareholders' Rights Regarding Dividends Distribution:

The Group is committed to determining the minimum percentage of net profits to be distributed to shareholders. Article 72 of the Memorandum of Association stipulates that the Group shall distribute 5% of the net profits to the shareholders annually. Shareholders have the right to receive the dividends approved by the General Assembly, whether in the form of cash or bonus shares, if they are listed in the Shareholders Register at the Depository Authority at the end of the trading session on the day on which the General Assembly is convened.

16. Shareholders' Rights Regarding to Major Transactions:

In accordance with Article 29 of its Articles of Association, the Group guarantees by virtue of cumulative voting the protection of shareholders' rights in general and minority shareholders in particular. Also, in Article 80 of its Articles of Association, the Group is committed to protecting shareholders' rights in general, as it complies with the laws, especially the Commercial Companies Law and the laws and regulations of Qatar Financial Markets Authority.

The Group's Articles of Association provide protection to shareholders in the event of concluding major transactions or actions that may prejudice the interests of shareholders, such that:

1. Neither the Chairman nor any member of the Board may engage in any business that would compete with the Group's business, or trade for their own account or for the account of others in one of the activities of the Group. Otherwise, the Group may claim compensation or consider the operations undertaken by them as if being carried out for their account.
2. Neither the Chairman of the Board, one of its members nor one of the directors may engage in any work similar to that of the Group's activity, or have a direct or indirect interest in contracts, projects and engagements made to the Group's account.
3. The Group shall not provide any monetary loan of any kind to any member of its Board or guarantee any loan made by one of them with third parties. Any act contrary to the provisions of this Article shall be considered null and void without prejudice to the right of the Group to claim compensation from the violator if necessary.
4. The Chairman and members of the Board or employees of the Group shall be prohibited from exploiting any information acquired by any of them, by virtue of their membership or position, to make a gain for himself, his spouse or children or for any of his relatives up to the fourth degree either directly or indirectly as a result of dealing in the Group's securities. Moreover, none of them shall have a direct or indirect interest with any entity that carries out operations intended to affect the prices of securities issued by the Group. Such prohibition shall remain valid for three years after the expiration of the member's term of office on the Board or the end of his employment in the Group.

5. The Board shall disclose the transactions and dealings concluded by the Group with any related party where the latter has an interest that may conflict with the interests of the Group.
6. Shareholders shall have the right to object to any decision that is deemed to be issued for the interest or harm of a certain group of shareholders, or that brings a special benefit to the members of the Board or others without regard to the Group's interests. They are also entitled to demonstrate this in the meeting minutes and to invalidate the decisions to which such shareholders objected in accordance with provisions of the law in this regard.
7. Each shareholder may individually file a case if the Group does not file the same, in the event that the fault that has occurred may cause damage thereto as a shareholder, provided that the shareholder shall notify the Group of his intention to file the lawsuit. Any provision in the Group's Articles of Association contrary to this shall be considered null and void.

Further, under Article 48 of its Articles of Association, the Group shall prohibit any kind of discrimination among shareholders for any reason and shall treat small and minority shareholders on an equal footing with major shareholders in all cases, especially when the Group intends to enter into major transactions that may harm their interests or prejudice the ownership of the Group's capital. That is, it is not permitted to enter into major transactions that involve owning, selling, leasing, exchanging or otherwise disposing of (except for the establishment of collaterals) the assets of the Group or assets to be acquired by the Group, or those transactions that would change the essential nature of the Group's business, or those whose gross value exceeds 10% of the lesser value of either the market value of the Group or the net asset value of the Group's assets according to the latest announced financial statements, except through the following actions:

1. A decision to this effect shall be taken by the General Assembly.
2. Such transactions shall be preceded by the disclosure of the agreement to be entered into.
3. Approvals shall be obtained from the regulatory authorities on major transactions and the instructions of the official bodies to protect the rights of the minority shall be followed.

17. Stakeholders' Rights (Non-Shareholders):

The Board stated in the Corporate Governance Charter that it adopts an "early warning" policy to encourages the Group's employees to report any suspicious, immoral or illegal behavior that harms the Group's reputation through the mechanism approved for this purpose. Moreover, the Board shall ensure the confidentiality and protection of reports made by employees against any negative reactions by their colleagues or by the employees responsible.

18. The Group's Corporate Social Responsibility:

As a responsible national establishment, the Group believes in the principle of corporate social responsibility towards the community within which it operates. The Group is also committed to continuously promoting the values of development, protecting and preserving human life, health, natural resources and the environment, as well as adding value to the community in which it operates.

B. Board Committees:

1. Audit & Risk Management Committee:

The Committee shall consist of three members appointed by the Board with financial and accounting expertise. Committee meetings shall be held in the State of Qatar and can be held in-person or by using any modern means of technology communication. Meetings shall be held at intervals not exceeding two months. The Committee shall send its report to the Board. As defined in its charter, the Audit and Risk Management Committee shall have several powers, particularly those related to financial reporting, internal control system, internal audit system, compliance control system, oversight over external auditors, direction of attention to key issues, and handling of risk management and compliance matters.

The Committee shall submit its reports to the Board, document its minutes in writing by a Secretary, and take its decisions by simple majority. Meetings of the Committee shall be convened by the Chairman or two members of the Committee, and quorum shall be constituted by the presence of two members.

In 2020, the Audit and Risk Management Committee held fifteen (15) meetings for the Audit and Risk Management Committee at the Group. The members of the committee were changed by the Board resolution no. 19/2020, dated 21 September 2020, and appointed Mr. Samir Abu Lughod.

Members of the Audit and Risk Management Committee are:

Member	Title
Omar Abdul-Aziz Al-Marwani	Chairman of the Audit & Risk Management Committee - Independent Board Member
Sheikh Nasser bin Ali bin Saud Al Thani	Member of the Audit and Risk Management Committee - Independent Board Member
Walid Ahmed Al-Saadi	Member of the Audit and Risk Management Committee - Advisor to the Board
Samir Abu Lughod	Member of the Audit and Risk Management Committee

2. Nominations and Remuneration Committee:

The Committee shall consist of at least three members and shall hold its meetings in the State of Qatar at least twice a year. The Committee shall report to the Board. It shalldevelop the rules and criteria adopted by the General Assembly for the election of the best candidates for membership of the Board,nominate those whom it deems appropriate for the membership of the Board in the event of vacancy of any of its seats develop the succession plan of the management of the Group to ensure quick appointment of replacements nominate those it deems appropriate to fill any of the Executive Management posts, receive candidature applications to the Board and submit the same to the Board along with recommendations, prepare and submit an annual report to the Board containing a comprehensive analysis of the Board's performance; anddetermine the role of the annual bonus policy in the Group, as well as the bases for granting allowances and incentives across the Group.

The Committee shall submit its reports to the Board, keep minutes for its meetings, and take its decisions by simple majority. Meetings of the Committee shall be convened by the Chairman or two members of the Committee at least one week prior to its meeting. Quorum shall be constituted by the presence of two of its members.

The current members of the Committee are:

Member	Title
Sheikh Nasser bin Ali bin Saud Al Thani	Chairman of the Nominations and Remuneration Committee
Khalid Ghanim Sultan Al Hodaifi Al Kuwari	Member of the Nominations and Remuneration Committee
Hamad Abdulla Shareef Al Emadi	Member of the Nominations and Remuneration Committee
Hamad Ghanim Sultan Al Hodaifi Al Kuwari	Member of the Nominations and Remuneration Committee

C. Senior Executive Management in the Group and their responsibilities, powers and work during the year, as well as their remunerations:

The Organizational Structure consists of:

1. **Samer Mohammed Wahbeh:** Group CEO
2. **Mohammed Ghanim Sultan Al Hodaifi Al Kuwari:** Group Deputy CEO
3. **Mohammad Abdullah:** Group CFO
4. **Sanaa Daakour**: Group Legal Advisor, Secretary of the Board and Committees
5. **Asmaa Belal**: Investor Relations Officer
6. **Mohammad Rizk:** Group Head of HR and Administration

The directors of the Executive Management have performed all the tasks assigned to them to the fullest, and each of them has fulfilled the responsibilities assigned thereto throughout the year.

D. Remunerations

Article 38 of the Group's Articles of Association states that the General Assembly shall be entitled to determine the bonuses of the members of the Board, provided that the percentage of such bonuses shall not exceed 5% of the Group's net profit after deduction of statutory reserves and deductions and distribution of dividends to shareholders by not less than 5% of the paid-up capital.

The bonuses of the Senior Executive Management shall be based on the same criteria adopted for the Group's employees, provided that the evaluation is conducted by the Nominations and Remuneration Committee based on the Executive Management Performance Appraisal System approved by it.

Accordingly, the entitlement to bonus depends mainly on the overall assessment of employee performance, which varies in terms of focus and objectives from time to time in light of the circumstances and challenges faced by the Group—all is based on the recommendation of the Nominations and Remuneration Committee and approval by the Board.

Fourth: Disclosure of the procedures of risk management and internal control of the Group, including the supervision of financial affairs, investments, and any relevant information:

The Group appointed the members of the Audit and Risk Management Committee as indicated previously, and appointed an internal auditor for the Group to prepare internal audit reports on each of the Group's companies during 2020. The Internal Auditor prepared the internal audit reports, and the general managers were invited to discuss the reports in the Audit and Risk Management Committee and the necessary recommendations were taken for each company apart. The Group works on studying its investments in all sectors and cooperates with its subsidiaries to reduce risk level by studying the contracts of supply, import, contracting and other contracts in the Group in terms of legal, financial, administrative and operational aspects. The Group also started to develop computational systems that link all subsidiaries to the Holding Company for effective and productive communication. In addition, it began to link the subsidiaries together to reduce the cost of work undertaken by them, including the unified systems of financial and legal affairs, personnel and supply, as well as to standardize the way of dealing with banks to ensure the most successful distribution of the Group's resources and financial and technical capabilities.

Fifth: Disclosure of Committees' work, including number of meetings and their recommendations:

As explained above.

Sixth: Disclosure of the procedures followed by the Group in identifying, assessing and managing risks; comparative analysis of the Group's risk factors; and discussion of the systems in place to address drastic or unexpected market changes:

The risk management policy aims to identify potential weaknesses and risks, and procedures to avoid them, as well as actions to address and reduce their effects upon occurrence thereof. The risk management policy also studies the status of subsidiaries and identifies the high, medium and low risk points in order to contain them and not allow their adverse effects to exacerbate. This includes the study of external auditors' reservations, profitability ratios, liquidity rates, financial management policy, procurement management policy, and other operational, technological and environmental risks, as well as crises management procedures.

The Group shall assess the operational risks at the Group level. The internal auditor shall also study the risks in cooperation with the Executive Management and the managers of subsidiaries in order to identify the weaknesses and their seriousness, and make the necessary recommendations. These risks shall be addressed and followed up by the Executive Management, committees and the Board, each according to their functions and in coordination with the executive management in each subsidiary apart.

The Board has overall responsibility for the development and supervision of the Group's risk management framework, which includes the Group's main financial liabilities, such as loans, trade payables and other payables. The main purpose of these financial liabilities is to finance the Group's operations and provide guarantees to support its operations. The Group has trade and other payables, cash and short-term deposits that come directly from its operations.

In this regard, the Group is exposed to the following risks as a result of its utilization of financial instruments:

1 **Credit risk** 2 **Liquidity risk** 3 **Market risk** 4 **Operational risk**

1. Credit Risk:

Credit risk is the risk of a financial loss to the Group as a result of a customer's or counterparty's failure to meet its contractual obligations. These risks arise mainly from the Group's trade and other receivables.

The Group's exposure to credit risk is primarily affected by the individual characteristics of each customer. The population operations of the Group's customer base, including industry

and country default risks, have a lower impact on credit risk, since there is no focus on credit risks attributable to a single customer. Receivables are recorded based on the original invoice amount less any provision for collectible amounts. An estimate is made for doubtful debts if it is not probable that the full amount will be collected. Doubtful debts are written off when they are unlikely to be recovered.

2. Liquidity Risk:

Liquidity risk is the risk that arises from the Group's inability to meet its obligations as they become mature. The Group's approach to liquidity management is to ensure, to the extent possible, that sufficient liquidity is always available to meet liabilities when due under both normal and difficult circumstances without incurring unacceptable losses or damage to the Group's reputation.

The Group uses an activity-based cost method to determine the cost of its products and services, which helps to monitor cash flow requirements and optimally invest cash proceeds. Moreover, the Group typically ensures that it has sufficient cash available on demand to meet expected operating expenses, including servicing the financial liabilities but excluding the potential impact of extremely difficult conditions that are not reasonably foreseeable, such as natural disasters.

3. Market Risk:

Market risk is the risk arising from changes in market prices, such as foreign exchange rates and interest rates that affect the Group's income or the value of its financial instruments.

- **Currency Risk:**

The Group's exposure to currency risk arises from sales, purchases and loans in currencies other than the functional currencies used by the concerned companies of the Group. Most of the Group's transactions are affected in currencies used by the Group's companies or in currencies with a fixed exchange rate with the currency used.

- **Interest Rate Risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market interest rate risk arises mainly from interest bearing loans and facilities. The Group adopts a policy ensuring that the interest rate risk is reviewed on a regular basis.

4. Operational Risk:

Operational risk is the risk of direct or indirect loss arising from a wide range of causes associated with the Group's operations, employees, technology and infrastructure, or from external events other than credit, market or liquidity, such as those arising from legal and regulatory requirements and generally accepted standards of corporate conduct. Operational risks arise from all operations of the Group.

