INVESTMENT HOLDING GROUP W.L.L.
DOHA - QATAR

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2016

INVESTMENT HOLDING GROUP W.L.L.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended December 31, 2016

INDEX	**Page**

Deloitte.

Deloitte & Touche - Qatar Branch
Al Ahli Bank Head Office Building
Suhaim Bin Hamad Street
Al Sadd Area
Doha, P.O. Box 431
Qatar

Tel : +974 44341112
Fax : +974 44422131
www.deloitte.com

QR. 99- 8

RN: 00094/WS/FY2018

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Investment Holding Group W.L.L.
Doha – Qatar

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Investment Holding Group W.L.L. ("the Company"), and its subsidiaries (together "the Group") which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effect of the 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, 2016, 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

- One the Group's Joint operations *(ETA Star Engineering and Contracting WLL and Debbas Enterprise Qatar W.L.L. Joint Operation)* recognized cumulative revenue to December 31, 2016 from unapproved variation orders amounting to QR. 77,775,000 (the Group's Share) in respect of scope changes and prolongation costs. Management is currently in negotiations with the customer for approving those variations. Management is confident that the amounts recognized in the books are fully recoverable. We were unable to obtain sufficient appropriate audit evidence about the recoverability and completeness of the total amount recognized as of December 31, 2016. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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 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 Note 1, of the accompanying consolidated financial statements, which describes the change in the Group's ownership percentages due to share swap agreements with non-controlling partners effective from January 1, 2015.

- We draw attention to Notes 1, 23 and 39 of the accompanying consolidated financial statements, which describe the change in the Group's legal structure and invitation for the public to subscribe for shares in the period up to the date of approval of the consolidated financial statements.

- We draw attention to Note 17 of the accompanying consolidated financial statements, which describes that the Group continues to guarantee debts of certain entities which are no longer consolidated with effect from 2013.

- We draw attention to Note 39 of the accompanying consolidated financial statements, which describes the subsequent events occurred after December 31, 2016 related to the public offering and disposal of investment in El Sewedy Cables Qatar W.L.L., a joint operation. Those events are not part of the year ended December 31, 2016.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters 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. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
Revenue Recognition Revenue recognition has been identified as a key audit matter primarily due to the following: • The recognition of revenue and the estimation in construction contracts requires significant management judgement in their assessment of the valuation of contract variations, claims and liquidated damages (revenue items). • The completeness and accuracy of forecast costs to complete; and the ability to deliver contracts within forecast timescales. • In addition, changes in these judgements, and the related estimates, as contracts progress can result in material adjustments to revenue and margin, which can be both positive and negative.	Our work on the recognition of contracts revenue, related receivables and gross amounts due from/to customers on contract work included: • An assessment of the design and implementation of key controls over the recognition of contracts revenue; • Selecting a sample of contracts and related documents to verify the contract value, variation orders, claims and other relevant terms. Samples were selected based on a number of quantitative and qualitative factors, as well as other randomly selected contracts; • For sample contracts, challenging management's key judgements inherent in the forecast costs to complete used in the accounting under the percentage of completion method, in particular, the following procedures:

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
Revenue Recognition (continued) • Inaccurate forecasting may result in inappropriate estimates of contract margins and hence incorrect recognition of revenue and gross amounts due from/to customers on contract work, as well as potentially incomplete provision for loss making contracts. The Group's construction revenue during 2016 amounted to QR. 238,460,379 (2015: QR. 320,078,682) which represent 53% (2015: 57%) of the total revenue. Refer to the following notes of the accompanying consolidated financial statements: • Note 3 – Significant accounting policies • Note 28 – Revenue	- a review of the contracts terms and conditions through review of contracts documentation; - testing the existence and valuation of claims and variations costs via inspection of correspondence with customers; - an assessment of the forecasts through discussion with management; - an assessment of the ability to deliver contracts within budgeted timescales and any exposures to liquidated damages for late delivery of contract works; and - a review of post-balance sheet contract performance to support year end judgements. • An assessment of the recoverability of related receivables, including testing of post year end billings and cash receipts, and completeness of any anticipated losses; • We conducted site visits and held discussions with project managers to assess the appropriateness of management's position with respect to revenue recognition and profitability; and • We assessed the adequacy and presentation of revenue related disclosures in note 3 and 28 of the accompanying consolidated financial statements. Refer to the matter described in the Basis for Qualified Opinion section of our report.

Key Audit Matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters.</th></tr>
<tr><td>

Joint Operation Held for Sale

The joint operation held for sale has been identified as a key audit matter primarily due to the following:

- Management judgments involved in classifying the investment as held for sale in accordance with requirements of IFRS 5, mainly that:
  - the investment is available for immediate sale in its present condition subject only to the terms that are usual and customary and the sale is highly probable; and
  - the carrying amount of these investments will be recovered principally through a sale transaction rather than through continuing use.
- The classification as held for sale and discontinued operations have resulted in a number of presentational changes and disclosures in the consolidated financial statements.

Assets classified as held for sale, Liabilities directly associated with assets classified as held for sale and Profit for the year from discontinued operation amounted to QR. 395,195,104, QR. 269,603,697 and 56,839,043 respectively.

Refer to the following notes of the consolidated financial statements:

- Note 3 – Significant accounting policies
- Note 10 – Assets classified as held for sale and liabilities directly associated with assets classifies as held for sale
- Note 11 – Discontinued operation
- Note 39 – Subsequent events

</td><td>

Our work to audit the accounting treatment, presentation and related disclosure of the joint operation held for sale, El Sewedy Cables Qatar W.L.L. included:

- Testing the design and implementation of controls management have in place around planned disposal of the Joint Operation;
- We challenged management's classification of assets held for sale and discontinued operations through understanding the status of the sales process and reviewing terms and conditions of the sale agreement and considered whether the consolidated financial statements appropriately reflect the substance of the transaction; and
- We assessed the completeness and accuracy of the disclosure of discontinued operations as per the requirements of IFRS 5.

</td></tr>
</table>

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters.
Inventories Inventories have been classified as a key audit matter primarily due to the following: • Valuation of inventory balance requires management judgement in determining an appropriate costing basis and assessing if the carrying value is lower than the net realisable value of the inventory on hand at year end. • There are also judgements required in determining inventory excess and obsolescence provisions as these are based on forecast inventory usage and assessing if the provision level is adequate. Inventories as at December 31, 2016 amounted to QR. 66,743,445. Refer to the following notes of the accompanying consolidated financial statements: • Note 3 – Significant accounting policies • Note 9 – Inventories	Our work on the inventories included mainly the following procedures: • Attended inventory counts executed by the management on a sample basis; • Performed detailed substantive testing on a sample basis to assess the cost basis and net realisable value of inventory; • Compared the inventory provision to the Group's policy and challenged management's judgement of the adequacy of provisions by performing a review of ageing of inventories and provision computation on a sample basis; and • Assessed the adequacy and presentation of inventories related disclosures in note 3 and 9 of the accompanying consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises Director's Report, which we obtained prior to the date of this auditors' report. The other information 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We are unable to conclude whether or not the other information is materially misstated with respect to the matter described in the Basis for Qualified Opinion section above.

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

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

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

Those charged with governance 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 are 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 ISA's, we exercise professional judgement and maintain professional scepticism 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 *those charged with governance,* we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- We are also in the opinion that proper books of account were maintained by the Company and physical inventory verification has been duly carried out.
- We obtained all the information and explanations which we considered necessary for our audit, except for the matter mentioned in the Basis for Qualified Opinion section above.
- We further confirm that the financial information included in the Director's report addressed to the General Assembly is in agreement with the books and records of the Group, except for the matter mentioned in the other information paragraph with respect to matter described in Basis for Qualified Opinion section above.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies' Law and the Company's Articles of Associations were committed during the year, which would materially affect the Group's consolidated financial position and its financial performance.

Doha – Qatar
July 3, 2017

For **Deloitte & Touche**
Qatar Branch

Walid Slim
Partner
License No. 319

INVESTMENT HOLDING GROUP W.L.L.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

	Notes	2016	2015
		QR.	QR.
ASSETS			
Current assets			
Bank balances and cash	5	**122,513,544**	120,022,176
Accounts receivable and other debit balances	6	**211,781,355**	182,671,319
Gross amounts due from customers on contract work	7	**148,699,011**	153,450,721
Due from related parties	8(a)	**39,008,327**	44,550,026
Inventories	9	**66,743,445**	62,943,544
		588,745,682	563,637,786
Assets classified as held for sale	10	**395,195,104**	321,683,790
Total current assets		**983,940,786**	885,321,576
Non-current assets			
Retentions receivable	12	**43,306,924**	71,629,653
Available-for-sale investments	13	**2,250,000**	2,250,000
Investment properties	14	**2,170,692**	2,776,465
Investment in an associate	15	--	95,981
Property, plant and equipment	16	**22,778,217**	19,948,885
Total non-current assets		**70,505,833**	96,700,984
Total assets		**1,054,446,619**	982,022,560

INVESTMENT HOLDING GROUP W.L.L.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at December 31, 2016

	Notes	2016	2015
		QR.	QR.
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdraft	17 (a)	**70,945,173**	78,341,182
Borrowings	17 (b)	**96,188,745**	120,769,521
Due to related parties	8 (b)	**23,515,587**	20,109,996
Gross amounts due to customers on contract work	18	**34,719,844**	55,006,020
Accounts payable and accruals	19	**171,493,762**	177,521,251
Income tax payable	20	**4,381,651**	5,333,540
		401,244,762	457,081,510
Liabilities directly associated with assets classified as held for sale	10	**269,603,697**	253,180,673
Total current liabilities		**670,848,459**	710,262,183
Non-current liabilities			
Borrowings	17 (b)	**6,171,246**	4,421,153
Retentions payable	21	**852,453**	4,296,843
Employees' end of service benefits	22	**29,614,741**	26,470,146
Total non-current liabilities		**36,638,440**	35,188,142
Total liabilities		**707,486,899**	745,450,325
Equity and reserves			
Share capital	23	**10,000,000**	10,000,000
Capital reserve	24	**18,468,265**	18,468,265
Legal reserve	25	**5,000,000**	5,000,000
Retained earnings		**259,232,780**	162,264,612
Equity attributable to the owners of the Company		**292,701,045**	195,732,877
Non – controlling interests	33	**54,258,675**	40,839,358
Total equity		**346,959,720**	236,572,235
Total liabilities and equity		**1,054,446,619**	982,022,560

Mohammed Ghanim Sultan Al-Hodaifi
Board Director and Deputy CEO

Khalil Jabra Dughbaj
Board Director

Banan Serhan
Group CFO

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

INVESTMENT HOLDING GROUP W.L.L.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2016

	Notes	2016	2015
		QR.	QR.
Continuing Operations			
Revenue	28	**447,693,879**	561,633,698
Direct cost	29	**(299,244,448)**	(382,579,633)
Gross profit		**148,449,431**	179,054,065
Other income	30	**26,172,990**	15,051,391
General and administrative expenses	31	**(79,473,575)**	(86,922,078)
Interest expenses		**(8,703,135)**	(7,709,673)
Depreciation of property, plant and equipment	16	**(5,685,076)**	(5,464,543)
Loss on revaluation of investment properties at fair value	14	**(605,773)**	(605,773)
Group's share from (loss)/profit of associates	15	**(95,981)**	56,438
Net profit before management fees and income tax		**80,058,881**	93,459,827
Management fees		**(4,652,260)**	(5,227,322)
Profit before income tax for the year		**75,406,621**	88,232,505
Income tax expense	20	**(4,381,651)**	(5,333,540)
Profit for the year from continuing operations		**71,024,970**	82,898,965
Discontinued operations			
Profit for the year from discontinued operation	11	**56,839,043**	31,133,920
Gain on disposal of a subsidiary	27	--	25,902,426
Total discontinued operations		**56,839,043**	57,036,346
Profit for the year		**127,864,013**	139,935,311
Profit for the year attributable to:			
Owners of the Company			
From continuing operations		**45,725,653**	52,335,805
From discontinued operations		**56,839,043**	57,036,346
Profit for the year attributable to the Owners of the Company		**102,564,696**	109,372,151
Non – controlling interests			
From continuing operations		**25,299,317**	30,563,160
From discontinued operations		--	--
Profit for the year attributable to non-controlling interest	33	**25,299,317**	30,563,160
Total		**127,864,013**	139,935,311
Basic earnings per share:	32		
From continuing and discontinued operations		**102.57**	109.38
From continuing operations		**45.73**	52.34

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

INVESTMENT HOLDING GROUP W.L.L.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2016

	Notes	2016	2015
		QR.	QR.
Profit for the year		**127,864,013**	139,935,311
Other comprehensive income from continuing operations		--	--
Total comprehensive income for the year		**127,864,013**	139,935,311
Total comprehensive income for the year attributable to Owners of the Company:			
From continuing operations		**45,725,653**	52,335,805
From discontinued operations		**56,839,043**	57,036,346
Total comprehensive income for the year attributable to the owners of the Company		**102,564,696**	109,372,151
Non – controlling interests			
From continuing operations		**25,299,317**	30,563,160
From discontinued operations		--	--
Total comprehensive income for the year attributable to non-controlling interest	33	**25,299,317**	30,563,160
Total		**127,864,013**	139,935,311

INVESTMENT HOLDING GROUP W.L.L.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2016

	Share capital	Capital reserve	Legal reserve	Retained earnings	Attributable to the owners of the Company	Non- controlling interest	Total equity
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Balance at January 1, 2015	10,000,000	18,468,265	5,000,000	151,073,537	184,541,802	38,987,718	223,529,520
Total comprehensive income for the year	--	--	--	109,372,151	109,372,151	30,563,160	139,935,311
Effect of change in ownership percentages (*Note 1, i*)	--	--	--	11,318,924	11,318,924	(11,318,924)	--
Dividend distribution to shareholders	--	--	--	(109,500,000)	(109,500,000)	--	(109,500,000)
Dividend distribution to non-controlling interest from subsidiaries	--	--	--	--	--	(17,392,596)	(17,392,596)
Balance at December 31, 2015	10,000,000	18,468,265	5,000,000	162,264,612	195,732,877	40,839,358	236,572,235
Total comprehensive income for the year	--	--	--	102,564,696	102,564,696	25,299,317	127,864,013
Dividend distribution to shareholders	--	--	--	(5,596,528)	(5,596,528)	--	(5,596,528)
Dividend distribution to non-controlling interest from subsidiaries	--	--	--	--	--	(11,880,000)	(11,880,000)
Balance at December 31, 2016	**10,000,000**	**18,468,265**	**5,000,000**	**259,232,780**	**292,701,045**	**54,258,675**	**346,959,720**

INVESTMENT HOLDING GROUP W.L.L.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2016

	Notes	2016	2015
		QR.	QR.
OPERATING ACTIVITIES			
Profit for the year		**127,864,013**	139,935,311
Adjustments for:			
Depreciation of property, plant and equipment	16	**5,685,076**	6,139,111
Income tax expense recognised in profit or loss	20	**4,381,651**	5,333,540
Profit from disposal of property, plant and equipment		**(236,617)**	(71,516)
Loss on property, plant and equipment written off		**--**	280,873
Loss on revaluation of investment properties at fair value	14	**605,773**	605,773
Group's share from loss/(profit) of associates	15	**95,981**	(56,438)
Provision for employees' end of service benefits	22	**5,983,381**	6,019,570
Interest expenses		**8,703,135**	7,709,673
Provision for doubtful debts charged during the year	6	**6,178,768**	1,277,950
Provision for doubtful debts reversed during the year	6	**(304,475)**	(2,233,490)
Gain on disposal of subsidiary	27	**--**	(25,902,426)
		158,956,686	139,037,931
Movements in working capital:			
Inventories		**(3,799,901)**	5,525,704
Due from related parties		**5,541,699**	(4,662,429)
Accounts receivable and other debit balances		**(34,984,329)**	(14,609,445)
Gross amount due from customers on contract work		**4,751,710**	(21,357,952)
Due to related parties		**3,405,591**	(1,598,305)
Retentions receivable		**18,442,445**	(6,172,877)
Gross amount due to customer on contract work		**(20,286,176)**	(25,127,097)
Retention payable		**(3,444,390)**	(11,698,631)
Accounts payable and accruals		**3,852,795**	14,170,654
Cash generated from operations		**132,436,130**	73,507,553
Income tax paid	20	**(5,333,540)**	(4,255,318)
Interest expense paid		**(8,703,135)**	(7,709,673)
Employees' end of service benefits paid	22	**(2,838,786)**	(1,832,380)
Net cash generated from operating activities		**115,560,669**	59,710,182
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	16	**(9,099,095)**	(11,817,615)
Proceeds from sale of property, plant and equipment		**821,304**	970,802
Net cash inflow on disposal of subsidiary	27	**--**	106,737,255
Net movement of assets classified as held for sale		**(57,088,290)**	(41,255,193)
Net cash (used in) / generated from investing activities		**(65,366,081)**	54,635,249

INVESTMENT HOLDING GROUP W.L.L.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended December 31, 2016

	Notes	2016	2015
		QR.	QR.
FINANCING ACTIVITIES			
Dividend distribution		**(17,476,528)**	(126,892,596)
Movement in borrowings		**(22,830,683)**	28,067,381
Net cash used in financing activities		**(40,307,211)**	(98,825,215)
Net increase in cash and cash equivalents		**9,887,377**	15,520,216
Cash and cash equivalents at beginning of the year		**41,680,994**	26,160,778
Cash and cash equivalents at end of the year	26	**51,568,371**	41,680,994
Non-cash transaction:			
Settlement of accounts payable against retention receivables		**(9,880,284)**	--

1. GENERAL INFORMATION

Investment Holding Group W.L.L. (the "Company" or "Parent") is registered in the State of Qatar under Commercial Registration No. 39127 as a limited liability company. The Company is engaged in various types of investments inside the State of Qatar in accordance with sound commercial and economic practices.

The Company obtained approval on August 5, 2015 from the official authorities to start the Initial Public Offering Process.

On November 12, 2016, Ministry of Economy and Commerce approved to convert the legal status of the Company from Limited Liability Company to Qatari Shareholding Company. All legal formalities related to this conversion are still in process.

On December 27, 2016, the Company received a no objection letter from the Qatar Financial Markets Authority on the invitation for public offering of the revised capital of the Company.

On January 8, 2017, the process of public offering started and closed on February 4, 2017. Refer to note 39.

On April 26, 2017, the Company received no objection letter from Qatar Financial Markets Authority to hold its constitutional assembly in accordance with the requirements of Qatar Commercial Companies Law and Qatar Financial Markets Authority.

On April 27, 2017, the Company received initial approval from the Ministry of Economy and Commerce to hold its constitutional assembly on May 8, 2017 in accordance with all regulatory requirements.

The consolidated financial statements include the financial statements of the Company and those related to its subsidiaries mentioned below and the Company's share of its joint operation (collectively, the "Group"), as follows:

	Percentage of ownership (%)		**Type of Interest**
	2016	2015	
Trelco Limited – Single Shareholder Company	100	100	Subsidiary
Consolidated Engineering Systems Company W.L.L. ***(Note i)***	60.4	60.4	Subsidiary
Watermaster (Qatar) Company W.L.L. ***(Note i)***	63.3	63.3	Subsidiary
Electro Mechanical Engineering Company W.L.L. ***(Note i)***	68.5	68.5	Subsidiary
Construction Development Contracting & Trading Co. W.L.L.	51	51	Subsidiary
Debbas Enterprises - Qatar W.L.L.	51	51	Subsidiary
Trelco Building Materials Co. W.L.L. ***(Note i)***	85	85	Subsidiary
Consolidated Supplies Company W.L.L. ***(Note i)***	75.5	75.5	Subsidiary
El Sewedy Cables Qatar W.L.L. ***(Note ii)***	45	45	Joint Operation

- **Trelco Limited – Single Shareholder Company**, is engaged in various trading activities.
- **Consolidated Engineering Systems Company W.L.L.** is mainly engaged in trading in fire alarms, security systems and related contracting activities. *(Note i)*.
- **Watermaster (Qatar) Company W.L.L.** is mainly engaged in water treatment contracting activities. *(Note i)*.
- **Electro Mechanical Engineering Company W.L.L.** is mainly engaged in installation and maintenance of electro mechanical works. *(Note i)*.
- **Construction Development Contracting & Trading Co. W.L.L.** is mainly engaged in the contracting activities and trading in building materials.