The objective of the Group is to manage operational risks in order to avoid financial losses and damage to the reputation of the Group, and ensure overall cost effectiveness as well as avoid control restriction measures that limit the spirit of initiative and creativity.

The main responsibility for developing and implementing controls to address operational risks is assigned to the senior management in each business unit. This responsibility is supported by the development of Group-wide operational risk management standards in the following areas:

Requirements for proper segregation of duties including independent authorization of transactions;

- Requirements for transaction settlement and monitoring;
- Adherence to regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for periodic assessment of operational risks faced by the Group and adequacy of controls and procedures to address identified risks;
- Requirements for reporting operational losses and proposed procedures to address them;
- Development of an emergency plan;
- Training and professional development;
- Ethical and business standards, and
- Risk mitigation, including insurance when this is effective.

Compliance with the Group's standards is supported by a periodic review program carried out by the Internal Audit Department. The findings reached by the Internal Audit Department are discussed with the business unit management concerned, and reports are submitted to the Audit Committee, the Board and Senior Management of the Group.

Seventh: Disclosure of the Board's performance assessment, Board members' commitment to achieving the Group's interest, performing Committees' work, and attending the meetings of the Board and its Committees; and disclosure of the Senior Executive Management's performance assessment regarding the implementation of the internal control system and risk management including identification of the number of appeals, complaints, proposals, notifications and the way followed by the Board to address regulatory issues

The Nominations and Remuneration Committee shall be responsible for assessing the performance of the Board and the extent to which Board members are committed to achieving the Group's interests and fulfilling their obligations stipulated in the Corporate Governance Code, the Commercial Companies Law, the Group's Memorandum of Association, and the relevant laws and regulations. The Board held twelve (12) meetings during 2020. Members of the Board attended most meetings, which were held at intervals not exceeding two months.

The Board approved the financial statements for the fiscal year ended 2019, as well as the financial statements for the first quarter, the first half and the third quarter of the financial year 2020. The auditors' reports were reviewed and discussed. In addition, the Board discussed the governance systems extensively. Those decisions were issued after a thorough discussion and consensus, and no reservation was made on any of the Board's decisions.

During 2020, the Group disclosed the recommendations of the Board and the work of the Committees in accordance with the approved regulations. The Audit and Risk Management Committee studied the risks in the subsidiaries through the internal auditor and discussed them with the Executive Management of the Group and with the general managers of the subsidiaries. Steps were taken to reduce risk levels and followed up at successive meetings of the Audit and Risk Management Committee, as well as in the regular meetings of the Executive Management in the Group with the general managers of subsidiaries where the minutes of the meetings were recorded. These steps were followed up closely and periodically.

Eight: Disclosure of failures in the internal control system, wholly or partly, or weaknesses in the implementation thereof; and disclosure of contingencies that have affected or may affect the Group's financial performance, and the procedures followed by the Group in addressing internal control failures (particularly the problems disclosed in the Group's annual reports and financial statements):

Internal control aims to verify the extent of the Group's compliance with the financial and legal procedures and systems. The internal units of the Group carry out internal control operations according to their financial or legal powers. The Group assigned an independent consultant to prepare the internal audit charter; assess the risks associated with the Group's activities, accounting operations, main business risks, internal audit plan of the Group and its subsidiaries, and comprehensive financial audit; and review the performance of the Group and its subsidiaries in a precise manner. Recommendations shall then be presented to the Board to reduce risks and improve the performance of the Group and its subsidiaries.

Ninth: Disclosure of the Group's compliance with applicable market listing and disclosure rules and requirements:

The Group complied with all the applicable market listing and disclosure rules and requirements. All periodic and immediate reports were disclosed and material information was immediately disclosed. The Group established a compliance department to take care of its Legal Affairs in coordination with the Investor Relations Division so as to keep the Group updated with and the laws and regulations adopted in this regard.

Tenth: Disclosure of any conflict or dispute to which the Group is party, including arbitration and lawsuits

The following are the disputes and conflicts in which Investment Holding Group is either a plaintiff or defendant:

1. Investment Holding Group Q.P.S.C.

Plaintiff: Against Qatari Diar and Six Construct/Midmac JV

Defendant: Ahli Bank.

(A) In February 2011, a subsidiary of the Group, Debbas Contracting Qatar WLL, entered into a sub-contract for executing the electromechanical works of Doha Convention Center Project within 22 months (by the joint venture of Debbas Contracting and ETA Star Engineering & Contracting WLL (under liquidation)), with the "Main Contractor" (Six Construct/Midmac JV) with a total contractual value of QR 430,000,000.

Over several years, the Subcontractor received several instructions from the Engineer (Executing Orders from the Site) outside the scope of the main contract, amounting to QR163,820,000 (The Group's share was QR81,910,000), which contributed to the extension of the project until June 2015. A number of minor works remained and the Subcontractor had to complete them during the maintenance period. The total amounts due from the Main Contractor as at 31 December 2018 amounted to QR194,717,264 (the Group's share was QR97,358,632). The retention receivables amounted to QR19,788,405 (the Group's share was QR9,894,202).

On April 16, 2016, the Subcontractor received the Completion Certificate of the project, dated retroactively to June 11, 2015, and accordingly the Subcontractor submitted the final invoice on May 15, 2016. On January 21, 2017, the Main Contractor submitted its final account valuation with net outstanding liabilities of QR23,419,531.

The absence of a solution to resolve the dispute in an amicable manner resulted in the Subcontractor filing lawsuit No. 568/2016 in January 2018 against both Qatari Diar (the "Employer") and the Main Contractor, demanding the payment of QR625,861,657 for the remaining contractual fees from the base price of the project and the additional site orders according to the Main Contractor's instructions, as well as extension of time costs, and compensation for loss of opportunity.

(B) In 2011, the Subcontractor received credit facilities from a local bank to finance the project, bringing the total outstanding amount plus interest as at 31 December 2018 to QR141,522,179, of which the Group's share was QR70,761,089. The Group and related parties provided the following commercial and personal guarantees to Ahli Bank for the credit facilities of the project:

- Personal guarantee from the Chairman of the Board of Investment Holding Group in the amount of QR43,000,000;
- Commercial guarantee from Debbas Contracting Qatar WLL in the amount of QR276,000,000; and
- Commercial guarantee from ETA Star Engineering & Contracting WLL (under liquidation) in the amount of QR233,000,000.

Moreover, the founders of the Group personally pledged the accrued income as at 31 December 2016 regarding the unapproved change orders amounting to QR77,775,000, in addition to a written pledge from Debbas Holding Lebanon for its share of the Bank's claim.

In October 2018, QNB Al Ahli filed the lawsuit No. 2926/2018 against the Subcontractor, the Group and others, requesting the payment of the total outstanding amount of the loan (QR178,529,133).

In January 2019, the competent section in the court decided to refer the lawsuit No. 568/2018 to the competent court examining the lawsuit No. 2926/2018, so that the two cases would be considered concurrently in parallel. The court appointed a committee of experts to review the lawsuit details. The hearing was recently adjourned to 5 March 2020, for the committee of experts to present its report.

In addition, based on the examination of project documents, reports and evaluations by two independent external experts and the evaluation carried out by the Executive Management, the Group's external legal counsel, based on the information available to it, believes that the Subcontractor's lawsuit against the client, Main Contractor and others has a reasonable success chance and the claims of the adverse parties are more likely to be rebutted. However, the final decision in the case is subject to the opinion of the court considering the case. Accordingly, the Group does not anticipate any material liabilities arising from the above-mentioned claims and which should be disclosed in the consolidated financial statements as at 31 December 2019.

2. Investment Holding Group Q.P.S.C.

Investment Holding Group Q.P.S.C. is the defendant in lawsuit No. 2339/2019 filed by the Commercial Bank infront of the Court of First Instance – forth division.

On 4 January 2017, the Group signed an argreement with the Commercial Bank whereby the Bank provides the service of receiving the applications of the Group's Initial Public Offering for listing in Qatar Financial Markets Authority. The Group fulfilled all its obligations and settled all the payments required by the bank at that time.

On 14 August 2017, Qatar Stock Exchange issued a letter to the Commercial Bank demanding to pay an invoice of QAR 825,000. Then the Bank required the Group to pay the invoice, claiming that it is for marketing services performed by the Qatar Stock Exchange to the Group although there is no agreement between the Group and Bank to provide such services. Afterwhich, the Bank filed the subject lawsuit.

On 17 December 2019, the court issued an order of dismissal and obliged the Commercial Bank (plaintiff) to cover the expenses.

Commercial Bank has appealed the aforementioned decision before the Court of Appeal No. 26/2020 and the lawsuit is still pending

3. Investment Holding Group

Defendant with several companies, Al-Hodaifi Group and Falcon Ready Mix Concrete Company.

From Qatar Islamic International Bank before the Civil Court of First Instance (Third Circuit) with the number 3110/2020.

The Group signed with QIIB in December 2012 a banking facility agreement and it was agreed upon in accordance with the aforementioned agreement between the bank and the group and a list of subsidiary companies that were specified in a separate annex to grant the group and some subsidiary companies, including Falcon Ready Mix Concrete Company, banking facilities. Falcon Company used an amount of / 12,550,993.51/ Qatari riyals and stopped paying, so it was entitled to the aforementioned amount as of 5/28/2019.

The bank demands the group to pay the amount owed by Falcon company despite its issuance of a letter on 07/25/2017 confirming that it took note of the change in the legal form of the company and the amendment of the list of binding persons from the two established guarantees contracts to become comprehensive to the current subsidiary companies only, in addition to the fact that Falcon was fully owned by its shares From the Al-Hodaifi Group that had previously sold these shares, and the two purchasing companies committed themselves to bear the debt claimed by the bank, and upon breaching them, Al-Hodaifi Group filed a lawsuit that is still in circulation.

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4. Investment Holding Group

Complaining against unknown persons who tried to communicate with foreign companies in the name of the group, using false e-mail and the names of the group's board members.

5. Investment Holding Group

Complaining against Ayham Sheikh El Souq, partner and director of Construction Development Contracting and Trading LLC for not mentioning in the budget prepared for the company, the loss suffered as a result of the demolition of the labor camp in order to avoid paying the amount that affects his shares of this loss, amounting to QAR 514.793, and the file was transferred to the court under the number 4235/2020.

Eleventh: Disclosure of operations and transactions entered into by the Group with any "Related Party":

Without prejudice to the provisions of the law in this regard, the Board shall comply with the principles of governance and with the disclosure of the transactions and dealings entered into by the Group with any "Related Party". The auditor shall review all transactions and dealings entered into by the Group with any Related Party and they shall be disclosed in the periodic financial statements.

The Board shall constantly and regularly review and update governance applications, apply the best principles of governance and uphold fair-trading principle among shareholders. The Board shall also update professional conduct rules embodying the Group's values, and constantly and regularly review its policies, charters, and internal procedures which shall be binding upon the Group's Board members, Senior Executive Management, advisors, and employees. The most important of which are the charters of the Board and its committees, the policy of the Group's dealings with Related Parties, and the Insiders' trading rules.

Twelfth: MANAGEMENT' REPORT OF INTERNAL CONTOLOVER FINANCIAL REPORTING:

In accordance with the requirements of Article 4 of the Governance Code for Companies & Legal Entities Listed on the Main Market (the "Code") Issued by the Qatar Financial Markets Authority ("QFMA") Board pursuant to Decision No. (5) Of 2016, the Board of Directors of Investment Holding Group Q.P.S.C., its consolidated subsidiaries are responsible for establishing and maintaining adequate internal control over financial reporting ("ICOFR").

The management of Investment Holding Group Q.P.S.C., and its consolidated subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting (ICOFR). Our internal control over financial reporting is a process designed under the supervision of our Group Chief Executive Officer and Group Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the firm's consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS). ICOFR includes our disclosure controls and procedures designed to prevent misstatements.

To determine whether a material weakness in internal controls over financial reporting exists as at 31 December 2020, we have conducted an evaluation of the suitability of design, implementation and operating effectiveness of internal controls over financial reporting, based on the framework and the criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

We have covered all the material business and operating companies in our assessment of internal control over financial reporting of significant process as of December 31, 2020.

Risks in Financial Reporting:

The main risks in financial reporting are that either financial statements do not present a true and fair view due to inadvertent or intentional errors (fraud) or the publication of financial statements is not done on a timely basis. These risks may reduce investor confidence or cause reputational damage and may have adverse consequences. A lack of fair presentation arises when one or more amounts in financial statement or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions that users make on the basis of the financial statements.

To confine those risks of financial reporting, the Group has established ICOFR with the aim of providing reasonable but not absolute assurance against material misstatements and assessed the suitability of design of the Group's internal controls over financial reporting based on the framework established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO recommends the establishment of specific objectives to facilitate the design and evaluate adequacy of a control system. As a result, in establishing ICOFR, the management has adopted the following financial statements objectives:

The COSO Framework includes 17 basic principles, and 5 components:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

Controls covering each of the 17 principles and 5 components have been identified and documented.

As a result, in establishing ICOFR, the management has adopted the following financial statement objectives:

- **Existence/Occurrence** – assets and liabilities exist and transactions have occurred.
- **Completeness** – all transactions are recorded; account balances are included in the financial statements.
- **Valuation / Measurement** – assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts.
- **Rights, Obligations and Ownership** – rights and obligations are appropriately
- **Presentation and Disclosures –** classification, disclosure and presentation of financial reporting is appropriate.