1. GENERAL INFORMATION (CONTINUED)

- **Debbas Enterprises - Qatar W.L.L.** is mainly engaged in trading in electrical equipment, switch gear, light and instrument electrical tools, electromechanical equipment installation and maintenance works.
- **Trelco Building Materials Co. W.L.L.** is mainly engaged in trading of wood, steel and building materials. *(Note i).*
- **Consolidated Supplies Company W.L.L.** is mainly engaged in trading of electrical and construction materials. *(Note i).*
- **El Sewedy Cables Qatar W.L.L.** is mainly engaged in trading in electro-mechanical equipment and providing electro- mechanical related services. *(Note ii) (Held for sale).*

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

Note i:

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

Note ii:

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

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

2.1 New and revised IFRSs that are mandatorily effective

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2016, have been adopted in these consolidated financial statements.

- IFRS 14 *Regulatory Deferral Accounts*
- Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative
- Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* to bring in bearer plants into the scope of IAS 16
- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities

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

2.1 New and revised IFRSs that are mandatorily effective (continued)

- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

2.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018, the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017
Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealised losses	January 1, 2017
Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	January 1, 2017
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 1, 2018

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

Amendments to IFRS 2 Share Based Payment regarding classification and measurement of share based payment transactions.	January 1, 2018
Amendments to IFRS 4 Insurance Contracts: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	January 1, 2018

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 40 Investment Property: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	January 1, 2018
Amendments to IFRS 7 *Financial Instruments*: Disclosures relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
IFRS 7 *Financial Instruments*: Disclosures relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied
IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)	January 1, 2018
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.	
A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement.	

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014) (continued)	January 1, 2018

The standard contains requirements in the following areas:

- **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRS 15 Revenue from Contracts with Customers	January 1, 2018

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Amendments to IFRS 15 *Revenue from Contracts with Customers* to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	January 1, 2018

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRS 16 Leases	January 1, 2019
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the financial statements of the Group in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Group's financial statements for the annual period beginning January 1, 2018 and that IFRS 16 will be adopted in the Group's financial statements for the annual period beginning January 1, 2019. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Group's financial statements in respect of revenue from contracts with customers and the Group's financial assets and financial liabilities and the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Group's financial statements in respect of its leases.

However, management have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRSs and applicable provisions of Qatar Commercial Companies Law.

Basis of preparation

These consolidated financial statements have been prepared under the historical cost basis, except for investment properties 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 categorised 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.

These consolidated financial statements have been presented in Qatari Riyals (QR.) which is the Group's functional currency. The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities it controls. Control is achieved where the Group 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of other comprehensive income 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 owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners 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 period.

Changes in the Group's ownership interests in certain subsidiaries *(Refer to disclosure note 1, i)* that do not result in the Group losing control over those subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in those subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in associates

An associate is an entity over which the Group has significant influence without being a subsidiary to the Group or own interest in the entity as a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. If a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, then Company also reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Asset classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method.

The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture. After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Foreign currency transactions

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss.

Property, plant and equipment

Property, plant 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, plant 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

Financial assets are recognised and derecognised on a trade date basis, where purchases or sales of financial assets require delivery of assets within the time frame established by regulation or convention in the marketplace. Financial assets are recognised initially at fair value plus directly attributable transaction costs.

Financial assets are classified into available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest rate method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Available-for-sale investments
Available-for-sale investments are non-derivative financial assets that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed redeemable notes held by the Group that are traded in an active market are classified as available for sale and are stated at fair value at the end of each reporting period. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value less impairment loss, if any.

Profit or loss arising from changes in carrying amounts of available-for-sale financial assets are recognised in equity under the heading of fair value reserve except; impairment loss, interest (calculated using the effective interest method), changes in foreign currency rates (which are directly recognized in the consolidated statement of comprehensive income). When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to the consolidated statement of profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Accounts receivable
Accounts receivable are stated at original invoice amount, being the fair value less any impairment for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest rate method, less any impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Cash and cash equivalents
Cash and cash equivalents consist of bank balances and short-term deposits with maturity of three months or less, net of bank overdraft, if any.

Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset, except financial assets held at fair value through profit or loss, is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For available-for-sale investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For other financial assets, objective evidence of impairment could include:
(i) significant financial difficulty of the issuer or counterparty; or
(ii) default or delinquency in interest or principal payments; or
(iii) it is becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
(iv) the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)
When an available-for-sale investment is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to consolidated statement of profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the consolidated statement of profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised through the consolidated statement of profit or loss are not reversed through the consolidated statement of profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through consolidated statement of profit or loss (to the extent of impairment losses previously recognised profit or loss) if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in consolidated statement of profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

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

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Accounts payable
Liabilities are recognized at cost, being the fair value of amounts to be paid in the future for goods or services received.

Bank loans and borrowings
Bank loans and borrowings are recognized initially at fair value of the amounts borrowed, less directly attributable transaction costs. Subsequent to initial recognition, interest bank loans and borrowings are measured at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of profit or loss.

Gross amounts due from/to customers on contract work

Gross amounts due from/to customers are stated at cost plus attributable profit less progress payments received or receivable. When the cost plus attributable profit exceed the progress payments received / receivable, the excess is reflected as gross amounts due from customers. On the other hand, when the progress payments received / receivable exceed the cost plus attributable profit, the excess is reflected as gross amounts due to customers.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 or the year attributable to the owners of the Company 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.

Taxation

The tax expense for the period comprises of current tax. Tax is recognised in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other consolidated comprehensive income or directly in equity. In this case, the tax is also recognised in other consolidated comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in Qatar where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, 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 34.

Revenues

Revenues are recognized by the Group on the following basis:

Sale of goods
Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
(ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(iii) the amount of revenue can be measured reliably;
(iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and
(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Construction and specialized contracts
Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the reporting date, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Rendering of services
Revenues from rendering services are recognized when the services are performed.

Interest income
Interest income is accounted for on an accrual basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividend distribution

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, 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:

Classification of financial assets
Management decides on the acquisition of an investment whether to classify it as available for sale or financial assets at fair value through profit or loss. The Group classifies investments as financial assets at fair value through profit or loss if the investment is classified as held for trading and upon initial recognition it is designated by the Group as at fair value through profit or loss. All other investments are classified as available for sale.

Measurement of investment properties
Management of the Group is required to choose as its accounting policy either the fair value model or the cost model and shall apply this policy to all of its investment property, except if it holds an investment property as a lessee under an operating lease, under which it is required to hold these investment properties only at fair value.

The Group has chosen to adopt the fair value model for the purposes of measuring its investment properties in the consolidated statement of financial position.

Joint arrangement classifications
The Group determined the arrangement as either joint operation or joint venture 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 a joint operations of the Group. *Refer to Note 10.*

Asset classified as held for sale
The Group has classified and presented its investment in El Sewedy Cables Qatar W.L.L., (the "Joint Operation") as an asset held for sale, since Management has assessed that the carrying amount of these investments will be recovered principally through a sale transaction rather than through continuing use.

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

Critical judgments in applying accounting policies (continued)

Asset classified as held for sale (continued)
At the date of reclassification as held for sale, Management believes that the investment is in the Joint Operation is available for immediate sale in its present condition subject only to the terms that are usual and customary and the sale is highly probable. Management believes that the realizable value from the disposal of the Joint Operation is expected to be greater than the Joint Operation's book value. *Refer to Note 10 and 39.*

Key sources of estimation uncertainty

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 an indication that tangible and intangible assets have suffered impairment in accordance with accounting policies stated in Note 3 of the consolidated financial statements. The recoverable amount of an asset is determined based on the higher of fair value or value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

Impairment of financial assets
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss.

Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty.

The Group recognized provision for doubtful debts amounting to QR. 6,178,768 (2015: QR. 1,277,950) representing outstanding receivables of more than 365 days where collection is no longer probable.

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 classified under changes in fair value in the consolidated statement of profit or loss. The closing balances of the investment properties were QR. 2,170,692 and QR. 2,776,465 as at December 31, 2016 and 2015, respectively.

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

Key sources of estimation uncertainty (continued)

Impairment of available-for-sale investments
The Group follows the guidance of IAS 39 "Financial Instruments: Recognition and measurement" to determine when an available for sale investment is impaired. This determination requires significant judgment. In making this judgment, the Group assesses, among other factors, whether objective evidence of impairment exists.

Fair value measurements
Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management/valuation committee, if any, works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in respective notes.

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.

Discounting of retention
Management determines effective interest rate to discount the long term retentions receivable / payable to determine their present value.

Property, plant and equipment
The cost of property, plant 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.

Revenue recognition on long-term contract
Management estimates the costs to complete for the purpose of revenue recognition and recognition of anticipated losses on projects, if any. In the process of calculating the cost to complete, management conducts regular and systematic reviews of actual results and future projections with comparison against budget. This process requires monitoring controls including financial, operational, identifying major risks facing the Company and developing and implementing initiatives to manage those risks. Management is of opinion that costs to complete various projects are fairly stated.

As required by IAS 11 in applying the percentage of completion on its long-term projects, the Group is required to recognise any anticipated losses on its contracts. In light of the above, management is of opinion that based on the current facts, the Group will not result in losses in the future.