However, any internal control system, including ICOFR, no matter how well conceived and operated, can provide only reasonable, but not absolute assurance that the objectives of that control system are met. As such, disclosure controls and procedures or systems for ICOFR may not prevent all errors and fraud. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Organization of the Internal Control System

Functions Involved in the System of Internal Control over Financial Reporting:

Controls within the system of ICOFR are performed by all business functions and infrastructure functions with an involvement in reviewing the reliability of the books and records that underlie the financial statements. As a result, the operation of ICOFR involves staff based in various functions across the organization.

The processes that were determined as significant are entity level controls, procurement to payment, revenues, receivables, inventory management, payroll, contract revenue recognition, borrowings, investment management, goodwill Impairment, legal contingencies and commitments, financial reporting and periodic closing of the financial records.

In determining the above processes, the management exercised professional judgement and considered the amount of balances and transactions, that if materially misstated would influence economic decisions that users make on the basis of the financial statements.

Controls to Minimize the Risk of Financial Reporting Misstatement

The system of ICOFR consists of a large number of internal controls and procedures aimed at minimizing the risk of misstatement of the financial statements. Such controls are integrated into the operating process and include those which:

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties,
- operate on a periodic basis such as those which are performed as part of the annual financial statement preparation process,
- are preventative or detective in nature,
- have a direct or indirect impact on the financial statements themselves. Controls which have an indirect effect on the financial statements include entity level controls and IT general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item,
- feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application- enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorization of transactions.

Measuring Design and Operating Effectiveness of Internal Control:

The Group has undertaken a formal evaluation of the adequacy of the design of the system of ICOFR. This evaluation incorporates an assessment of the design of the control environment as well as individual controls, which make up the system of ICOFR taking into account:

- The risk of misstatement of the financial statement line items, considering such factors as materiality and the susceptibility of the particular financial statement item to misstatement.
- The susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, and risk of management override, competence of personnel and the level of judgment required.

These factors, in aggregate, determine the nature and extent of evidence that management requires in order to be able to assess whether or not the design of the system of ICOFR is effective. The evidence itself is generated from procedures integrated within the daily responsibilities of staff or from procedures implemented specifically for purposes of the ICOFR evaluation. Information from other sources also form an important component of the evaluation since such evidence either may bring additional control issues to the attention of management or may corroborate findings.

Conclusion:

As a result of the assessment of the design, implementation, and operating effectiveness of Internal Controls over Financial Reporting (ICOFR), management did not identify any significant deficiency/ material weaknesses in the group's design and implementation and operating effectiveness of Internal Controls over Financial Reporting for significant processes and concluded that ICOFR is appropriately designed, implemented and operating effectively as of December 31, 2020.

External Auditors:

Rödl & Partner – Qatar branch external auditors of the Group, has issued a reasonable assurance report on the management's assessment of suitability of design, implementation and operating effectiveness of internal controls over financial reporting as of 31 December 2020 in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB').

Thirteeth: Managements' Report on Compliance with QFMA Law and Relevant Legislations Including the Code:

In accordance with the requirements of Article 4 of the Governance Code for Companies & Legal Entities Listed on the Main Market (the "Code") issued by the Qatar Financial Markets Authority ("QFMA") Board pursuant to Decision No. (5) of 2016, the Board of Directors of Investment Holding Group Q.P.S.C. has prepared this Annual Corporate Governance Report for the year 2020.

This report is the outcome of Investment Holding Group Q.P.S.C. continuous commitment towards the implementation of sound governance that embraces best practice guidelines and engrains concrete values into its internal governance policies. Such achievements, we believe, not only fulfil Investment Holding Group Q.P.S.C., compliance with the Governance Code for Companies & Legal Entities Listed on the Main Market (the "Code") issued by the Qatar Financial Markets Authority ("QFMA") Board pursuant to Decision No. (5) of 2016, but also reflects Investment Holding Group Q.P.S.C., responsibilities towards its Shareholders and Stakeholders.

Responsibilities of the Board:

The Board of Directors are committed to implement governance principles set out in the Code, which are: justice and equality among Shareholders and Stakeholders without discrimination regardless of their race, gender and religion. Transparent information and required disclosures are provided to QFMA, Shareholders and Stakeholders within the required timeframe and in accordance with the relevant laws and regulations. The principles also include upholding the values of corporate social responsibility and prevailing the public interest of the Company, Shareholders and Stakeholders over any personal interest. The Company is guided by the aforementioned principles, as it endeavors to exercise its duties conscientiously and with integrity. In parallel, the Company also strives to project these values in its dealings with Shareholders, Stakeholders and eventually society.

Management's assessment on compliance with QFMA's relevant regulations including the Corporate Governance Code as at December 31, 2020:

In accordance with Article 2 of the Code, we have carried out an assessment on its compliance with QFMA's relevant regulations applicable to the Company including the Code.

Conclusion:

As a result of the assessment, the management concluded that, to ensure the compliance with the QFMA's laws and relevant regulations including the Code, themanagement is still in the process of setting up a more comprehensive and formal process with some of provisions of the Code as set out in appendix – A

External auditors:

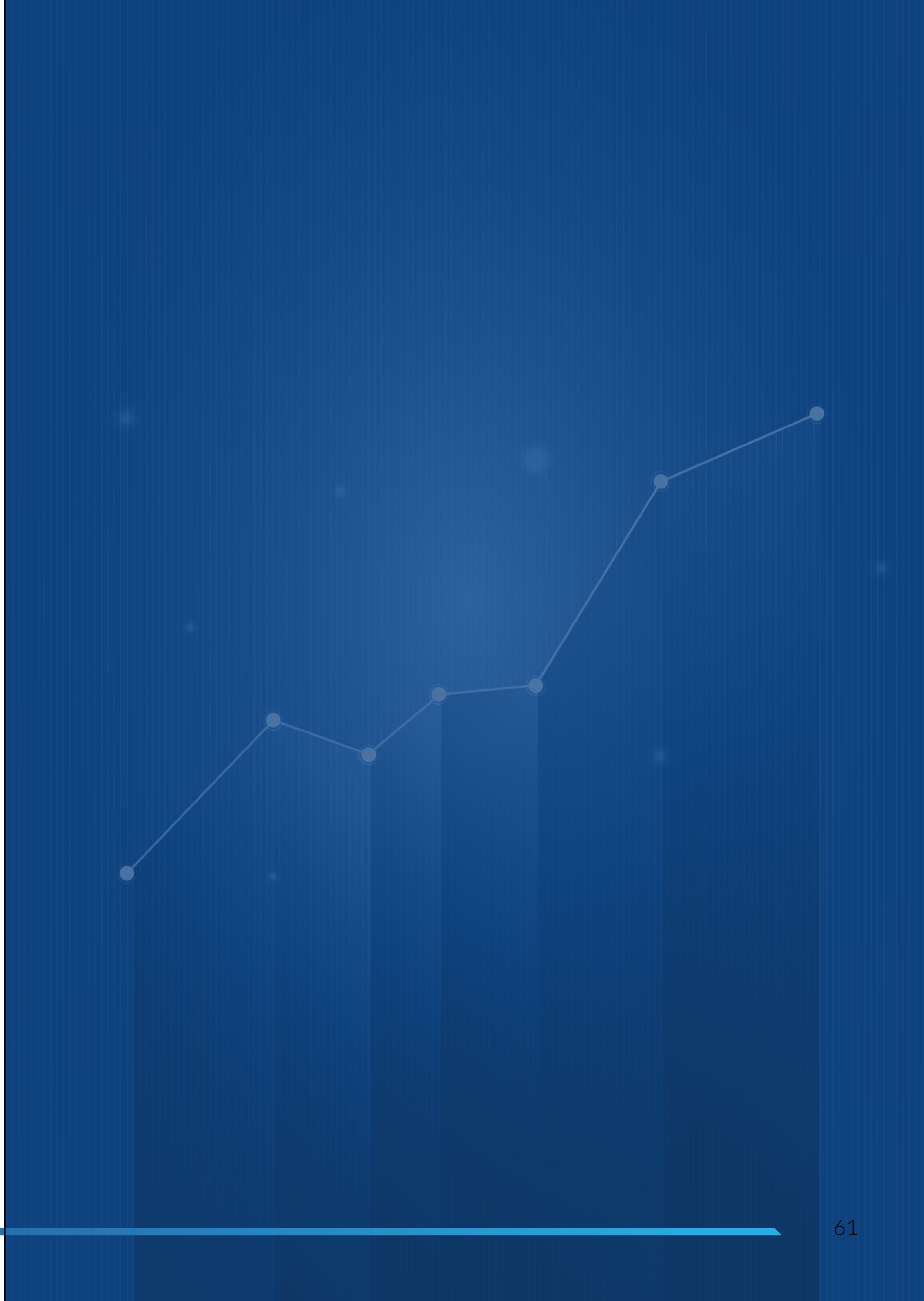
Rödl and Partner - Qatar Branch, the external audit firm of the Company, has issued a limited assurance report on the management assessment on compliance with the QFMA's relevant regulations including the Code as of December 31, 2020.

Appendix A

1. The Company is in the process of developing specific rules for insider trading as required by Article 3 and 27 of the Code.
2. The Company is in the process of developing a written policy that regulates the relationship among the stakeholders as required by Article 8 of the Code.
3. The Company is in the process of developing a written policy to ensure compliance with the laws and regulations as required by Article 8 of the Code.
4. The Company is in the process of documenting the adoption of a written policy that defines the basis and method of calculating the remunerations of board members and the incentives and rewards of executive management and employees, as required under Article 18 - II - Section 1 of the Code.
5. The Company is in the process of developing a written policy and procedures for orientation of new board members and for their training as required by Article 9 of the Code.
6. The Company is in the process of developing policies on risk review and management, preparing training programs for this topic, and preparing periodic reports on the subject as required by the following articles (18-III), (13), (14) and (15) of the Code.
7. The Company has a written Internal Control Policy as required by Article 20 of the Code, however the same is pending approval by the board of directors.

Ghanim Sultan Al Hodaifi Al Kuwari

Chairman



FINANCIAL REPORT 2020

Financial Report

2020

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
AND INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS
INVESTMENT HOLDING GROUP Q.P.S.C.
DOHA, STATE OF QATAR

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Investment Holding Group Q.P.S.C. (the "Parent" or the "Company") and its subsidiaries (together referred to as "Group") which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Referring to the details mentioned in Note 32.1 to the consolidated financial statements, and taking into consideration the undertaking letter given by the Founders of the Company to undertake any losses that might result from non-collection of the amounts due from the main contractor of the Unincorporated Joint Operation up to the end of the year 2016. We are unable to determine provision required, if any, resulting from non-collection of the amounts due from the main contractor of that project (Unincorporated Join Operation) or from the liability to settle the whole amount of borrowings due to the banks related to the Unincorporated Joint Operation given that the other partner to the Unincorporated Joint Operation has already been declared as under liquidation.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements as implemented in the State of Qatar, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters

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

- Note 32 to the consolidated financial statements which describes the updated status of the liquidation proceedings of one of the Group's subsidiaries "Trelco Building Materials Company W.L.L." which was initiated by one of the Partners of that Subsidiary, and on April 2020 the Court of Appeal has stopped the liquidation procedures. In the accompanying consolidated financial statements, the Group continues to consolidate the Subsidiary.
- Note 6 to the consolidated financial statements which describes the status of the negotiations by the Group's management with certain clients for the Group's subsidiaries on certain uncertified claims due to extension of time and variations orders.
- Note 12 to the consolidated financial statements which describes the study done by the management of the Group for test of Goodwill impairment as at December 31, 2020, considering the impact of (COVID 19) on 2020 performance.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Key audit matters	How our audit addressed our key audit matters.
Valuation of Goodwill As referred to in Note 12 of the accompanying consolidated financial statements, the Group has recognised internally generated goodwill of QR. 711,492,489 which represent 52% of the Group's total assets as of 31 December 2020. The internally generated goodwill was recognised after the verification from the issuance of updated commercial register for the company with new share capital amounting to QR. 830 Million based on evaluation study for the company and its subsidiaries and the related assumptions. Also taking into consideration the resolution by His Excellency the Minister of Economy and Commerce, determining the company's share capital by the full value according to the evaluation including the goodwill resulted from that evaluation and the approval of the formal authorities of the Ministry of Economy and Commerce, Qatar Financial Market Authority, and Qatar Stock Exchange on that procedure Due to the magnitude of the balance and the estimation uncertainty and subjectivity involved in the assessment of internally generated goodwill, we have considered the same to be a key audit matter.	We examining the potential impairment of the carrying value of the goodwill, given that management judgments are required to make in respect of the assumptions used to determine the recoverable amount. The key judgments include identification of cash generating units, growth rates used in future cash flow forecasts both short term and long term, discount rates applied to these forecasts and determining the impact of reasonably possible changes in these assumptions. In addition, our audit procedures assessed the adequacy of the design and implementation of controls over monitoring the carrying value of goodwill. We identified and challenged management's assessment of the cash generating units within the group based on a review of the cash flows internally reported by the management, and also studying and testing the management's future plans. Also, we challenged the assumptions used by management in their impairment assessment by using valuation specialists within the audit team to benchmark the discount rate against independently available data and performing parallel analysis and understanding the assumptions undermining the Group's cash flow forecasts, also comparing the previous and current revenues and profitability of the Group.

Key audit matters	How our audit addressed our key audit matters.
Revenue recognition of construction contracts: Revenue from construction contracts is recognised using the percentage of completion method, where progress is determined by comparing actual costs incurred to date, with the total estimated costs of the project. Revenue recognition for construction contracts includes management judgment in a form of estimates, which are subject to management experience and expectations of future events. The most important judgment relates to the estimated total costs of the project. In order to determine percentage of completion and since there is significant subjectivity and management judgment involved in the project estimates, we have considered this to be a key audit matter. Refer to notes (3) and (22) to the accompanying consolidated financial statements for more information.	Our audit procedures included both testing of the Group's internal controls, as well as substantive audit procedures targeted at selected major long-term construction projects. Our substantive testing focused on estimates applied by management in the accounting. ■ Ensured that the revenue recognition method applied was appropriate based on the terms of the arrangement; ■ Agreed the total project revenue estimates to sales agreements, including amendments as appropriate; ■ We obtained an understanding of the processes and tested relevant controls, which impact the revenue recognition; ■ We assessed the reliability of management's estimates by comparing the actual results of delivered projects to previous estimates; ■ Recalculated the revenue based on the stage of completion of the projects. Ensured that the stage of completion is correct by comparing actual costs per the Group's accounting records to the estimated total costs of the projects. ■ We also assessed the appropriateness of the related disclosures in the accompanying consolidated financial statements.

Other Information

The Board of Directors are responsible for the other information. The other information comprises the information included in the annual report for 2020 but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements

The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and applicable provisions of Qatar Commercial Companies' Law and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists

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

related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the companies or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, as required by Qatar Commercial Companies' Law, we are of the opinion that proper books of account have been kept by the Group and the consolidated financial statements are in agreement with the books and physical inventory verification has been duly carried out. We have read the report of the board of directors to be included in the annual report and financial information contained therein is in agreement with the books and records of the Group, except for the matter discussed in "Basis for Qualified Opinion" section of our report. We have obtained all the information and explanations we considered necessary for the purpose of our audit. To the best of our knowledge and belief, we are not aware of any violations of the provisions of the Qatar Commercial Companies Law no. 11 of 2015 or the terms of the Group's Articles of Association having occurred during the year which might have had a material effect on the Group's consolidated financial position and its consolidated financial performance as at and for the year ended December 31, 2020.

Rödl & Partner - Qatar Branch
Certified Public Accountants

Doha, State of Qatar
March 15, 2021

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

INVESTMENT HOLDING GROUP Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

		December 31	
	Notes	2020	2019
		QR.	QR.
ASSETS			
Current assets			
Cash and bank balances	4	**39,936,850**	63,910,115
Accounts receivable and other debit balances	5	**192,820,557**	197,045,790
Contract assets	6	**236,278,069**	237,234,837
Due from related parties	7	**22,546,778**	25,149,286
Inventories	8	**56,576,105**	59,483,373
Total current assets		**548,158,359**	**582,823,401**
Non-current assets			
Retention receivables	9	**38,785,606**	36,887,620
Financial assets at fair value through profit or loss	10	**31,000,000**	31,000,000
Investment properties	11	**27,904,147**	22,816,776
Goodwill	12	**711,492,489**	711,492,489
Right-of-use assets	13	**2,853,361**	13,118,663
Property and equipment	14	**13,837,481**	17,170,935
Total non-current assets		**825,873,084**	832,486,483
TOTAL ASSETS		**1,374,031,443**	**1,415,309,884**
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**830,000,000**	830,000,000
Legal reserve		**12,928,305**	11,851,341
Revaluation reserve		**14,398,000**	14,398,000
Other reserve	16	**(138,909,704)**	(152,508,123)
Retained earnings		**114,040,261**	92,336,622
Equity attributable to the shareholders of the Company		**832,456,862**	796,077,840
Non – controlling interests	28	**9,593,854**	22,313,139
TOTAL EQUITY		**842,050,716**	**818,390,979**

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

INVESTMENT HOLDING GROUP Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020 (Continued)

		December 31	
	Notes	2020	2019
		QR.	QR.
Liabilities			
Current liabilities			
Bank overdrafts	4	**9,396,089**	59,332,384
Borrowings	17	**214,826,749**	185,592,743
Lease liabilities	13	**1,780,648**	8,471,775
Due to related parties	7	**8,937,880**	36,901,164
Contract liabilities	18	**1,164,957**	4,058,883
Retention payables	20	**3,685,944**	2,827,340
Dividend payables		**3,466,308**	3,828,565
Accounts payable and accruals	19	**142,296,164**	180,831,853
Total current liabilities		**385,554,739**	**481,844,707**
Non-current liabilities			
Borrowings	17	**125,353,071**	87,795,993
Lease liabilities	13	**1,097,725**	4,795,993
Retention payables	20	**812,016**	614,634
Employees' end of service benefits	21	**19,163,176**	21,867,578
Total non-current liabilities		**146,425,988**	115,074,198
Total liabilities		**531,980,727**	596,918,905
TOTAL EQUITY AND LIABILITIES		**1,374,031,443**	**1,415,309,884**

The consolidated financial statements of the Group for the year ended December 31, 2020 were approved and authorized for issuance by the Board of Directors and signed on their behalf on March 15, 2021 by:

H.E. Ghanim Sultan H. Al-Kuwari
Chairman of the Board of Directors

Mr. Mohd Ghanim S. H. Al-Kuwari
Board Member

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

INVESTMENT HOLDING GROUP Q.P.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2020

		For the year ended December 31	
	Notes	2020	2019
		QR.	QR.
Revenue	22	**321,332,316**	443,521,932
Direct costs	23	**(248,624,149)**	(335,614,874)
Gross profit		**72,708,167**	**107,907,058**
Other income	24	**25,094,621**	20,490,091
Dividend income from financial assets		**3,650,572**	3,859,972
Fair value gains of investment properties	11	**5,545,906**	7,159,630
General and administrative expenses	25	**(67,568,492)**	(69,169,696)
Finance costs	26	**(12,284,860)**	(15,666,912)
Net profit for the year		**27,145,914**	**54,580,143**
Net profit for the year attributable to:			
The shareholders of the Company		**23,364,721**	55,073,548
Non-controlling interests	28	**3,781,193**	(493,405)
Profit for the year		**27,145,914**	**54,580,143**
Basic earnings per share	27	**0.028**	**0.066**

INVESTMENT HOLDING GROUP Q.P.S.C.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020

		For the year ended December 31	
	Notes	2020	2019
		QR.	QR.
Net profit for the year		**27,145,914**	**54,580,143**
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent years:			
Revaluation surplus arising from transfer of property and equipment to investment properties	11	**-**	14,398,000
Other comprehensive income for the year		**-**	**14,398,000**
Total comprehensive income for the year		**27,145,914**	**68,978,143**
Total comprehensive income attributable to:			
The shareholders of the Company		**23,364,721**	69,471,548
Non – controlling interests	28	**3,781,193**	(493,405)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**27,145,914**	**68,978,143**

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

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

INVESTMENT HOLDING GROUP Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020

	Attributable to shareholders of the Company							
	Share capital	Legal reserve	Revaluation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Balance as at January 1, 2020	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 year	-	-	-	-	23,364,721	23,364,721	3,781,193	27,145,914
Transfer to legal reserve	-	1,076,964	-	-	(1,076,964)	-	-	-
Transfer to Social and Sport Activities Fund	-	-	-	-	(584,118)	(584,118)	-	(584,118)
Transfer of non-controlling interests (Note 16 and 1.2)	-	-	-	13,598,419	-	13,598,419	(16,500,478)	(2,902,059)
Balance as at December 31, 2020	830,000,000	12,928,305	14,398,000	(138,909,704)	114,040,261	832,456,862	9,593,854	842,050,716

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

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

INVESTMENT HOLDING GROUP Q.P.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

		For the year ended December 31	
	Notes	2020	2019
OPERATING ACTIVITIES		QR.	QR.
Net profit for the year		**27,145,914**	54,580,143
Adjustments for:			
Depreciation of property and equipment	14	**4,052,607**	5,214,691
Amortization of right-of-use assets	13	**7,816,499**	4,157,358
Gain on disposal of property and equipment		**(203,560)**	(530,991)
Fair value gain of investment properties	11	**(5,545,906)**	(7,159,630)
Employees' end of service benefits	21	**2,120,010**	3,881,006
Allowance for slow moving inventories	8	**742,910**	144,056
Reversal of allowance for slow moving inventories	8	**(3,597,400)**	-
Finance costs	26	**12,284,860**	15,666,912
Charge / (Reversal) of discounting of retention receivables	9	**825,970**	(75,635)
(Reversal) / Charge for allowance for impairment of retention receivables	9	**(113,440)**	40,447
Allowance for impairment of trade receivables	5	**510,372**	2,810,392
Reversal of allowance for impairment of trade receivables	5	**(3,720,846)**	(1,152,274)
Bad debts written off	25	**-**	896,896
Allowance for impairment of other debit balances	5	**162,358**	-
		42,480,348	**78,473,371**
Movements in working capital:			
Accounts receivable and other debit balances		**7,273,349**	(36,282,972)
Contract assets		**956,768**	(36,035,862)
Due from related parties		**(299,551)**	5,468,378
Inventories		**5,761,758**	19,035,330
Retention receivables		**(2,610,516)**	7,808,571
Due to related parties		**(27,963,284)**	(17,269,585)
Contract liabilities		**(2,893,926)**	(14,249,973)
Trade payable and other credit balances		**(39,119,807)**	(4,556,219)
Retention payables		**1,055,986**	(1,266,398)
Cash (used in) / generated from operations		**(15,358,875)**	**1,124,641**
Finance costs paid	26	**(11,810,230)**	(15,291,766)
Employees' end of service benefits paid	21	**(4,824,412)**	(7,206,832)
Net cash used in operating activities		**(31,993,517)**	**(21,373,957)**
INVESTING ACTIVITIES			
Proceeds from sale of property and equipment		**222,057**	632,947
Purchase of property and equipment	14	**(748,536)**	(1,377,008)
Acquisition of investment properties	11	**(122,784)**	(73,000)
Proceeds from disposal of investment properties		**592,205**	-
Net cash used in investing activities		**(57,058)**	**(817,061)**

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

	Notes	December 31	
		2020	2019
		QR.	QR.
FINANCING ACTIVITIES			
Dividends paid		**(362,257)**	(20,214,247)
Dividends paid to non-controlling interests		**-**	(1,960,000)
Net movement in right-of-use assets		**(26,662)**	-
Payment of lease liabilities	13	**(8,388,560)**	(4,383,399)
Net movement in borrowings		**66,791,084**	43,620,499
Net cash generated from financing activities		**58,013,605**	**17,062,853**
Net increase/(decrease) in cash and cash equivalents during the year		**25,963,030**	(5,128,165)
Cash and cash equivalents at the beginning of the year		**4,577,731**	9,705,896
Cash and cash equivalents at the end of the year	4	**30,540,761**	**4,577,731**

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

1. GENERAL INFORMATION

1.1 General Activities

Investment Holding Group Q.P.S.C (the "Company" or "Parent") 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.

These consolidated financial statements for the year ended December 31, 2020 include the assets, liabilities, and results of operations of the Company and its Subsidiaries and the share of joint operations (collectively referred to as the "Group"). The Company owns the following subsidiaries (the "Subsidiaries") as of December 31, 2020 and 2019:

Name of subsidiaries	Percentage of ownership (%)		Principal activity
	2020	2019	
Consolidated Engineering Systems Company W.L.L. (CESCO)	**100**	100	Mainly engaged in trading in fire alarms, security systems and related contracting activities.
Trelco Limited Company W.L.L. (TLC)	**100**	100	Mainly engaged in various trading activities.
Consolidated Supplies Company W.L.L. (CSC)	**100**	100	Mainly engaged in trading of electrical and construction materials.
Watermaster Qatar W.L.L. (WMQ) (Note 1.2)	**100**	63.3	Mainly engaged in water treatment and contracting activities.
Construction Development Contracting & Trading Company W.L.L (CDCT) (Note 1.2)	**100**	51	Mainly engaged in the contracting activities and trading in building materials.
Electro Mechanical Engineering Company W.L.L (EMEC)	**68.5**	68.5	Mainly engaged in installation and maintenance of electro mechanical works.
Debbas Enterprises Qatar W.L.L (DEQ)	**51**	51	Mainly engaged in trading in electrical equipment, switch gear, light and instrument electrical tools, electromechanical equipment installation and maintenance works.
Trelco Building Materials Company W.L.L (TBMC)	**85**	85	Mainly engaged in trading of wood, steel and building materials.

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

1.2 Transfer of non-controlling interests

Watermaster Qatar W.L.L.

Effective on January 1, 2020, the foreign partner in Watermaster Qatar W.L.L., transferred its ownership interest equivalent to 36.7% to one of the Group's wholly-owned subsidiaries, Trelco Limited Company W.L.L. based on the agreement signed by both parties. The carrying value of non-controlling interest belongs to the foreign partner "Al Miyah Holding" as of January 1, 2020, was QR. 13,363,486.

Construction Development Contracting and Trading Company W.L.L.