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

Key sources of estimation uncertainty (continued)

Variation orders

One of the Company's subsidiaries (Debbas Enterprise Qatar W.L.L.) through its joint operation (ETA Star Engineering and Contracting WLL and Debbas Enterprise Qatar WLL - Joint Operation) recognized cumulative revenue to December 31, 2016 from unapproved variation orders amounting to QR. 155,550,000 (The Group's share: QR. 77,775,000) in respect of scope changes and prolongation costs. Management is currently in negotiations with the customer for approving those variations. Management is confident at least the amounts recognized in the books are fully recoverable.

5. BANK BALANCES AND CASH

	2016	2015
	QR.	QR.
Cash on hand	**321,658**	324,183
Cash in bank	**114,501,886**	107,147,622
Fixed deposits *(Note i)*	**7,000,000**	12,082,791
Bank margin	**690,000**	467,580
	122,513,544	120,022,176

Note i: Fixed deposits are held with a local commercial bank in the State of Qatar. They carry interest at an average rate of 1% (2015: 1%) per annum. These deposits have a maturity of less than 3 months from the date of placement.

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	2016	2015
	QR.	QR.
Trade receivables, net	**122,217,114**	137,744,553
Retention receivable	**50,246,224**	19,658,024
Prepaid expenses	**23,385,318**	3,627,362
Other debit balances *(Note ii)*	**15,932,699**	21,641,380
	211,781,355	182,671,319

Note ii: Included in other debit balances is an amount of QR. 6,893,467 receivable from Qatar General Insurance and Reinsurance Q.S.C. against the disposal of Oriental Enterprise S.P.C., which was completed during 2015. Management is of the opinion that this amount will be collected within the coming 12 months. *Refer to Note 8.b.*

The average credit period for sale of goods and rendering services is 60 to 90 days. No interest is charged on the overdue accounts receivable. Appropriate allowances for estimated irrecoverable amounts are recognised in the consolidated statement of profit or loss when there is objective evidence that the asset is impaired, based on management's historical experience.

	2016	2015
	QR.	QR.
Trade receivables comprise:		
Trade receivables	**130,313,144**	141,106,951
Less: Allowance for doubtful debts	**(8,096,030)**	(3,362,398)
Trade receivables – net	**122,217,114**	137,744,553

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES (CONTINUED)

As at December 31, the ageing of accounts receivable is as follows:

(i) Ageing of neither past due nor impaired

	2016 QR.	2015 QR.
Less than 60 days	**51,599,904**	66,780,385
61 – 90 days	**18,558,974**	21,754,245
	70,158,878	88,534,630

(ii) Ageing of past due but not impaired

	2016 QR.	2015 QR.
91 – 180 days	**13,853,234**	19,188,272
181 – 365 days	**22,550,912**	11,566,533
More than 365 days	**15,654,090**	18,455,118
	52,058,236	49,209,923

(iii) Ageing of past due and impaired

	2016 QR.	2015 QR.
Over 365 days	**8,096,030**	3,362,398

Movement in the allowance for doubtful debts is as follows:

	2016 QR.	2015 QR.
Balance at beginning of the year	**3,362,398**	4,621,704
Charge for the year	**6,178,768**	1,277,950
Reversal of provision	**(304,475)**	(2,233,490)
Bad debts written off	**(1,140,661)**	(303,766)
Balance at end of the year	**8,096,030**	3,362,398

7. GROSS AMOUNTS DUE FROM CUSTOMERS ON CONTRACT WORK

	2016 QR.	2015 QR.
Contract cost incurred plus recognised profits	**736,531,973**	691,991,066
Less: Progress billings	**(587,832,962)**	(538,540,345)
	148,699,011	153,450,721

This balance includes revenue from unapproved variations amounting to QR. 77,775,000 (2015: 87,375,404) in respect of scope changes and prolongation costs.

8. RELATED PARTIES

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

a) Due from related parties

	2016	2015
	QR.	QR.
Al Hodaifi Group W.L.L. and its subsidiaries (*Note 8.a.1*)	**33,805,743**	42,837,246
Others (*Note 8.a.2*)	**5,202,584**	1,712,780
	39,008,327	44,550,026

8.a.1 Al Hodaifi Group W.L.L. and its subsidiaries:

	2016	2015
	QR.	QR.
Al Hodaifi Group W.L.L.	**12,037,603**	17,090,194
Servicom W.L.L.	**6,647,803**	6,274,970
Trelco Security Equipment Services Co.	**6,647,182**	5,838,726
Dimension Group	**4,127,969**	9,406,212
Industrial Development Construction & Trading Co.	**862,875**	310,529
Proline W.L.L.	**747,813**	620,184
ETA Star Engineering and Constructing W.L.L.	**698,847**	1,086,691
Building Protection Services	**662,352**	635,772
Snathe Qatar W.L.L.	**308,651**	205,101
Building Development Technology	**294,823**	--
Al Hodaifi Cable Compounding Company W.L.L.	**277,600**	--
Hamilton Design	**225,265**	55,265
Global Construction Equipment	**176,122**	176,122
BDT Contracting & Manufacturing	**67,747**	67,747
Trelco International Company	**12,000**	12,000
BMC Qatar	**11,091**	--
Debbas Lebanon	--	47,434
I Shield Security and Safety Solution W.L.L.	--	227,414
Gulf Services Consultants W.L.L.	--	205,899
Consolidated Construction Material	--	125,269
Al Hodaifi Recycling	--	201,948
Consolidated Technology Co. W.L.L.	--	75,625
Consolidated Security Services Co. W.L.L.	--	160,021
Miscellaneous	--	14,123
	33,805,743	42,837,246

Al Hodaifi Group W.L.L. is an entity controlled by the chairman of the Group.

8. RELATED PARTIES (CONTINUED)

a) Due from related parties (continued)

8.a.2 Others:

	2016	2015
	QR.	QR.
Ayham Sheikh Al Souk	**2,631,390**	--
Gemmo - Debbas Joint Operation	**1,306,920**	--
Water Centre Lebanon	**438,585**	--
Hodaifi Tower - Ghanim Sultan Al Hodaifi	**374,074**	1,551,146
Ala'a Mohammed Ayoub	**250,200**	--
Watermaster SA	**99,884**	--
Watermaster Lebanon	**77,506**	--
Hamad Bin Ghanem Al Hodaifi	**24,025**	11,750
Hamad Bin Ghanem Trading & Contracting Co.	--	50,000
Watermaster UAE	--	99,884
	5,202,584	1,712,780

b) Due to related parties

	2016	2015
	QR.	QR.
Existing shareholders ***(Note i)***	**7,650,878**	7,149,533
Al Hodaifi Group W.L.L. and its subsidiaries (*Note 8.b.1*)	**2,936,897**	6,863,635
Others (*Note 8.b.2*)	**12,927,812**	6,096,828
	23,515,587	20,109,996

Note i: Included in due to existing shareholders an amount of QR. 6,893,467 as dividends payable against the disposal of Oriental Enterprise S.P.C., which was completed during 2015. *Refer to Note 6.*

8.b.1 Al Hodaifi Group W.L.L. and its subsidiaries:

	2016	2015
	QR.	QR.
Debbas Lebanon	**679,618**	--
I Shield Security and Safety Solution W.L.L.	**674,079**	--
Global Tourist & Travel W.L.L.	**491,896**	1,194,765
Quality for Sanitary Ware & Contracting W.L.L.	**404,625**	404,625
Trelco Custom Clearance Company W.L.L.	**259,683**	204,984
El Sewedy Cables	**257,801**	3,938,221
Consolidated Technology Co. W.L.L.	**169,195**	--
Al Hodaifi Cable Compounding Company W.L.L.	--	141,678
Trelco Technical Services W.L.L.	--	168,399
Miscellaneous	--	810,963
	2,936,897	6,863,635

8. RELATED PARTIES (CONTINUED)

b) Due to related parties (continued)

8.b.2 Others:

	2016	2015
	QR.	QR.
El Sewedy Electric Egypt	**5,181,871**	--
Debbas Qatar L.L.C.	**2,294,973**	1,030,761
Anood Al Jazeera	**2,197,852**	2,021,414
Mohammed Safarini	**1,485,662**	--
Cesar Debbas and Fils	**1,352,432**	1,234,009
Forad SARL	**308,824**	227,174
Fairy Tale Nursery	**106,198**	445,309
Watermaster Lebanon	**--**	1,138,161
	12,927,812	6,096,828

c) Remuneration of key management personnel are as follows:

	2016	2015
	QR.	QR.
Short term benefits	**16,439,280**	9,518,746
Long term benefits	**1,215,414**	437,809

d) Transactions with related parties are as follows:

	2016	2015
	QR.	QR.
Sales	**3,909,079**	15,473,964
Purchases	**21,197,649**	31,074,017
Management fees	**1,337,601**	659,286
Others	**4,899,227**	182,378

As disclosed in Note 39, the Group will complete the disposal process of its share in the Joint Operation (El Sewedy Cables Qatar W.L.L.) to a related party, Al Hodaifi Group W.L.L.