Effective on May 1, 2020, a foreign individual partner in Construction Development Contracting and Trading Company W.L.L., transferred its ownership interest equivalent to 49% to one of the Group's wholly-owned subsidiaries, Trelco Limited Company W.L.L. based on the Agreement signed by both parties. The carrying value of non-controlling interest belongs to the foreign individual partner as of May 1, 2020, was QR. 3,136,992.

The Group's management is in the process of finalizing the legal requirements related to updating the commercial registrations for those subsidiaries. Based on the above transactions the Company exercises 100% control on those subsidiaries through its wholly-owned subsidiary, Trelco Limited Company W.L.L. The ownership structure of those subsidiaries is as follows:

	Watermaster Qatar W.L.L.		Construction Development Contracting and Trading Company W.L.L.	
	December 31			
	2020	2019	2020	2019
Investment Holding Group Q.P.S.C.	63.3%	63.3%	51%	51%
Trelco Limited Company W.L.L.	36.7%	--	49%	--
Non-Controlling Interest	--	36.7%	--	49%
	100%	100%	100%	100%

1.3 Public offering process

Pursuant to resolution number 286 of His Excellency and in accordance to the approval received from Ministry of Economy and Commerce dated August 5, 2015, the Group's management formally applied an application to Qatar Stock Exchange to list the Company and trade publicly in the stock market. On the same date, the Company's reported share capital amounted to QR 914,086,370.

The Group has obtained the approval of Ministry of Economy and Commerce in accordance with the resolution from His Excellency the Minister of Economy & Commerce number 286 dated 5th of August 2015 to transfer the legal entity from a Limited Liability Company to a Qatari Public Shareholding Company with a capital of QR 914,086,370 for the purpose of listing its shares on the Qatar Stock Exchange, and to have a public offering, the company filed an application on 11 August 2015 for the listing of its shares on the Qatar stock exchange. The Qatar Financial Markets Authority (QFMA) requested a new evaluation of the Company and its subsidiaries by accredited evaluators, the Company was valued for an amount of QR. 830 Million, and as a result share capital was amended to QR. 830 Million divided in to 83 Million shares of QR 10 each fully paid. Which agrees with the group value as per the evaluation and not according to the book value of the partners' equity of the group.

On May 11, 2017 the Group obtained from the Ministry of Economy and Commerce the revised commercial registration with stipulated share capital of QR 830,000,000 and the Company legally became a Qatari Public Shareholding Company Q.P.S.C.

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

Newly effective standard and amendments and improvements to standards

Several amendments apply for the first time from January 1, 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has early adopted the amendments to IFRS 16 on, 'Covid-19-Related Rent Concessions'. The nature and effect of the changes as a result of adoption of this amendment is described below. Apart from this the Company has not early adopted any standard, interpretation or amendment that have been issued but are not yet effective.

- Amendments to IFRS 16 on, 'Covid-19-Related Rent Concessions'.
  The amendment is effective for annual reporting periods beginning on or after June 1, 2020 and the Group has early adopted this amendment in these consolidated financial statements.

As per the amendment lessee's are currently required to assess whether rent concessions are lease modifications and, if they are, apply specific accounting guidance. Accordingly, when the scope of a lease increases and the consideration changes commensurately, a separate lease exists and IFRS 16 requires that any modification be considered a new lease, and that any remaining prepayments and accruals are included in the accounting for this new lease. The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors.

Early adoption of this amendment did not result in any changes in any changes to previously reported net profit or equity of the Group.

Other amendments to standards that are effective as of January 1, 2020

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 on 'Definition of a business'
- Amendments to IAS 1 and IAS 8 on 'Definition of Material'
- Amendments to IFRS 9, IAS 39 and IFRS 7 on 'Interest rate benchmark reform'

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

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

The below new and amended IFRS that are available for early adoption for financial year ended December 31, 2020 are not effective until a later period, and they have not been applied in preparing these consolidated financial statements.

Adoption not expected to impact the Group's consolidated financial statements

Effective date	Description
January 1, 2021	■ Interest Rate Benchmark Reform – Phase 2 ■ (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
January 1, 2022	■ Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) ■ Annual Improvements to IFRS Standards 2018–2020 ■ Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) ■ Reference to the Conceptual Framework (Amendments to IFRS 3)
January 1, 2023	■ IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts" ■ Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
Effective date deferred indefinitely	■ Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except for investment properties and financial instruments which are carried at fair value.

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

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

i. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

ii. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

iii. Level 3 inputs are unobservable inputs for the asset or liability.

Functional and presentation currency

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent Company and its subsidiaries as at 31st December 2020. Control is achieved where the Company has:

- Power over the investee (that is, existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control mentioned.

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

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

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests in the net assets of the consolidated subsidiaries is identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The consolidated financial statements provide comparative information in respect of the previous year.

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

The carrying amounts of the company interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in those subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the shareholders of the Company.

When the company loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, and liabilities of the subsidiary and any non-controlling interests.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs).

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs).

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

Significant accounting policies

Revenue from contracts with customers

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

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

The disclosures of critical accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in note 34.

Sales of security equipment

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

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

Sales of electrical material and building material

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

Civil construction services

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

Installation services

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

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

(i) Variable consideration

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

- Rights of return

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

(ii) Non-cash consideration

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

Contract balances

Contract assets

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

Trade receivables

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

Contract liabilities

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

Expenses recognition

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen and can be measured reliably.

An expense is recognized immediately in profit or loss when an expenditure produces no future economic benefits, or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the statement of financial position as an asset, such as in the case of asset impairments.

Financial instruments

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

Initial recognition and measurement

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

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

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

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

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

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

Subsequent measurement

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

Financial assets at Amortized Cost

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The group's financial assets at amortised cost includes trade receivable, due from related parties and retention receivable etc.

Financial assets at Fair Value Through Profit or Loss

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

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

Impairment of financial instruments

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

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

a. Default or delinquency by a debtor;

b. Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;

c. Indications that a debtor will enter bankruptcy; or

d. Observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

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

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

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

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

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

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

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

Credit-impaired financial assets

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

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables are presented under general and administrative expenses in the statement of profit or loss.

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

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

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU.

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

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

Derecognition of Financial assets and liabilities

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

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

Non-derivative financial assets and financial liabilities – initial recognition and derecognition

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

Other financial liabilities

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

Cash and cash equivalents

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

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or capitalized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is capitalized, while cost of regular maintenance and repairs is recorded in the consolidated statement of profit or loss when it is incurred.

Depreciation of all property and equipment are calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

Capital work in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Investment properties

Investment properties which are properties held to earn rental and/or for capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in consolidated statement of profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of profit or loss in the period in which the property is derecognised.

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

Goodwill

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

Inventories

Inventories are stated at the lower of cost and net realisable value after taking an allowance for any slow moving or obsolete items. Cost comprises the purchase price, import duties, transportation handling and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method for construction materials, spares and merchandise.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Interests in joint operations

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

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

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

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Related party transactions

Parties are considered to be related because they have the ability to exercise control over the Group or to exercise significant influence or joint control over the Group's financial and operating decisions. Further, parties are considered related to the Group when the Group has the ability to exercise influence, or joint control over the financial and operating decisions of those parties.

Transaction with related parties, normally, comprise transfer of resources, services, or obligations between the parties.

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.

Basic earnings per share

The Group presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss for the year attributable to the owners of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' length of service and the completion of a minimum service period. A provision is made for employees' end of service benefits which is payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salary and accumulated period of service as at the reporting date. The Group treats this obligation as a non-current liability.

Borrowing costs

Borrowing costs directly attributable to the construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. The remaining borrowing costs are expensed in the consolidated statement of profit or loss in the period in which they are incurred.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group Chief Executive Officer (CEO). The CEO, who is responsible for resource allocation and assessing performance of the operating segment, has been identified as the Board of Directors (BOD). The nature of the operating segment is set out in Note 29.

Dividend distribution

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

Leases

The Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Contract assets and contract liabilities

Contract assets are stated at cost plus attributable profit less progress payments received or receivable. When the cost-plus attributable profit exceeds the progress, payments received / receivable, the excess is reflected as contract liabilities. On the other hand, when the progress payments received / receivable exceed the cost-plus attributable profit, the excess is reflected as contract assets

4. CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS	December 31	
	2020	2019
	QR.	QR.
Cash on hand	**467,358**	347,788
Cash in banks	**31,058,716**	54,659,928
Cash margins (Note 4.1)	**8,410,776**	8,902,399
Total cash and bank balances	**39,936,850**	63,910,115
Less:		
Bank overdrafts (Note 4.2)	**(9,396,089)**	(59,332,384)
Cash and cash equivalents	**30,540,761**	4,577,731

4.1 Cash margins

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

4.2 Bank overdrafts

Bank overdrafts are secured by the personal guarantee of the founders of the Company and the partners in its subsidiaries and bears interest at rate of 4.5% to 8.5% (2019: 4.5 % to 8.5%).

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

5. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	December 31	
	2020	2019
	QR.	QR.
Trade receivables - net (Note 5.1)	**116,708,127**	127,481,878
Retention receivables- net (Note 9)	**42,319,454**	42,393,097
Prepaid expenses	**2,502,007**	2,393,236
Other debit balances - net (Note 5.2)	**31,290,969**	24,777,579
	192,820,557	197,045,790

5.1 Trade receivables	December 31	
	2020	2019
	QR.	QR.
Trade receivables	**126,333,917**	140,318,142
Less: Allowance for impairment of trade receivables	**(9,625,790)**	(12,836,264)
	116,708,127	127,481,878

Movement in the allowance for impairment of trade receivables	December 31	
	2020	2019
	QR.	QR.
Balance as at the beginning of the year	**12,836,264**	11,178,146
Charged during the year (Note 25)	**510,372**	2,810,392
Reversals during the year	**(3,720,846)**	(1,152,274)
Balance as at the end of the year	**9,625,790**	12,836,264

5.2 Other debit balances	December 31	
	2020	2019
	QR.	QR.
Other debit balances	**33,192,705**	26,516,957
Less: Allowance for impairment of other debit balances	**(1,901,736)**	(1,739,378)
	31,290,969	24,777,579

Movement in allowance for impairment of other debit balances	December 31	
	2020	2019
	QR.	QR.
Balance as at the beginning of the year	**1,739,378**	1,739,378
Charged during the year (Note 25)	**162,358**	-
Balance as at the end of the year	**1,901,736**	1,739,378

6. CONTRACT ASSETS

	December 31	
	2020	2019
	QR.	QR.
Contract cost incurred plus recognized profits	**1,053,030,696**	1,012,073,262
Less: Progress billings	**(816,752,627)**	(774,838,425)
	236,278,069	237,234,837

The contract assets balance as at December 31, 2020 includes the following amounts derived from subsidiaries:

a) Electro Mechanical Engineering Company W.L.L.

An amount of QR. 28,557,571 included in the contract assets balance as of December 31, 2020 represents the following:

- Claims due to extension of time and prolongation costs incurred by Group's subsidiary amounting to QR. 24,706,016. Based on the independent claim consultant report which indicates a high possibility of the recoverability of those balances, the Group's management is currently in negotiations with the client for approving those claims and certifying the interim bills to recover all outstanding balances.
- Variation orders amounting to QR. 15,096,479 equivalent to the actual cost incurred to execute additional work requested by the client based on Engineers Site Orders, however the client approved variation orders amounting to QR. 11,244,925 only. The Group's management is still in the negotiations process with the client to approve the remaining balance.

The partner of the subsidiary has undertaken that they will be responsible for any credit risk raised as a result of the negotiations with the client and contractor of this project.

b) Watermaster Qatar W.L.L.

Included in the contract assets balance as of December 31, 2020, an amount of QR. 22,344,376 which belongs to certain projects executed by Watermaster Qatar W.L.L., the balance represents uncertified interim bills raised to the clients of those projects. The Group's Management is still negotiating with the other clients for certifying and collecting the remaining balance. However, practical completion and maintenance certificates belonging to certain projects were received from the client after completing the initial stage of negotiation. Accordingly, the final account statement with the client will be finalized within the year 2021.