9. INVENTORIES

	2016	2015
	QR.	QR.
Trading inventories *(Note 29)*	**56,676,448**	58,090,592
Raw material	**6,394,943**	4,288,670
Goods in transit	**5,811,661**	2,342,453
	68,883,052	64,721,715
Less: Allowance for obsolete and slow moving items	**(2,139,607)**	(1,778,171)
	66,743,445	62,943,544

10. ASSETS CLASSIFIED AS HELD FOR SALE

	2016	2015
	QR.	QR.
Asset held for sale		
Investment in a joint operation	**395,195,104**	321,683,790
Liabilities directly associated with assets classified as held for sale		
Liabilities of a joint operation	**269,603,697**	253,180,673

Investment in a joint operation:
During 2015, the partners of the Company agreed to dispose the Company's share in El Sewedy Cables Qatar W.L.L. (the "Joint Operation"). The fair value less cost to sell of the Joint Operation is expected to be greater than the Joint Operation's carrying amount. Therefore, no impairment loss recognised on reclassification of the assets and liabilities as held for sale as at December 31, 2016. *Refer to Note 39.*

The major classes of assets and liabilities of the Joint Operation (the Group's share) at the end of the reporting period are as follows:

	2016	2015
	QR.	QR.
Bank balances and cash	**29,533,915**	21,099,762
Accounts receivable and other debit balances	**276,830,705**	228,036,001
Due from related parties	**9,748,879**	9,494,977
Inventories	**55,897,237**	47,565,162
Investment in associate	**19,259,996**	12,923,122
Property, plant and equipment	**3,924,372**	2,564,766
Assets classified as held for sale for the Joint operation	**395,195,104**	321,683,790
Borrowings	**88,986,630**	150,508,952
Due to related parties	**109,906,864**	45,659,043
Accounts payable and accruals	**66,443,426**	54,289,763
Income tax payable	**2,639,798**	1,372,228
Employees' end of service benefits	**1,626,979**	1,350,687
Liabilities associated with assets held for sale for the Joint operation	**269,603,697**	253,180,673

11. DISCONTINUED OPERATION

	2016	2015
	QR.	QR.
Group's share of profit for the year from discontinued operation of the Joint Operation	**56,839,043**	31,133,920

11. DISCONTINUED OPERATION (CONTINUED)

Analysis of the Group's share of profit for the years ended December 31,

The results of the discontinued operations of the Joint Operations for the year ended December 31 are classified as discontinued operation and included in the consolidated statement of profit or loss as follows:

	2016	2015
	QR.	QR.
Sales	**479,391,836**	490,201,031
Share of profit from investment in associate	**6,077,241**	4,327,789
Other income	**341,336**	168,629
Cost of sales	**(413,474,208)**	(448,797,789)
General and administrative expenses	**(11,575,795)**	(10,706,454)
Finance cost	**(3,645,322)**	(3,384,718)
Depreciation (Note 16)	**(276,045)**	(674,568)
Group's share of profit for the year from discontinued operations	**56,839,043**	31,133,920

Cash flow from discontinued operations for the year ended December 31,

	2016	2015
	QR.	QR.
Cash flow from operating activities	**10,577,744**	11,713,273
Cash flow from investing activities	**(2,143,590)**	(1,435,230)
Cash flow from financing activities	--	--

Group's share in the contingent liabilities	**215,011,795**	163,705,407

12. RETENTIONS RECEIVABLE

	2016	2015
	QR.	QR.
Gross retentions receivable	**47,498,536**	74,982,830
Discounting charges	**(4,191,612)**	(3,353,177)
Present value of the future expected collection of retentions receivable	**43,306,924**	71,629,653

Management applies an average discount rate of 4.5% and 7% to calculate the present value of the expected collection of retentions receivable which is classified as non-current.

13. AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
	QR.	QR.
Available-for-sale investments	**2,250,000**	2,250,000

Available for sale investment is carried at cost, since its fair value cannot be reliably estimated. This investment is unquoted.

14. INVESTMENT PROPERTIES

	2016	2015
	QR.	QR.
Opening balance	**2,776,465**	3,382,238
Changes in fair value	**(605,773)**	(605,773)
Closing balance	**2,170,692**	2,776,465

Investment properties included a building constructed on a piece of land leased from a third party for 10 years. The building has been classified as investment properties using fair value model. 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 classified under changes in fair value in the consolidated statement of profit or loss.

15. INVESTMENT IN AN ASSOCIATE

Investment in associates as of December 31, comprise the following:

Name	**% Holding**	**2016**	2015
		QR.	QR.
Prolines Company W.L.L.	40%	--	95,981

Movement in the investment in associates is as follows:

	2016	2015
	QR.	QR.
Opening balance	**95,981**	8,634,876
Reclassified as held for sale	--	(8,595,333)
Share of Group's interest from (loss)/profit of associates	**(95,981)**	56,438
Closing balance	--	95,981

16. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures	Buildings and constructions	Motor vehicles	Leasehold Improve-ments	Office equipment	Tools and equipment	Plant and machinery	Computers	Capital work in progress	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Cost:										
At January 1, 2015	4,095,264	9,999,838	18,827,467	3,798,322	7,780,122	6,896,275	1,671,797	1,700,314	--	54,769,399
Additions	1,070,215	--	4,048,641	3,372,225	674,411	556,089	--	291,459	1,804,575	11,817,615
Disposals	(445,200)	--	(2,262,321)	--	--	(11,625)	--	--	--	(2,719,146)
Write off	(17,328)	(212,912)	(72,000)	(44,159)	(272,310)	--	--	--	--	(618,709)
Reclassified as held for sale *(Note 10)*	(759,497)	--	(2,240,370)	(742,240)	--	--	(1,015,864)	(446,418)	--	(5,204,389)
At December 31, 2015	3,943,454	9,786,926	18,301,417	6,384,148	8,182,223	7,440,739	655,933	1,545,355	1,804,575	58,044,770
Additions	556,204	810,738	1,303,705	3,300,228	1,360,117	685,030	--	57,461	1,025,612	9,099,095
Disposals	--	--	(3,375,005)	--	(663)	(266,400)	--	--	--	(3,642,068)
Reclassification	--	--	201,130	--	(372,147)	369,756	--	(198,739)	--	--
Transfer	--	1,804,575	--	--	--	--	--	--	(1,804,575)	--
At December 31, 2016	**4,499,658**	**12,402,239**	**16,431,247**	**9,684,376**	**9,169,530**	**8,229,125**	**655,933**	**1,404,077**	**1,025,612**	**63,501,797**
Accumulated depreciation:										
At January 1, 2015	2,955,043	7,880,312	12,883,326	2,036,240	4,711,483	4,177,677	993,033	1,116,979	--	36,754,093
Charge for the year	369,631	990,910	2,127,059	458,363	773,852	910,513	185,568	323,215	--	6,139,111
Disposals	(329,648)	--	(1,480,392)	--	--	(9,820)	--	--	--	(1,819,860)
Written off	(7,733)	(150,918)	(65,007)	(41,584)	(72,594)	--	--	--	--	(337,836)
Reclassified as held for sale *(Note 10)*	(213,019)	--	(1,154,563)	(174,785)	--	--	(736,756)	(360,500)	--	(2,639,623)
At December 31, 2015	2,774,274	8,720,304	12,310,423	2,278,234	5,412,741	5,078,370	441,845	1,079,694	--	38,095,885
Charge for the year	290,256	663,589	1,883,841	642,142	900,520	1,035,060	54,024	215,644	--	5,685,076
Disposals	--	--	(2,876,847)	--	--	(180,534)	--	--	--	(3,057,381)
Reclassification	63,483	--	19,543	--	(278,564)	260,083	--	(64,545)	--	--
At December 31, 2016	**3,128,013**	**9,383,893**	**11,336,960**	**2,920,376**	**6,034,697**	**6,192,979**	**495,869**	**1,230,793**	--	**40,723,580**
Net Book Value:										
At December 31, 2016	**1,371,645**	**3,018,346**	**5,094,287**	**6,764,000**	**3,134,833**	**2,036,146**	**160,064**	**173,284**	**1,025,612**	**22,778,217**
At December 31, 2015	1,169,180	1,066,622	5,990,994	4,105,914	2,769,482	2,362,369	214,088	465,661	1,804,575	19,948,885
Depreciation rates:	**15% - 25%**	**15% - 20%**	**20% - 25%**	**5% - 20%**	**15% - 33.33%**	**15% - 20%**	**10% - 20%**	**33%**		

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Buildings are constructed on land leased from the municipality of Doha under the name of one of the partners for a period of 30 years starting from January 1, 1991.

Some motor vehicles are mortgaged against borrowings. (*Refer to note 17.b*).

Depreciation expense charged for the year ended December 31, 2016, include an amount of QR. Nil (2015: QR. 674,568) which represents the Group's share of the discontinued operation. *(Refer to note 11).*

17. BANK LOANS AND BORROWINGS

17.a Bank overdrafts

	2016	2015
	QR.	QR.
Balance at the end of the year (*Note 26*)	**70,945,173**	78,341,182

These overdrafts are secured by the personal guarantee of the partners of the Group and bear interest rate ranging from 4.5% to 8.5% (2015: 4.5 % to 8.5%).

17.b Borrowings

	Current		**Non-current**	
	2016	2015	**2016**	2015
	QR.	QR.	**QR.**	QR.
Project financing (1)	**25,156,211**	53,731,758	**3,057,519**	1,785,000
Import loan (2)	**42,013,462**	46,950,906	--	--
Demand loan (3)	**16,777,638**	17,510,807	--	--
Term loans (4)	**11,980,504**	1,856,088	**3,113,727**	2,554,993
Murabaha loan	--	622,570	--	--
Vehicle loan	**260,930**	97,392	--	81,160
	96,188,745	120,769,521	**6,171,246**	4,421,153

(1) Project financing

During 2014, the Group entered into loans that are utilized to finance its existing projects. These loans are settled within 4 to 10 months from the progress payments paid by the client and bear an interest rate ranging from 5% to 8% (2015: 5% to 8%). The non-current portion refers to the project cash loans to finance the project cash expenses which are maturing on varying dates 3 months after the project completion dates with interest rate of 4.5%. These loans are secured by personal guarantees of the partners of the Group.

17. BANK LOANS AND BORROWINGS (CONTINUED)

17.b Borrowings (continued)

(2) Import loan

Import loans represent loans obtained from a local bank for the purchase of materials for the project and issuing letters of credit for sub-contractors. These loans bear an average interest rate of 4.5% to 5% (2015: 4.5% to 4.75%) annually and have maturities ranging from 180 to 270 days. These loans are secured by personal guarantees of the partners of the Group, corporate guarantee of the Group and Al Hodaifi Group.

(3) Demand loan

Demand loans represent loans obtained from a local bank to finance working capital requirements. These loans bear an average interest rate of 4.5% per annum (2015: 4.5% to 5%). These loans are secured by personal guarantees of the partners of the Group.