7. RELATED PARTIES

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

7.1 Related Parties Transactions	For the year ended December 31	
	2020	2019
	QR.	QR.
Sales	**2,415,366**	3,067,176
Purchases	**2,352,707**	9,341,576
Sub - contract services	**-**	752,253
Others	**887,796**	1,176,525

7.2 Due from related parties	December 31	
	2020	2019
	QR.	QR.
Al Hodaifi Group W.L.L. and its subsidiaries	**15,993,621**	19,271,969
Others	**6,553,157**	5,877,317
	22,546,778	25,149,286

Included in the balance of due from Al Hodaifi Group W.L.L. and its subsidiaries are certain amounts due from the founders of the Group, those balances were confirmed by the founders and the Group's management believes that those balances are recoverable. The following table shows the movement of those balances till the reporting date:

	Amount
	QR.
Balances as at December 31, 2016	33,805,743
Net movements during the years (2017-2020)	(17,812,122)
Net balance as at December 31, 2020	15,993,621

7.3 Due to related parties	December 31	
	2020	2019
	QR.	QR.
Al Hodaifi Group W.L.L. and its subsidiaries	**3,671,910**	6,699,131
Others	**5,265,970**	30,202,033
	8,937,880	36,901,164

7.4 Compensation of key management personnel	For the year ended December 31	
	2020	2019
	QR.	QR.
Short term benefits	11,642,567	13,424,827
Long-term benefits	305,016	380,258

8. INVENTORIES

	December 31	
	2020	2019
	QR.	QR.
Trading inventories (Note 23.1)	**48,132,725**	60,072,733
Raw materials	**9,589,863**	6,947,838
	57,722,588	67,020,571
Less: Allowance for slow-moving items	**(7,596,937)**	(11,290,790)
	50,125,651	55,729,781
Goods in transit (Note 23.1)	**6,450,454**	3,753,592
	56,576,105	59,483,373

Movement in the allowance for slow-moving items	December 31	
	2020	2019
	QR.	QR.
Balance at the beginning of the year	**11,290,790**	11,146,734
Formed during the year (Notes 23, 25)	**742,910**	144,056
Reversals during the year	**(3,597,400)**	-
Write offs during the year	**(839,363)**	-
Balance at the end of the year	**7,596,937**	11,290,790

9. RETENTION RECEIVABLES

	December 31	
	2020	2019
	QR.	QR.
Retention receivables	**83,507,369**	82,622,436
Effect of discounting due to time value of money	**(656,667)**	(1,482,637)
Allowance for impairment of retention receivables	**(1,745,642)**	(1,859,082)
	81,105,060	79,280,717

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

Classification of retention receivables	December 31	
	2020	2019
	QR.	QR.
Current portion (Note 5)	**42,319,454**	42,393,097
Non-current	**38,785,606**	36,887,620
	81,105,060	79,280,717

Movement in allowance for impairment of retention receivables	December 31	
	2020	2019
	QR.	QR.
Balance at the beginning of the year	**1,859,082**	1,818,635
Charged during the year (Note 25)	**-**	40,447
Reversals during the year	**(113,440)**	-
Balance at the end of the year	**1,745,642**	1,859,082

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
	QR.	QR.
Balance at the beginning of the year	**31,000,000**	31,000,000
Change in fair value during the year	**-**	-
Balance at the end of the 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 consolidated statement of profit or loss during the year.

11. INVESTMENT PROPERTIES

	December 31	
	2020	2019
	QR.	QR.
Balance at the beginning of the year	**22,816,776**	959,146
Additions during the year	**122,784**	73,000
Transfer from property and equipment (Note 14)	**10,886**	227,000
Fair value gain on investment properties	**5,545,906**	7,159,630
Disposals during the year	**(592,205)**	-
Revaluation reserve recognized in other comprehensive income	**-**	14,398,000
Balance at the end of the year	**27,904,147**	22,816,776

Investment properties includes a building constructed on a piece of land leased from a third party. The building has been classified as investment properties using fair value model. The Group leases out these investment properties and has classified these leases as operating leases as they do not transfer substantially all risks and rewards incidental to ownership of the assets.

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

Management decided to transfer a portion of its fully depreciated property and equipment to investment properties due to change in use. Prior to reclassification, the management obtained a valuation from independent valuer to determine the current market fair value of the assets being transferred at the time of change in use. Accordingly, an amount of QR 14,398,000 has been recognized in the consolidated statement of other comprehensive income, arising from the revaluation of property and equipment.

On December 31, 2020, the investment properties were valued at its fair value by independent external valuer. Gain from change in fair value amounting to QR 5,545,906 (2019: QR 5,314,000) was recognized in the consolidated statement of profit and loss.

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

Discounted cash flow model considers the present value of net cash flows to be generated from the property considering the expected rental growth rate, void periods, occupancy rate and rent-free periods. The expected cash flows are discounted using risk adjusted discount rates. Among other factors the discount estimation considers the quality of a building and its location, tenant credit quality and lease terms.

12. GOODWILL

	December 31	
	2020	2019
	QR.	QR.
Balance at the beginning of the year	**711,492,489**	711,492,489
Balance at the end of the year	**711,492,489**	711,492,489

As referred in Notes no. (1.3) and (15), the share capital of the Company was determined at QR 830 Million to reflect the Group's value as per the independent valuation not as per book value of partners' equity as at December 31, 2016. Due to legal considerations represented by determining the Company's share capital at QR. 830 Million, based on the approvals of H.E the Minister of Economy and Commerce, Ministry of Economy and Commerce, Qatar Market Authority and Qatar Stock Exchange. The same approach was followed in the prospectus for the initial public offering. Shareholders approved the same in their Constituent General Assembly. As a result, it became inevitable for the management to recognize during the year internally generated goodwill in the Company's books of accounts amounting to QR. 711,492,489.

On December 31, 2020, the Group's management conducted an internal valuation to assess and identify the projection of any indication of impairment of goodwill. The valuation was mainly based on the future financial data of the relevant Subsidiaries and considering the business environment in which these Subsidiaries operate. Based on this exercise, the Group's management concluded that there were no indications of impairment on carrying value of goodwill. Value-in-use calculation is determined by using future cash flow projections and key assumptions with average growth rate of 3% (2019: 3%) and average discount rate of 9.71% (2019: 10.2%).

13. LEASES (GROUP AS A LESSEE)

Right-of use assets	December 31	
	2020	2019
Cost	QR	QR
Balance as at the beginning of the year	**17,276,021**	-
Additions during the year	**2,550,364**	17,276,021
Disposals during the year	**(10,885,154)**	-
Balance as at the end of the year	**8,941,231**	17,276,021
Accumulated depreciation		
Balance as at the beginning of the year	**4,157,358**	-
Charged during the year (Note 25)	**7,816,499**	4,157,358
Related to disposals	**(5,885,987)**	-
Balance as at the end of the year	**6,087,870**	4,157,358
Net book value as at the end of the year	**2,853,361**	13,118,663

Lease liabilities	December 31	
	2020	2019
	QR.	QR.
Balance as at the beginning of the year	**13,267,768**	-
Additions during the year	**2,550,364**	17,276,021
Interest on lease liabilities (Note 26)	**474,630**	375,146
Payments made during the year	**(8,388,560)**	(4,383,399)
Derecognized during the year	**(5,025,829)**	-
Balance as at the end of the year	**2,878,373**	13,267,768

Presentation of lease liabilities:	December 31	
	2020	2019
	QR.	QR.
Non-current	**1,097,725**	4,795,993
Current	**1,780,648**	8,471,775
	2,878,373	13,267,768

14. PROPERTY AND EQUIPMENT

	Building and Construction	Leasehold improvements	Office Equipment	Furniture and Fixtures	Motor Vehicles	Tools and equipment	Machines	Computers	Total
Cost:	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
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 (Note 14.1)	(10,886)	-	-	-	-	-	-	-	(10,886)
As at December 31, 2020	12,797,280	10,479,047	10,597,633	4,645,218	14,767,646	9,951,962	657,533	1,602,548	65,498,867
Accumulated depreciation:									
As at December 31, 2019	6,724,612	5,288,109	9,082,763	3,987,802	14,222,915	8,666,722	629,342	1,475,615	50,077,880
Charge for the year	404,661	1,050,500	595,839	247,590	1,244,707	428,904	26,584	53,822	4,052,607
Related to disposals	-	-	-	-	(2,467,101)	(2,000)	-	-	(2,469,101)
As at December 31, 2020	7,129,273	6,338,609	9,678,602	4,235,392	13,000,521	9,093,626	655,926	1,529,437	51,661,386
Net book value:									
As at December 31, 2020	5,668,007	4,140,438	919,031	409,826	1,767,125	858,336	1,607	73,111	13,837,481
As at December 31, 2019	6,058,354	5,190,938	1,257,026	630,663	2,611,031	1,291,338	26,591	104,994	17,170,935

14. PROPERTY AND EQUIPMENT (Continued)

	Building and Construction	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Motor Vehicles	Tools and Equipment	Machines	Computers	Capital work in progress	Total
Cost:	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
As at December 31, 2018	16,607,949	11,002,204	10,047,775	4,561,273	18,066,531	9,340,179	655,933	1,499,206	623,940	72,404,990
Additions	137,500	29,974	380,924	57,192	-	690,015	-	81,403	-	1,377,008
Disposals	-	-	(88,910)	-	(1,232,585)	(72,134)	-	-	-	(1,393,629)
Transfers	454,000	169,940	-	-	-	-	-	-	(623,940)	-
Reclassification (Note 14.1)	(4,416,483)	(723,071)	-	-	-	-	-	-	-	(5,139,554)
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
Accumulated depreciation:										
As at December 31, 2018	10,514,586	4,961,375	7,959,692	3,712,167	13,781,888	8,144,779	590,491	1,402,438	-	51,067,416
Charge for the year	399,509	1,049,805	1,211,981	275,635	1,571,656	594,077	38,851	73,177	-	5,214,691
Related to disposals	-	-	(88,910)	-	(1,130,629)	(72,134)	-	-	-	(1,291,673)
Reclassification (Note 14.1)	(4,189,483)	(723,071)	-	-	-	-	-	-	-	(4,912,554)
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
Net book value:										
As at December 31, 2019	6,058,354	5,190,938	1,257,026	630,663	2,611,031	1,291,338	26,591	104,994	-	17,170,935
As at December 31, 2018	6,093,363	6,040,829	2,088,083	849,106	4,284,643	1,195,400	65,442	96,768	623,940	21,337,574

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

	December 31	
	2020	2019
	QR.	QR.
Direct costs (Note 23)	**1,030,444**	1,668,433
General and administrative expenses (Note 25)	**3,022,163**	3,546,258
	4,052,607	5,214,691

14.1 Reclassifications

During 2020, property and equipment with net book value of QR 10,886 (2019: QR 227,000) utilized as staff accommodation were transferred to investment properties due to change in use (Note 11).

15. SHARE CAPITAL

	December 31	
	2020	2019
	QR.	QR.
Authorized and issued 830,000,000 ordinary shares of QR. 1 per share	**830,000,000**	830,000,000

Based on the decision of H.E Minister of Economy and Commerce and Shareholders' General Assembly meeting held on November 27, 2016, all shareholders agreed on the final value of the Group, which represents the revised capital of the Company amounting to QR. 830,000,000, accordingly the Company has amended its Articles of Association and obtained approval from the Ministry of Economy and Commerce on December 5, 2016 and the same was authenticated by the Ministry of Justice on December 7, 2016. The Company's Commercial registration has been updated accordingly.

Share split

On April 16, 2019, the Extraordinary General Meeting of the Company approved to split the par value of the ordinary shares from QR. 10 per share to QR. 1 per share, as per the instructions of Qatar Financial Markets Authority. As a result, the Company's number of shares has increased from 83,000,000 shares to 830,000,000 shares. The listing of the new shares on Qatar Stock Exchange was effective immediately. Consequently, the weighted average number of shares has been retrospectively adjusted.

16. OTHER RESERVE

	December 31	
	2020	2019
	QR.	QR.
Balance as at the beginning of the year	**152,508,123**	152,508,123
Effect of transfer of Non-Controlling interests (Note 16.1)	**(13,598,419)**	-
Balance as at the end of the year	**138,909,704**	152,508,123

16.1 Effect of transfer of Non-Controlling interests

As of the dates of transferring the ownership of Watermaster Qatar W.L.L. and Construction Development Contracting and Trading W.L.L. to one of the Group's wholly owned subsidiary Trelco Limited Company W.L.L. the book values of non-controlling interests have been transferred to other reserves, refer to (Note 1.2).

17. BORROWINGS

	Current		Non-current	
	December 31		December 31	
	2020	2019	2020	2019
	QR.	QR.	QR.	QR.
Project financing (Note a)	**19,861,058**	16,295,575	**-**	-
Import loans (Note b)	**75,121,397**	84,715,588	**-**	-
Demand loans (Note c)	**18,569,942**	18,569,942	**-**	-
Term loans (Note d)	**23,178,049**	12,965,301	**50,353,071**	-
Musawama loans (Note e)	**16,666,667**	12,204,007	**75,000,000**	87,795,993
Murabaha loans	**61,371,136**	40,783,830	**-**	-
Vehicle loans	**58,500**	58,500	**-**	-
	214,826,749	185,592,743	**125,353,071**	87,795,993

a) Project financing

The Group entered into loans that are utilized to finance its existing projects. These loans are settled within 4 to 10 months from the progress payments paid by the customers and bears an interest rate ranging from 5% to 6.75 % (2019: 5% to 6.75%). These loans are secured by personal guarantees of the founders of the Group.

b) Import loans

Import loans represent loans obtained from a local bank for the purchase of materials for the project and issuing letters of credit to sub-contractors. These loans bear an average interest rate of 5.25% to 5.75% (2019: 5% to 6.75%) annually and have maturities ranging from 180 to 270 days.

c) Demand loans

Demand loans represent loans obtained from a local bank to finance working capital requirements. These loans bear an average interest rate of 4.5% to 5.75% per annum (2019: 5% to 6.75%).

d) Term loans

The Group entered into agreements with the local banks for the construction of labor camp and warehouse. These loans are secured by personal guarantees of the founders of the Group and corporate guarantee of the Group. Term loans have different maturity dates and bears interest rate of 5% to 6.75% annually (2019: 5% to 6.75%).

During the year, the Group entered into an agreement with its banks to convert the bank overdrafts to term loan with interest rates ranging from 4.5% - 6.5%.

e) Musawama loan

On 8 October 2018, the Group obtained a Musawama facility from a local bank amounting to QR. 100,000,000 for financing its acquisition for the remaining shares of non-controlling interest in Consolidated Engineering System Company W.L.L.. The facility will be paid in semi-annual installments with a fixed profit rate of 6% for 6 years. During the year, the Group settled an arrangement with the bank to reschedule the amounts due in the year ended December 31, 2020.