(4) Term loan

Term loan is entered into agreements with the local banks for the construction of labor camp and warehouse. are secured by personal guarantees of the partners of the Group and corporate guarantee of the Group. Term loans have different maturity dates and bears interest rate of 4.5% annually (2015: 4.5% to 5%). The loans are supported and secured by mortgage of vehicles with net book value of QR. 1,319,924 (2015: QR. 1,781,631). (*Refer to note 16*).

17.c Guarantees

As of December 31, 2016 the Group is guaranteeing the debt of the entities that were carved out from direct ownership of the Company during 2013 and the debt of the entities under Al Hodaifi Group W.L.L., related parties.

18. GROSS AMOUNTS DUE TO CUSTOMERS ON CONTRACT WORK

	2016	2015
	QR.	QR.
Progress billings	**634,411,916**	547,191,767
Less: Contract value at cost plus attributable profit	**(599,692,072)**	(492,185,747)
	34,719,844	55,006,020

19. ACCOUNTS PAYABLE AND ACCRUALS

	2016	2015
	QR.	QR.
Trade and notes payable	**83,850,660**	75,225,732
Advances from customers	**46,097,741**	38,072,815
Accruals and other credit balances	**41,545,361**	64,222,704
	171,493,762	177,521,251

20. INCOME TAX PAYABLE

Income tax expense for the year is calculated based on tax rate as per Qatar Income Tax Regulations.

	2016	2015
	QR.	QR.
Consolidated Engineering Systems Company W.L.L.	**3,431,792**	4,693,187
Watermaster (Qatar) Company W.L.L.	**505,449**	292,007
Trelco Limited – Single Shareholder Company	**159,818**	--
Electro Mechanical Engineering Company W.L.L.	**136,893**	170,866
Construction Development Contracting & Trading Co. W.L.L.	**121,421**	114,355
Trelco Building Materials Co. W.L.L.	**26,278**	--
Consolidated Supplies Company W.L.L.	--	42,454
Debbas Enterprises - Qatar W.L.L.	--	20,671
	4,381,651	5,333,540

21. RETENTIONS PAYABLE

	2016	2015
	QR.	QR.
Gross retentions payable	**852,453**	4,558,504
Discounting income	--	(261,661)
Present value of the future expected payment of retentions payable	**852,453**	4,296,843

Non-current retentions payable as of December 31, 2016 have not been discounted because the effect is considered immaterial. However, Management applies an average discount rate of 4.5% to calculate the present value of the expected payment of non-current retentions payable as of December 31, 2015.

22. EMPLOYEES' END OF SERVICE BENEFITS

	2016	2015
	QR.	QR.
Provision as at January 1,	**26,470,146**	23,394,888
Provided during the year	**6,223,555**	6,019,570
Reversal	**(240,174)**	--
End of service benefits paid	**(2,838,786)**	(1,832,380)
Reclassified as held for sale	--	(1,111,932)
Provision at December 31,	**29,614,741**	26,470,146

23. SHARE CAPITAL

The Company's issued and paid up capital is QR 10,000,000 as of December 31, 2016 and 2015 allocated as follows:

Name	Nationality	Percentage of ownership	Amount QR.
Ghanim Sultan Hudaifi Al Kuwari	Qatari	50.4556%	5,045,560
Moza Shaheen Saad Al Rabia Al Kuwari	Qatari	2.1937%	219,370
Sarah Jassem Mohammad Al Bouinain	Qatari	2.1937%	219,370
Ohoad Karim Wasel Dagani	Saudi	2.1937%	219,370
Abdulaziz Ghanim Sultan Hudaifi Al Kuwari	Qatari	1.4625%	146,250
Adballah Ghanim Sultan Hudaifi Al Kuwari	Qatari	1.4625%	146,250
Hamad Ghanim Sultan Hudaifi Al Kuwari	Qatari	1.3894%	138,940
Sultan Ghanim Sultan Hudaifi Al Kuwari	Qatari	1.3894%	138,940
Abdulrahman Ghanim Sultan Hudaifi Al Kuwari	Qatari	1.3894%	138,940
Khaled Ghanim Sultan Hudaifi Al Kuwari	Qatari	1.3162%	131,620
Mohammad Ghanim Sultan Hudaifi Al Kuwari	Qatari	1.2431%	124,310
Alanoud Ghanim Sultan Hudaifi Al Kuwari	Qatari	0.7312%	73,120
Hossa Ghanim Sultan Hudaifi Al Kuwari	Qatari	0.7312%	73,120
Aisha Ghanim Sultan Hudaifi Al Kuwari	Qatari	0.7312%	73,120
Fatima Ghanim Sultan Hudaifi Al Kuwari	Qatari	0.7312%	73,120
Latifa Ghanim Sultan Hudaifi Al Kuwari	Qatari	0.7312%	73,120
Louloua Ghanim Sultan Hudaifi Al Kuwari	Qatari	0.7312%	73,120
Noura Ghanim Sultan Hudaifi Al Kuwari	Qatari	0.7312%	73,120
Mariam Ghanim Sultan Hudaifi Al Kuwari	Qatari	0.7312%	73,120
Ghanim khaleed Ghanim Hudaifi Al Kuwari	Qatari	0.0731%	7,310
Jabor Khaleed Ghanim Hudaifi Al Kuwari	Qatari	0.0731%	7,310
Ghanim Abdelrhman Ghanim Hudaifi Al Kuwari	Qatari	0.0731%	7,310
Ghanim Mohammed Ghanim Hudaifi Al Kuwari	Qatari	0.0731%	7,310
Ghanim Sultan Ghanim Hudaifi Al Kuwari	Qatari	0.0731%	7,310
Nasser Hamad Ghanim Hudaifi Al Kuwari	Qatari	0.0731%	7,310
Rashed Mohammed Ghanim Hudaifi Al Kuwari	Qatari	0.0731%	7,310
Abduallah Mohammed Ghanim Hudaifi Al Kuwari	Qatari	0.0731%	7,310
Wael Mosa Ashteyah	Jordan	0.3425%	34,250
Khaleel Jabra Khaleel Dagbaj	Jordan	0.8220%	82,200
Wafa Essam Yousef Sofan	Jordan	24.4991%	2,449,910
Water Holding Group	Lebanon	0.8917%	89,170
Atoom Hussien Al Haj	Lebanon	0.3211%	32,110
Total		100%	10,000,000

Effective January 1, 2015, the ownership structure has been changed as a result of swap of shares among existing partners. This swap was based on the sale and purchase contract signed and agreed among the partners after conducting the valuation of the entities subject to the shares swap.

23. SHARE CAPITAL (CONTINUED)

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

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

The Company revised its articles of association, and obtained approval by the Ministry of Economy and Commerce on December 5, 2016 and was authenticated by the Ministry of Justice on December 7, 2016.

During the constitutional assembly held on May 5, 2017 the chairman of the assembly presented all procedures performed to convert the Company from Limited liability company to Qatari Shareholding Company with share capital of QR. 830,000,000; and added that the cost of this conversion was QR. 17,000,000. Shareholders discussed the results of the public offering; and noted that only 24,756,800 shares were subscribed representing 29.8% of the total revised share capital. Therefore, the existing shareholders will maintain the remaining shares equivalent to 70.2%. Management is in the process to finalize legal procedures with the competent Authorities about the results of the public offering process. *Refer to Note 39.*

24. CAPITAL RESERVE

Effective January 1, 2008, the partners contributed their shareholding interests, in the following Group's subsidiaries at book value as of that date:

	Ownership of interest transferred to the Group
Al Hodaifi Group W.L.L.	**100.00%**
Industrial Development & Trading Co. S.P.C.	**100.00%**
Al Sidra Agricultural Co. S.P.C.	**100.00%**
Gulf Services Consultants Co. S.P.C.	**100.00%**
Trelco Limited Company S.P.C.	**100.00%**
Al Hodaifi Rocks W.L.L.	**51.00%**
Debbas Enterprises - Qatar W.L.L.	**51.00%**
Building Development Technology W.L.L.	**51.00%**
Construction Development Contracting & Trading Co. W.L.L.	**51.00%**
Trelco International Company W.L.L.	**51.00%**
Consolidated Supplies Company W.L.L.	**51.00%**
Electro Mechanical Engineering Company W.L.L.	**51.00%**
Water Master (Qatar) Company W.L.L.	**51.00%**
Tehini Qatar W.L.L.	**51.00%**
Consolidated Engineering Systems Company W.L.L.	**40.80%**
Gazzaoui - Qatar Company W.L.L.	**36.00%**
Prolines Company W.L.L.	**55.40%**
Capital Technology Company W.L.L.	**26.00%**

24. CAPITAL RESERVE (CONTINUED)

The total value of the contributed net assets, as of January 1, 2008, further to the allocation on the consolidated statement of financial position as capital reserve are as follows:

Net assets acquired	Book Value
	QR.
Current assets:	
Cash and cash equivalents	21,696,934
Trade and other receivables	122,630,681
Inventories	68,009,822
Amount due from the Group's companies	6,932,770
Investments at fair value through profit or loss	1,369,300
Deferred charges	2,879,580
Work in progress	2,122,185
Total current assets	225,641,272
Non-current assets:	
Property and equipment	20,491,537
Total assets	246,132,809
Current liabilities	
Trade and other credit balances	147,131,963
Income tax payable	1,389,972
Borrowings	55,040,333
Total current liabilities	203,562,268
Non-current liabilities	
Employees' end of service benefits	1,746,578
Total liabilities	205,308,846
Net assets contributed	40,823,963
Reflected in the consolidated statement of financial position at the date of transfer, as follows:	
Partners' current account	9,410,997
Non- controlling interests	12,944,701
Capital reserve	18,468,265
Net assets contributed	40,823,963

25. 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.

26. CASH AND CASH EQUIVALENTS

	2016	2015
	QR.	QR.
Bank balances and cash *(Note 5)*	**122,513,544**	120,022,176
Bank overdrafts *(Note 17.a)*	**(70,945,173)**	(78,341,182)
	51,568,371	41,680,994

Cash and cash equivalents comprise cash, bank balances and deposits with original maturity of less than 90 days, net of bank overdrafts.

27. DISPOSAL OF A SUBSIDIARY

During 2015, the Group completed the disposal of Oriental Enterprise S.P.C. (the "Subsidiary").

Gain on disposal of share in the Subsidiary

	2016	2015
	QR.	QR.
Consideration received for disposed subsidiary	--	109,500,000
Less: Net assets of disposed subsidiary	--	(83,597,574)
Gain on disposal of subsidiary	--	25,902,426

Net cash inflow on disposal of a subsidiary

	2016	2015
	QR.	QR.
Consideration received for disposed subsidiary	--	109,500,000
Less: Cash and cash equivalent balances of the disposed Subsidiary	--	(2,762,745)
	--	106,737,255

28. REVENUE

	2016	2015
	QR.	QR.
Trading revenue	**209,233,500**	241,555,016
Contracting revenue	**238,460,379**	320,078,682
	447,693,879	561,633,698

29. DIRECT COST

	2016	2015
	QR.	QR.
Cost of goods sold (*Note i*)	**102,222,124**	143,062,623
Materials	**79,917,829**	123,332,809
Salary, wages and related costs	**75,669,442**	53,890,203
Subcontractors	**35,364,036**	38,555,718
Rent	**1,920,917**	2,565,608
Site cost	**1,759,638**	1,508,306
Finance cost	**2,522,580**	2,020,830
Freight and other charges	**2,449,471**	4,321,224
Provision for maintenance cost	**--**	4,306,500
Reversal of back charges (*Note ii*)	**(8,875,766)**	--
Miscellaneous	**6,294,177**	9,015,812
	299,244,448	382,579,633

Note i: Movement in the cost of goods sold:

Opening inventories balance (*Note 9*)	**58,090,592**	58,834,045
Purchases during the year	**100,095,554**	142,319,170
Direct expense	**712,426**	--
Ending inventories balance (*Note 9*)	**(56,676,448)**	(58,090,592)
	102,222,124	143,062,623

Note ii: This amount represents reversal of provisions for subcontractors and suppliers recorded in the previous year.

30. OTHER INCOME

	2016	2015
	QR.	QR.
Rental income	**10,099,575**	9,412,988
Recovery of expenses	**5,272,537**	--
Reversal of provision for maintenance cost	**4,170,400**	--
Service income	**1,476,973**	582,591
Interest income	**365,832**	338,043
Commission income	**--**	909,548
Miscellaneous	**4,787,673**	3,808,221
	26,172,990	15,051,391

31. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
	QR.	QR.
Salaries and fringe benefits	**43,924,304**	60,213,484
Offices, stores and staff residence rent	**12,669,136**	12,681,551
Bad debts - written off	**8,332,373**	280,064
Professional and legal fees	**1,894,452**	1,034,708
Traveling	**1,548,484**	2,097,383
General office expenses	**1,489,881**	1,549,689
Repairs and maintenance	**1,243,369**	1,353,111
Postage and communication	**879,211**	1,174,622
Business development and commissions expenses	**721,257**	178,258
Electricity and water	**332,587**	306,406
Immigration and visa charges	**288,539**	598,897
Vehicles expense	**213,199**	179,734
Transportation and labor charges	**75,487**	52,529
Miscellaneous	**5,861,296**	5,221,642
	79,473,575	86,922,078

32. BASIC EARNINGS PER SHARE

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

	2016	2015
	QR.	QR.
Basic earnings per share from continuing operations	**45.73**	52.34
Basic earnings per share from discontinuing operations	**56.84**	57.04
Total basic earnings per share	**102.57**	109.38

32. BASIC EARNINGS PER SHARE (CONTINUED)

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

	2016	2015
	QR.	QR.
Profit for the year used in the calculation of basic earnings per share from continuing operations	**45,725,653**	52,335,805
Profit for the year used in the calculation of the basic earnings per share from discontinued operations	**56,839,043**	57,036,346
Total profit for the year attributable to the Owners of the Company	**102,564,696**	109,372,151
Weighted average number of ordinary shares outstanding during the year (in shares)	**1,000,000**	1,000,000

The Group does not have any diluted earnings per share.

33. NON-CONTROLLING INTERESTS

Name of subsidiary	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests	Profit allocated to non-controlling interests	Dividend distribution	Effect of change in ownership *	Accumulated non-controlling interest
			QR.	QR.	QR.	QR.
December 31, 2016						
Consolidated Engineering Systems Company W.L.L.	**Qatar**	**39.60%**	**21,483,265**	**(6,000,000)**	**--**	**42,577,011**
Watermaster (Qatar) Company W.L.L.	**Qatar**	**36.70%**	**2,957,878**	**--**	**--**	**5,808,214**
Electro Mechanical Engineering Company W.L.L.	**Qatar**	**31.50%**	**587,342**	**--**	**--**	**2,793,051**
Construction Development Contracting & Trading Co. W.L.L.	**Qatar**	**49.00%**	**648,484**	**--**	**--**	**6,810,266**
Debbas Enterprises - Qatar W.L.L.	**Qatar**	**49.00%**	**162,502**	**--**	**--**	**3,123,008**
Trelco Building Materials Co. W.L.L.	**Qatar**	**15.00%**	**79,044**	**--**	**--**	**(196,390)**
Consolidated Supplies Company W.L.L.	**Qatar**	**24.50%**	**(619,198)**	**(5,880,000)**	**--**	**(6,656,485)**
			25,299,317	**(11,880,000)**	**--**	**54,258,675**
December 31, 2015						
Consolidated Engineering Systems Company W.L.L.	Qatar	39.60%	26,180,228	(11,516,719)	(5,954,360)	27,093,746
Watermaster (Qatar) Company W.L.L.	Qatar	36.70%	1,813,309	--	(347,559)	2,850,336
Electro Mechanical Engineering Company W.L.L.	Qatar	31.50%	1,146,589	--	(481,216)	2,205,709
Construction Development Contracting & Trading Co. W.L.L.	Qatar	49.00%	792,257	--	--	6,161,782
Debbas Enterprises - Qatar W.L.L.	Qatar	49.00%	290,878	--	--	2,960,506
Trelco Building Materials Co. W.L.L.	Qatar	15.00%	172,565	--	1,015,467	(275,435)
Consolidated Supplies Company W.L.L.	Qatar	24.50%	167,334	(5,875,877)	(5,551,256)	(157,286)
			30,563,160	(17,392,596)	(11,318,924)	40,839,358

* ***Refer to (Note 1, i and Note 23).***

33. NON-CONTROLLING INTERESTS (CONTINUED)

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

December 31, 2016

Particulars	Consolidated Engineering Systems Company W.L.L.	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.	Consolidated Supplies Company W.L.L.
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Current assets	168,093,096	47,539,314	83,604,316	44,383,951	119,443,309	34,189,043	31,412,225
Non-current assets	19,216,941	11,113,580	6,382,300	14,444,349	10,282,484	384,957	2,092,534
Current liabilities	75,764,680	33,844,271	78,210,724	44,603,766	119,339,667	36,506,319	10,345,557
Non-current liabilities	7,512,814	7,606,982	2,572,766	6,461,877	2,789,950	488,048	1,768,272
Revenue	148,606,571	82,506,534	85,278,415	58,004,871	27,584,862	22,289,271	17,477,873
Profit for the year	56,736,741	8,490,324	2,024,881	1,376,805	331,636	675,870	21,472,660

Particulars	Consolidated Engineering Systems Company W.L.L.	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.	Consolidated Supplies Company W.L.L.
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Net cash generated from / (used in) operating activities	33,195,658	(1,918,499)	16,100,650	11,361,099	(546,130)	(449,480)	2,476,377
Net cash (used in) / generated from investing activities	(274,606)	(4,262,000)	(749,079)	(732,778)	(310,801)	(187,698)	23,310,587
Net cash (used in) / generated from financing activities	(33,177,906)	4,136,040	(19,167,501)	(11,086,255)	8,363,088	--	(27,338,091)
Net (decrease) / increase in cash and cash equivalents	(256,854)	(2,044,459)	(3,815,930)	(457,934)	7,506,157	(637,178)	(1,551,127)

33. NON-CONTROLLING INTERESTS (CONTINUED)

December 31, 2015

Particulars	Consolidated Engineering Systems Company W.L.L.	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.	Consolidated Supplies Company W.L.L.
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Current assets	155,030,510	34,256,083	91,916,503	53,686,441	118,525,287	33,042,059	35,193,874
Non-current assets	39,230,586	9,624,414	5,936,338	10,266,921	22,545,982	377,982	3,328,240
Current liabilities	(109,945,661)	(30,495,516)	(88,417,369)	(52,515,288)	(127,869,151)	(35,971,444)	(12,265,505)
Non-current liabilities	(116,535,665)	(5,114,747)	(2,196,062)	(5,077,440)	(6,448,550)	(544,834)	(2,199,455)
Revenue	198,507,965	63,046,245	98,840,598	76,086,567	66,940,444	24,102,513	29,865,312
Profit for the year	70,062,180	5,146,765	3,724,311	1,616,852	593,629	1,150,431	24,273,594

Particulars	Consolidated Engineering Systems Company W.L.L.	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.	Consolidated Supplies Company W.L.L.
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Net cash generated from / (used in) operating activities	41,984,247	3,449,814	(4,644,666)	(14,335,616)	(3,320,757)	2,083,359	7,531,747
Net cash (used in) / generated from investing activities	(91,898)	(4,852,610)	(652,147)	(1,799,891)	(123,081)	(93,506)	22,769,848
Net cash (used in) / generated from financing activities	(31,167,227)	1,880,053	11,348,747	16,990,093	1,874,314	--	(27,964,609)
Net increase / (decrease) in cash and cash equivalents	10,725,122	477,257	6,051,934	854,586	(1,569,524)	1,989,853	2,336,986

34. SEGMENT INFORMATION

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

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

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

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

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

Geographical segments

The Group has not diversified its activities outside of the State of Qatar; therefore, majority of the Group assets are located in Qatar. Accordingly, there are no distinctly identifiable geographical segments in the Group for the year ended 31 December 2016.