Finance costs incurred related to the above borrowings recognized in the consolidated profit or loss during the year ended December 31, 2020 amounted to QR. 11,810,230 (2019: QR. 15,291,766) (Note 26).

18. CONTRACT LIABILITIES

	December 31	
	2020	2019
	QR.	QR.
Progress billings	**611,586,271**	612,029,136
Less: Contract value at cost plus attributable profit	**(610,421,314)**	(607,970,253)
	1,164,957	4,058,883

19. ACCOUNTS PAYABLE AND ACCRUALS

	December 31	
	2020	2019
	QR.	QR.
Trade and note payables	**74,037,814**	87,433,030
Advances from customers	**27,622,874**	35,879,102
Social and sport funds contribution (Note 19.1)	**584,118**	1,376,839
Accruals and other credit balances	**40,051,358**	56,142,882
	142,296,164	180,831,853

19.1 Social and Sport Fund Contribution

Pursuant to the requirements of Law No.13 of 2008, the Group recognizes provision for the support of sports, social, cultural and charitable activities equal to 2.5% of the consolidated net profit attributable to the shareholders of the Company. The Group transferred from its retained earnings and accrued as at December 31, 2020 amounting to QR 584,118 (2019: QR 1,376,839).

20. RETENTION PAYABLES

	December 31	
	2020	2019
	QR.	QR.
Current	**3,685,944**	2,827,340
Non-current	**812,016**	614,634
As at December 31	**4,497,960**	3,441,974

The retention payables shown above were not subjected to discounting as of December 31, 2020 and 2019 since management deems that the impact of time value of money on this liability is immaterial.

21. EMPLOYEES' END OF SERVICE BENEFITS

	December 31	
	2020	2019
	QR.	QR.
Balance at the beginning of the year	**21,867,578**	25,193,404
Provisions provided during the year	**2,825,266**	3,881,006
Reversals during the year	**(705,256)**	-
Payments made during the year	**(4,824,412)**	(7,206,832)
Balance at the end of the year	**19,163,176**	21,867,578

22. REVENUE

The Group's revenue for the years ended December 31, 2020 and 2019 based on disaggregated data presented in the consolidated profit of loss is as follows:

	For the year ended December 31	
	2020	2019
Disaggregation of revenue – over time	QR.	QR.
Contracting revenue	**187,061,040**	291,330,792
Maintenance revenue	**52,816,608**	57,425,045
	239,877,648	348,755,837
Disaggregation of revenue – at a point in time		
Trading revenue	**80,960,131**	94,030,601
Refilling and servicing revenue	**494,537**	735,494
	81,454,668	94,766,095
Total revenue from contracts with customers	**321,332,316**	443,521,932

23. DIRECT COSTS

	For the year ended December 31	
	2020	2019
	QR.	QR.
Materials used	**93,000,651**	107,396,399
Salaries and related costs	**69,989,506**	94,939,061
Cost of goods sold (Note 23.1)	**52,491,280**	67,578,607
Subcontractors cost	**16,759,108**	39,438,782
Finance cost	**2,952,368**	2,948,331
Freight and other charges	**2,718,104**	4,282,529
Site cost	**2,478,902**	2,401,064
Depreciation of property and equipment (Note 14)	**1,030,444**	1,668,433
Allowance for slow moving items of inventory (Note 8)	**692,910**	-
Rent	**164,250**	146,250
Miscellaneous	**6,346,626**	14,815,418
	248,624,149	335,614,874

23.1 Cost of goods sold

Cost of goods sold for the years ended December 31, 2020 and 2019 presented in the consolidated statement of profit or loss consists of the following:

	For the year ended December 31	
	2020	2019
	QR.	QR.
Opening balance of trading inventories and goods in transit (Note 8)	**63,826,325**	82,375,493
Purchases during the year	**51,028,838**	62,809,739
Reversal of allowance for slow moving items	**(839,363)**	-
Allowance for slow moving items (Note i)	**(6,941,341)**	(13,780,300)
Goods available for sale	**107,074,459**	131,404,932
Closing balance of trading inventories and goods in transit (Note 8)	**(54,583,179)**	(63,826,325)
	52,491,280	67,578,607

Note i:

Allowance for slow moving items, represent an allowance calculated in the previous years in the books for specific items of the inventory, those items are used in calculating cost of goods sold. Those items are assessed at each reporting period to identify the sufficiency of the allowance calculated.

24. OTHER INCOME

	For the year ended December 31	
	2020	2019
	QR.	QR.
Rental income	**2,607,698**	4,876,800
Interest income	**690,297**	830,292
Gain from disposal of property and equipment	**203,560**	530,991
Miscellaneous	**21,593,066**	14,252,008
	25,094,621	20,490,091

25. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31	
	2020	2019
	QR.	QR.
Salaries and related benefits	**29,500,701**	38,291,995
General expenses	**12,504,532**	365,411
Depreciation of right of use assets (Note 13)	**7,816,499**	4,157,358
Professional and legal fees	**3,135,662**	2,344,059
Depreciation of property and equipment (Note 14)	**3,022,163**	3,546,258
Rent for offices, stores and staff residence	**2,846,602**	4,460,951
Repairs and maintenance expense	**882,436**	1,045,200
Impairment of trade receivables (Note 5)	**510,372**	2,810,392
Postage and communication	**414,659**	580,395
Traveling	**210,965**	586,508
Write off of obsolete inventories	**198,512**	-
Vehicles expense	**185,555**	125,642
Impairment of other debit balances (Note 5)	**162,358**	-
Electricity and water	**113,879**	123,008
Immigration and visa	**58,377**	50,444
Allowance for slow-moving items (Note 8)	**50,000**	-
Business development and commission	**38,366**	91,697
Management fees	**-**	2,634,408
Bad debts written off	**-**	896,896
Impairment of retention receivables (Note 9)	**-**	40,447
Others	**5,916,854**	7,018,627
	67,568,492	69,169,696

26. FINANCE COSTS

	For the year ended December 31	
	2020	2019
	QR.	QR.
Finance costs related to banks facilities (Note 17)	**11,810,230**	15,291,766
Finance costs related to lease liabilities (Note 13)	**474,630**	375,146
	12,284,860	15,666,912

27. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. There are no dilutive potential ordinary shares, the diluted EPS equals to the basic EPS.

	For the year ended December 31	
	2020	2019
Profit attributable to the shareholders of the Company (QR.)	**23,364,721**	55,073,548
Weighted average numbers of ordinary shares	**830,000,000**	830,000,000
Basic earnings per share (QR.)	**0.028**	0.066

28. NON-CONTROLLING INTERESTS

Name of subsidiary	Proportion of ownership	Profit/(loss) allocated to non-controlling interests	Dividend distribution	Carrying value of non-controlling interests
	QR.	QR.	QR.	QR.
December 31, 2020				
Construction Development Contracting and Trading Company W.L.L.	**49.00%**	**(820,146)**	**-**	**-**
Electro Mechanical Engineering Company W.L.L.	**31.50%**	**252,588**	**-**	**3,015,000**
Debbas Enterprises - Qatar W.L.L.	**49.00%**	**4,277,894**	**-**	**8,057,650**
Trelco Building Materials Company W.L.L.	**15.00%**	**70,857**	**-**	**(1,478,796)**
		3,781,193	**-**	**9,593,854**

Name of subsidiary	Proportion of ownership	Profit/(loss) allocated to non-controlling interests	Dividend distribution	Carrying value of non-controlling interests
	QR.	QR.	QR.	QR.
December 31, 2019				
Watermaster (Qatar) Company W.L.L.	36.70%	2,170,463	-	13,363,486
Construction Development Contracting and Trading Company W.L.L.	49.00%	(4,727,513)	(1,960,000)	3,957,138
Electro Mechanical Engineering Company W.L.L.	31.50%	814,360	-	2,762,412
Debbas Enterprises - Qatar W.L.L.	49.00%	1,968,574	-	3,779,756
Trelco Building Materials Company W.L.L.	15.00%	(719,289)	-	(1,549,653)
		(493,405)	(1,960,000)	22,313,139

28. NON-CONTROLLING INTERESTS (Continued)

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

December 31, 2020	Watermaster (Qatar) Company W.L.L.	Electro Mechanical Engineering Company W.L.L.	Construction Development Contracting and Trading Co. W.L.L. (Note A)	Debbas Enterprises – Qatar W.L.L.	Trelco Building Materials Co. W.L.L.
	QR.	QR.	QR.	QR.	QR.
Current assets	-	102,948,251	27,816,957	173,898,017	36,488,247
Non-current assets	-	10,162,285	8,361,795	6,122,165	29,669
Current liabilities	-	83,764,668	33,377,031	158,293,739	46,508,316
Non-current liabilities	-	19,228,558	3,039,126	3,952,879	915,111
Revenue	-	52,574,961	7,573,322	69,449,735	17,831,054
Profit/(Loss) for the year	-	801,867	(1,673,767)	8,730,397	472,376

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

Note A: The balances presented in the table above related to Construction Development Contracting and Trading Co. W.L.L. represent the assets and liabilities as of April 30, 2020 and the results of operations for the period ended April 30, 2020, prior to the transfer of non-controlling interest on May 1, 2020.

For the year ended December 31, 2020	Watermaster (Qatar) Company W.L.L.	Electro Mechanical Engineering Company W.L.L.	Construction Development Contracting & Trading Co. W.L.L. (Note A)	Debbas Enterprises – Qatar W.L.L.	Trelco Building Materials Co. W.L.L.
	QR.	QR.	QR.	QR.	QR.
Net cash (used in)/generated by operating activities	-	(14,851,391)	17,887,844	4,201,505	28,170,389
Net cash used in investing activities	-	(9,844)	(217,959)	-	(1,700)
Net cash (used in)/generated from financing activities	-	26,191,110	(16,791,706)	(9,918,510)	(207,900)
Net increase/(decrease) in cash and cash equivalents	-	11,329,875	878,179	(5,717,005)	27,960,789

For the year ended December 31, 2019	Watermaster (Qatar) Company W.L.L.	Electro Mechanical Engineering Company W.L.L.	Construction Development Contracting & Trading Co. W.L.L.	Debbas Enterprises – Qatar W.L.L.	Trelco Building Materials Co. W.L.L.
	QR.	QR.	QR.	QR.	QR.
Net cash generated from/ (used in) operating activities	11,458,505	204,714	11,084,503	(27,549,084)	8,577,105
Net cash (used in)/generated from investing activities	(45,660)	(59,178)	(826,085)	(5,188)	110,000
Net cash (used in)/generated from financing activities	(6,272,932)	18,133,421	(425,883)	29,763,943	(1,824,873)
Net increase in cash and cash equivalents	5,139,913	18,278,957	9,832,535	2,209,671	6,862,232

29. SEGMENT INFORMATION

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

1. *Contracting:* This includes construction activities.
2. *Specialized contracting:* This includes mechanical, electrical and plumbing in addition to security systems.
3. *Trading:* This includes trading in food, chemical, electrical, security and safety systems and building materials.
4. *Water treatment & related maintenance:* This includes contracting for wellness and pools, water features and water treatment and after sales maintenance and services.
5. *Others:* This represents the balances pertaining to the Company.

The trading and specialized trading segments include different subsidiaries operating within the State of Qatar which are also considered as operating segments by the Group. For the purpose of the consolidated financial statements, these individual operating segments are aggregated into a single operating unit taking into account the following criteria:

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

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

Geographical segments

The Group has not diversified its activities outside of the State of Qatar; therefore, majority of the Group assets are located within Qatar. Accordingly, there are no distinctly identifiable geographical segments in the Group for the years ended December 31, 2020 and 2019.

29. SEGMENT INFORMATION (Continued)

	Contracting	Specialized Contracting	Trading	Water treatment & related maintenance	Others	Total
	QR.	QR.	QR.	QR.	QR.	QR.
December 31, 2020						
Segment revenue	10,522,009	209,027,318	38,777,520	65,165,494	-	323,492,341
Finance costs	283,957	3,864,258	1,038,535	906,405	6,191,705	12,284,860
Depreciation	1,472,080	1,440,161	341,841	7,635,861	979,163	11,869,106
Segment results	(6,092,660)	38,266,154	9,543,761	6,354,958	10,769,635	58,841,848
Reportable segment assets	25,766,188	404,515,366	181,497,837	92,656,381	1,128,176,569	1,832,612,341
Reportable segment liabilities	30,434,986	291,446,463	62,703,266	49,828,392	200,722,527	635,135,634

	Contracting	Specialized Contracting	Trading	Water treatment & related maintenance	Others	Total
	QR.	QR.	QR.	QR.	QR.	QR.
December 31, 2019						
Segment revenue	78,977,987	282,073,029	24,709,525	64,641,054	-	450,401,595
Finance costs	217,420	6,081,761	2,412,130	851,296	6,104,305	15,666,912
Depreciation	1,869,730	1,752,039	587,903	4,123,975	1,038,402	9,372,049
Segment results	(9,647,986)	56,656,524	13,875,723	5,914,067	29,935,811	96,734,139
Reportable segment assets	52,367,024	420,863,481	156,233,781	101,573,617	1,068,537,712	1,799,575,615
Reportable segment liabilities	50,930,662	305,046,195	46,775,072	66,023,967	157,764,156	626,540,052

Segment profit represents the profit before tax earned by each segment without allocation of administrative costs, director's salaries, and gain on disposal of interest in investments, other gains and losses as well as finance costs. This is the measure reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance.