One operation which can be classified under Trading Segment was previously discontinued and is now classified as an asset held for sale. The segment information reported in the following sections do not include any amounts for these discontinued operations which is described in detail under notes 10 and 11 to the consolidated financial statements.

34. SEGMENT INFORMATION (CONTINUED)

	Contracting		Specialized Contracting		Trading		Water treatment & related maintenance		Others		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	QR.	QR.	**QR.**	QR.	**QR.**	QR.	**QR.**	QR.	**QR.**	QR.	**QR.**	QR.
External revenue	**58,004,871**	76,086,567	**261,469,848**	359,740,580	**45,712,626**	62,760,306	**82,506,534**	63,046,245	**--**	--	**447,693,879**	561,633,698
Interest expense	**1,423,302**	68,904	**4,703,279**	4,586,352	**1,873,908**	2,190,007	**700,397**	780,151	**2,249**	84,259	**8,703,135**	7,709,673
Depreciation	**1,712,337**	1,510,763	**1,184,721**	1,383,880	**1,087,998**	1,484,683	**1,446,743**	778,062	**253,277**	307,155	**5,685,076**	5,464,543
Profit for the year - after income tax	**1,376,805**	1,616,852	**59,093,258**	74,380,122	**27,415,588**	29,184,194	**8,490,324**	5,146,763	**20,768,995**	8,061,333	**117,144,970**	118,389,264
Reportable Segment Assets	**58,828,300**	63,953,362	**407,022,446**	433,185,206	**104,617,982**	103,455,588	**57,932,802**	43,880,497	**75,655,879**	53,555,787	**704,777,501**	698,030,440
Reportable Segment Liabilities	**51,065,643**	57,592,728	**286,190,601**	341,466,795	**68,290,824**	66,405,135	**41,451,253**	35,610,263	**14,904,865**	7,961,156	**461,903,186**	509,036,077

34. SEGMENT INFORMATION (CONTINUED)

The accounting policies of the reportable segments are the same as described in Note 3. Segment profit represents the profit before tax earned by each segment without allocation of administrative costs, director's salaries, gain on disposal of interest in investments, share of profit of associates, 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.

	2016	2015
	QR.	QR.
Profit or loss		
Total profit or loss for reportable segments	**117,144,970**	118,389,264
Elimination of inter-segment profits	**(46,120,000)**	(35,490,299)
Consolidated profit for the year from continuing operations	**71,024,970**	82,898,965
Assets		
Total assets for reportable segments	**704,777,501**	698,030,440
Assets classified as held for sale	**395,195,104**	321,683,790
Elimination of inter-segment assets	**(45,525,986)**	(37,691,670)
	1,054,446,619	982,022,560
Liabilities		
Total liabilities for reportable segments	**461,903,186**	509,036,077
Liabilities directly associated with assets classified as held for sale	**269,603,697**	253,180,673
Elimination of inter-segment liabilities	**(24,019,984)**	(16,766,425)
	707,486,899	745,450,325

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, plant and equipment and financial instruments attributable to the parent Company.
- All liabilities are allocated to reportable segments other than the provision employees' end of service benefits and financial liabilities attributable to the parent Company.

There are no single customers contributed 10% or more to the Group's revenue for both 2016 and 2015.

35. INTEREST IN JOINT OPERATION

The Group has 45% interest in El Sewedy Cables Qatar W.L.L, (the "Joint Operation") which is engaged in the activity of trading in electro-mechanical equipment and providing electro mechanical related services.

During 2015, the investment in the Joint Operation has been classified as asset held for sale *(Refer to Note 10)*.

Assets, liabilities, revenue and expenses of the Joint Operation were as follows:

As of December 31,

	2016	2015
	QR.	QR.
Current assets	**826,690,524**	680,435,336
Non – current assets	**51,520,817**	34,417,531
	878,211,341	714,852,867
Current liabilities	**(595,503,817)**	(559,622,191)
Non – current liabilities	**(3,615,508)**	(3,001,527)
	(599,119,325)	(562,623,718)
Net assets - carrying value	**279,092,016**	152,229,149
Contingent liabilities	**477,803,988**	363,789,793

Contingent liabilities are in respect of bank and other guarantees arising in the ordinary course of business.

For the year ended December 31,

	2016	2015
	QR.	QR.
Sales	**1,065,315,190**	1,089,335,625
Cost of sales	**(916,537,946)**	(998,186,228)
General and administration expenses	**(28,017,612)**	(23,792,120)
Depreciation	**(613,433)**	(641,231)
Finance costs	**(8,100,716)**	(7,521,596)
Share of profit from associate	**13,504,979**	9,617,310
Other income	**758,524**	374,730
Profit for the year	**126,308,986**	69,186,490

36. CONTINGENCIES AND COMMITMENTS

Contingent liabilities:

	2016	2015
	QR.	QR.
Letters of credit	**22,634,665**	22,949,045
Letter of guarantees	**60,249,753**	58,503,265
Performance Bonds	**45,732,231**	63,987,124
Advance payment guarantee	--	11,505,629
Other Guarantee	**3,762,000**	3,759,200

Lease commitments:

The future aggregate minimum lease commitments operating leases are as follows:

	2016	2015
	QR.	QR.
Not later than 1 year	**3,009,600**	2,639,600
Later than 1 year but not later than 3 years	**5,950,200**	4,219,200
Later than 3 years but not later than 5 years	**3,540,000**	3,435,600
	12,499,800	10,294,400

37. FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets and financial liabilities.

***Financial Assets*:**

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

***Financial Liabilities*:**

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

Fair Value of Financial Instruments:

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

37. FINANCIAL INSTRUMENTS (CONTINUED)

Fair Value Hierarchy:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2016	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Level in the fair value hierarchy				
Financial assets				
Investment properties	**2,170,692**	**--**	**--**	**2,170,692**

2015	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Level in the fair value hierarchy				
Financial assets				
Investment properties	2,776,465	--	--	2,776,465

There are no other financial instruments measured at Levels 1 and 2. There were no transfers within any hierarchy level of fair value measurements for the years ended December 31, 2016 and 2015, respectively (Note 14).

38. FINANCIAL RISK MANAGEMENT

Objectives and policies

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

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

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its financial assets which consist primarily of bank balances and accounts receivable. Credit risk on bank balances is limited as it is placed with banks having good credit rating. Credit risk on accounts receivable is limited as these are spread among various counterparties and are shown after review of their recoverability and stated net of provision for doubtful receivables.

Interest rate risk exposure

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 the risk of changes in market interest rates relates primarily to the Group's bank loans and borrowings with floating interest rates.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the consolidated statement of profit or loss and other comprehensive income is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial liabilities held at December 31. The effect of decrease in interest rate is expected to be equal and opposite to the effect of the increase shown:

	Increase in basis points	***Effect on profit 2016***	*Increase in basis points*	*Effect on profit 2015*
		QR.		QR.
Bank loans and borrowings	**+25**	**255,900**	+25	312,976

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's exposure to currency risk is minimal, since most of the transactions are either in Qatari Riyal or US Dollar.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's terms of sales require amounts to be paid within a 30-60 days. Trade payables are normally settled within 30-90 days of the date of purchase. The Group's financial liabilities are mostly short term in nature maturing within the next twelve months.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while optimization the return to stakeholders through the optimization of the debt and equity balances.

The capital structure of the Group consists of debt, which includes the borrowings as disclosed in Note (17), and equity, comprising issued capital, reserves and retained earnings.

Gearing ratio

The Group reviews the capital structure on a regular basis.

The gearing ratio at year end is as follows:

	2016	2015
	QR.	QR.
Debt (i)	**102,359,991**	125,190,674
Cash and cash equivalents *(Note 26)*	**(51,568,371)**	(41,680,994)
Net debt	**50,791,620**	83,509,680
Equity (ii)	**348,959,720**	236,572,235
Net debt to equity ratio	**14.56%**	35.30%

i) Debt is defined as long and short term borrowings, as detailed in *(Refer to Note 17).*
ii) Equity includes all capital and reserves of the Group.

39. SUBSEQUENT EVENTS

Subsequent to December 31, 2016 the following events occurred:

Public offering process

The process of public offering of the revised capital of the Company started on January 8, 2017 and closed on February 4, 2017. The Company offered 49,800,000 ordinary shares representing 60% of the Company's revised capital. Offer price was QR. 10.1 per share representing par value of QR. 10 per share and expenses for public offering of QR. 0.1 per share.

Below table summarized the results of the process of public offering:

Description	**No. of shares**	**Amount QR.**	**Percentage of the revised share capital**
Revised share capital	83,000,000	830,000,000	100%
Capital issued for public subscription	49,800,000	498,000,000	60%
Subscribed capital shares	24,756,800	247,568,000	29.827%
Unsubscribed capital shares	25,043,200	250,432,000	30.172%

39. SUBSEQUENT EVENTS (CONTINUED)

Public offering process (continued)

The Group obtained on May 11, 2017 from the Ministry of Economy and Commerce the revised commercial registration with share capital of QR. 830,000,000.

Disposal process of investment in the Joint Operation

Management is in the process to complete the disposal of the Group's share in the Joint Operation, El Sewedy Cables Qatar W.L.L, to a related party (Al Hodaifi Group W.L.L.), *refer to Note 10 and 11*. However, El Sewedy Cables Qatar W.L.L. was not part of the Initial Public Offering process as agreed with Qatar Financial Markets Authority.

40. COMPARATIVE FIGURES

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

	As at December 31, 2015 as previously reported	**Reclassification**	**As at December 31, 2015 as reclassified**
	QR.	**QR.**	**QR.**
Accounts receivable and prepayments	182,453,066	218,253	182,671,319
Due from related parties	52,495,912	(7,945,886)	44,550,026
Accounts payable and accruals	(188,322,256)	10,801,005	(177,521,251)
Due to related parties	(17,036,624)	(3,073,372)	(20,109,996)
Net effect	**29,590,098**	--	**29,590,098**

41. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by partners and authorized for issuance on July 3, 2017.