Reconciliations of reportable segment profit or loss, assets and liabilities and other material items are as follows:

	For the year ended and as at December 31	
	2020	2019
	QR.	QR.
External revenue		
Total segment revenue	**323,492,341**	450,401,595
Elimination of inter-segment revenue	**(2,160,025)**	(6,879,663)
Consolidated revenue for the year	**321,332,316**	443,521,932
Profit or loss		
Total profit or loss for reportable segments	**58,841,848**	96,734,139
Elimination of inter-segment profits	**(31,695,934)**	(42,153,996)
Consolidated profit for the year	**27,145,914**	54,580,143
Assets		
Total assets for reportable segments	**1,832,612,341**	1,799,575,615
Elimination of inter-segment assets	**(458,580,898)**	(384,265,731)
	1,374,031,443	1,415,309,884
Liabilities		
Total liabilities for reportable segments	**635,135,634**	626,540,052
Elimination of inter-segment liabilities	**(103,154,907)**	(29,621,147)
	531,980,727	596,918,905

For the purpose of monitoring segment performance and allocating resources between the segments.

- All assets are allocated to reportable segments other than the investment in associate, asset held for sale and property and equipment and financial instruments attributable to the parent Company.
- All liabilities are allocated to reportable segments other than the Employees' end of service benefits and financial liabilities attributable to the parent Company.

30. INTEREST IN JOINT OPERATIONS

The Group had entered into an unincorporated joint arrangement through its subsidiary Debbas Enterprises Qatar Q.L.L. with ETA Star Engineering and Contracting W.L.L. on February 2011 (ETA Star Engineering and Contracting W.L.L. & Debbas Enterprises Qatar W.L.L. Joint Operation "Joint Operation) for the execution of a project awarded by Six Construct Midmac JV to carry out mechanical, electrical and plumbing work of Doha Convention Center in the State of Qatar. However, one of the shareholders, ETA Star Engineering and Contracting W.L.L. is under liquidation.

	2020	2019
Debbas Enterprise- Qatar W. L. L.	50%	50%
ETA Star Engineering and Contracting W.L.L.	50%	50%

Following is the extract from the financial statements of the Joint Operation, which represents 100% of the assets, liabilities and results of operations for the years ended December 31, 2020 and 2019:

Extracts from the financial statements of Joint Operations are as follows::	December 31	
	2020	2019
	QR.	QR.
Total assets	**215,554,625**	215,553,992
Total liabilities	**224,325,752**	226,896,536
Net income/ (loss)	**2,571,417**	(9,154,709)

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

	December 31	
	2020	2019
	QR.	QR.
Total assets	**107,777,312**	107,776,997
Total liabilities	**112,162,876**	113,448,269
Net income/(loss)	**1,285,709**	(4,577,355)
Contingent liabilities	**148,500,000**	148,500,000

31. CONTINGENCIES AND COMMITMENTS

	December 31	
	2020	2019
	QR.	QR.
Letter of guarantees	**66,950,957**	76,506,437
Performance bonds	**60,742,336**	60,889,580
Letters of credit	**9,380,038**	83,554,868
Advance payment guarantee	**7,469,125**	11,616,449
Tender bonds	**2,065,943**	2,430,000
Other guarantees	**293,267**	1,276,501

32. LEGAL CASES

32.1 Debbas Enterprises – Qatar – W.L.L

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

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

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

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

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

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

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

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

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

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

Based on studying the project's documents, the reports and assessments done by two external independent experts, and the management assessment, the Group's external legal advisor believe based on the available information that the claim filed by the Subcontractor against the Client, the 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's management does not expect any material contingent liabilities to arise from the above lawsuits that need to be disclosed in the consolidated financial statements for the year ended December 31, 2020 and 2019.

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

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 2021.

32.2 Trelco Building Material – W.L.L

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

TBMC and IHG defense before the Court of First Instance refuted the claim of Ala'a to dissolve and liquidate TBMC only on the grounds of a Criminal Case 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 TBMC and keep TBMC 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 2019 TBMC managed to reduce the overdraft balance with one of the local banks with an amount of QR. 9,169,691.
- 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. 4,479,791.64. 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 Appeal to annul the liquidation judgment. A petition before the court of appeal filed in the file No 90006/2019 to stop the liquidation procedures up to the final judgement. A separate petition No 123/2020 also filed on the same before the court of appeal.

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 Appeal 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 TBMC.

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

33. FINANCIAL RISK MANAGEMENT

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

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements. Management has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analysed the risks faced by the Group and to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

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

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

	December 31	
	2020	2019
	QR.	QR.
Trade receivables and other debit balances	**147,999,096**	152,259,457
Due from related parties	**22,546,778**	25,149,286
Contract assets	**236,278,069**	237,234,837
Retention receivables	**81,105,060**	79,280,717
Cash in banks	**39,469,492**	63,562,327
	527,398,495	557,486,624

Trade receivables and contract assets

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

- evaluating the creditworthiness of each counter-party prior to entering into contracts;
- establishing sale limits for each customer, which are reviewed regularly;
- establishing maximum payment periods for each customer, which are reviewed regularly; and
- Periodically reviewing the collectability of its trade receivables for identification of any impaired amounts.

Measurement of ECLs

The table below provides information about exposure to credit risk and ECL for trade and other debit balances as at 31 December 2020 and 2019.

31 December 2020

Aging	Gross carrying amount	Allowance for impairment
0- 30 days	44,940,220	251,322
30 - 60 days	8,385,338	2,104
61 - 90 days	4,899,190	10,792
91 - 180 days	14,346,682	367,296
181 - 365 days	13,291,639	482,814
Above 365 days	40,470,848	8,511,462
	126,333,917	9,625,790

	Gross carrying amount	Allowance for impairment
Other debit balances	33,192,705	1,901,736

31 December 2019

Aging	Gross carrying amount	Allowance for impairment
Current	40,323	2,712
0- 30 days	32,088,788	276,150
30 - 60 days	33,814,746	62,796
61 - 90 days	4,143,657	50,829
91 - 180 days	24,954,267	462,750
181 - 365 days	22,358,768	688,166
Above 365 days	22,917,593	11,292,861
	140,318,142	12,836,264

	Gross carrying amount	Allowance for impairment
Other debit balances	26,516,957	1,739,378

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

Cash in banks

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

	December 31	
	2020	2019
	QR.	QR.
Cash in banks	39,469,492	63,562,327

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

Liquidity risk

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

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

		Contractual cash flows			
	Gross carrying Amounts	Total	1-12 months	1-5 years	More than 5 years
31 December 2020	QR.	QR.	QR.	QR.	QR.
Non-derivative financial liabilities					
Bank overdrafts and borrowings	349,575,909	349,575,909	224,222,838	125,353,071	-
Trade and other payables	142,296,164	142,296,164	142,296,164	-	-
Due to related parties	8,937,880	8,937,880	8,937,880	-	-
	500,809,953	500,809,953	375,456,882	125,353,071	-

		Contractual cash flows			
	Gross carrying Amounts	Total	1-12 months	1-5 years	More than 5 years
31 December 2019	QR.	QR.	QR.	QR.	QR.
Non-derivative financial liabilities					
Bank overdrafts and borrowings	332,721,120	332,721,120	241,054,453	83,333,330	8,333,337
Trade and other payables	180,831,853	180,831,853	180,831,853	-	-
Due to related parties	36,901,164	36,901,164	36,901,164	-	-
	550,454,137	550,454,137	458,787,470	83,333,330	8,333,337

Market risk

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

Interest rate risk

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

34. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

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

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

Goodwill

Referring to note no. 12, Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses "if any". At each reporting date, the Group reviews the carrying amounts of its non-financial assets (property and equipment) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Going concern

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The Group has been profitable, and it had positive net asset, working capital and cash flow positions as at the year end. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Group's consolidated financial statements continue to be prepared on a going concern basis.

Provision for expected credit losses of trade receivables and contract assets

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

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

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

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

Other provisions and liabilities

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

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

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

Joint arrangement classifications

The Group determined the arrangement as joint operation based on the legal forms and contractual arrangement. Management has considered the facts and circumstances that create rights to the assets and obligations for the liabilities of that joint arrangement. Accordingly, the Group's interest in joint arrangement is classified as joint operations of the Group (refer to Note 30).

Determining the timing of satisfaction of construction services

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

Referring to Note 3, revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods, at which point the Group has a right to payment, the customer has legal title, physical possession, significant risks and rewards of ownership and has accepted the goods.

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

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

Legal cases

Note 32 describes a number of legal proceedings for and against the Group. Management has chosen not to make a provision for any claims against the Group as the eventual outcome of the legal actions are uncertain and we do not believe will have any financial impact.

Measurement of financial assets at fair value through profit or loss

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

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

Key sources of estimation uncertainties

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

Impairment of tangible and intangible assets

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

The recoverable amount of an asset is determined based on the higher of fair value or value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

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

Measurement of investment properties

One of the subsidiaries owns a building constructed on a piece of land leased from a third party for 10 years. The building has been classified as investment properties. The fair value amount is reduced over the period of the lease since the land and building will be transferred to the lessor at the end of the contract term. Management is of the opinion that the closing balance of the investment properties approximates the fair value of the investment properties at the reporting date. The reduction in the fair value is included under changes in fair value changes in the consolidated statement of profit or loss.

Impairment of inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its realisable value are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues. Based on the above factors, the Group has arrived at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Property, plant and equipment

The cost of property and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. The management has not considered any residual value as it is deemed immaterial.

Depreciation of right-of-use assets

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

Variation orders

One of the Group's subsidiaries (Debbas Enterprise Qatar – W.L.L.) through its joint operation (ETA Star Engineering and Contracting – W.L.L. and Debbas Enterprises Qatar – W.L.L. – Joint Operation) recognized cumulative revenue to December 31, 2020 based on site orders amounting to QR. 163,820,000 (The Group's share: QR. 81,910,000) in respect of scope changes and delays. Management is confident at least the amounts recognized in the books are fully recoverable.

Property lease classification –Group as lessor

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

Determining whether a contract is, or contains, a lease – Group as lessee

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

Determining the lease term – Group as lessee

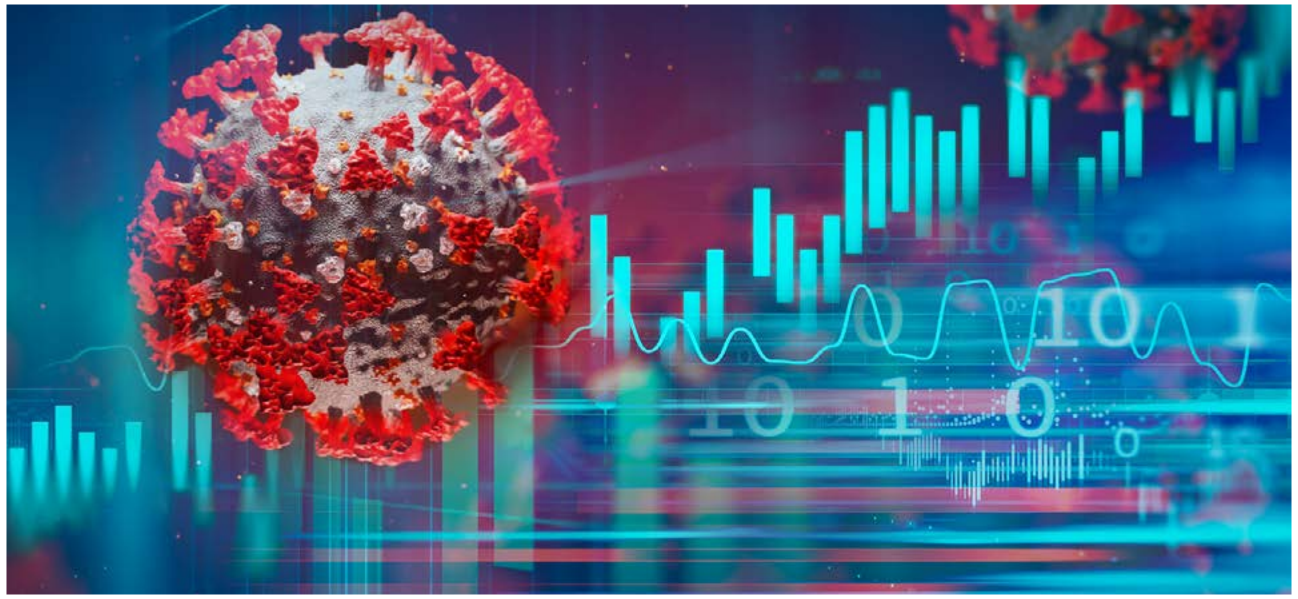
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably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

The following factors are normally the most relevant:

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

Determining the incremental borrowing rate –Group as lessee

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



Impact of COVID -19

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

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

Going concern

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. The Group has been profitable, and it had positive net asset (equity), working capital and cash flow positions as at the year end. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

The Group continues to monitor the situation closely and the Group's management have taken measures to manage potential business disruptions from COVID -19 that may have on the Group's operations and financial performance in 2020 and in the future.

35. IMPACT OF COVID-19

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

36. COMPARATIVE FIGURES

Certain amounts in the comparative figures of the consolidated financial statements and notes to the consolidated financial statements have been reclassified to conform to the current year's presentation and did not have any impact on prior year's net income.

INVESTMENT HOLDING GROUP Q.P.S.C.

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