

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

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

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AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

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

**Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Investment Holding Group Q.P.S.C (the “Company”) and its subsidiaries (together referred to as the “Group”) for the six month period ended June 30, 2017 comprising of interim consolidated financial position as at June 30, 2017 and the related interim consolidated statements of profit or loss, other comprehensive income, changes in shareholders’ equity and cash flows for the six-month period then ended and the related explanatory notes.

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

**Scope of Review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Investment Holding Group (Q.P.S.C) for the six-month period ended June 30,2017 are not prepared, in all material respects, in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

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

**Emphasis of Matters**

1- Approval have been taken from Ministry of Economy and Commerce on conducting General assembly which will include the founders, new shareholders for the public invitation to subscribe for shares, to discuss the consolidated financial statements as of December 31,2016 which has been decided to be held on 23<sup>rd</sup> of August 2017.

2-Without qualifying our conclusion, we refer to Note No. (13), where management had recognized the value of internally generated goodwill amounted to QR 711,492,489 resulted from valuation of the company and its subsidiaries, as a result of transferring its legal status from limited liability company to Qatari Public Shareholding Company, in order to determine the company's share capital with an amount of QR 830 million representing the value of the company based on the valuation and not according to the value of partners' equity book value as of December 31,2016. In addition to the decision given from the Ministry of Economy and commerce, Qatar financial market Authority and Qatar stock exchange has also provided approval to determine the full value of the company's share capital based upon the valuation including Goodwill. Further, they have also approved the subscription prospectus which adopted the same approach and it resulted that the company not the shareholder incur the value of Goodwill resulted from valuation. Although this matter led to depart from IAS 38: "Intangible assets" which does not allow the recognition of internally generated goodwill, the company has to recognize the new share capital in accordance with the decision issued by the Minister of Economy and Commerce and to recognize the Goodwill resulted from valuation in the company's books of account.

**Pervious Auditor Report for the audit of the year ended December 31,2016 and a review of  
financial statements for the six-month period ended June 30,2016**

The consolidated financial statements of the company for the year ended December 31, 2016 and the interim condensed consolidated financial statements for the six-month period ended June 30,2016 were audited and reviewed by other independent auditor, whose report dated on July 3,2017 and 4<sup>th</sup> of October 2016 respectively, expressing a Qualified opinion and Qualified conclusion on those financial statements as follows:

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

One the Group's Joint operations (ETA Star Engineering and Contracting WLL and Debbas Enterprise Qatar W.L.L. Joint Operation) recognized cumulative revenue as of December 31, 2016 from unapproved variation orders amounting to QR. 77,775,000 (30<sup>th</sup> of June 2016: QR 94,392,783) (the Group's Share) in respect of scope changes and prolongation costs. Management is currently in negotiations with the customer for approving those variations. Management is confident that the amounts recognized in the books are fully recoverable. Management did not provide sufficient and appropriate data about the recoverability and completeness of the total amount recognized as of December 31, 2016 and as of June 30,2016, as well as a qualified conclusion as of June 30,2016 for the management of accounts of this Joint operation were used in the preparation of the accompanying interim condensed consolidated financial statements. We were unable to obtain sufficient appropriate audit evidence about the recoverability and completeness and the accuracy of the assets, liabilities and revenues from joint operation.

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

**Emphasis of matters (Continued):**

**Emphasis of matters in the previous audit and review report:**

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

B- Without qualifying our opinion, we draw attention to Notes No. (1), (23) and (39) of the accompanying consolidated financial statements as of December 31,2016, which describe the change in the Group's legal structure and invitation for the public to subscribe for shares in the period up to the date of approval of the consolidated financial statements.

C- Without qualifying our opinion, we draw attention to Note No. 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.

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

**Current Auditors' comments on Basis for Qualified opinion of previous auditor, based on the review of the Financial statements for the period Ended 30 of June 2017:**

Based on our review for the interim condensed consolidated financial statements of the Group for the six-month period ended June 30, 2017, we have noted that such qualifications are no longer valid during the period under our review, as the company founders have send a letter to Qatar financial market authority dated 26<sup>th</sup> of July 2017 showing that the Group have a complete approved documents represent scope change orders in accordance with operating orders approved by the Customer at project location which gives the Group the rightness and eligibility to recognize and to collect the value of additional work presented to the client, also the founders have undertaken in the letter shown above that have been send to Qatar financial market authority to be responsible for the value of payments in case of inability to recover their share in such payments. So reason of qualified opinion mentioned in the previous audit report is not necessary.

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

**Current Auditors comments on Emphasis of matters of previous auditors, based on the review of the Financial statements for the period Ended 30 of June 2017:**

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

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

Rödl & Partner

Certified Public Accountants



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



Doha – State of Qatar  
August 9, 2017

**INVESTMENT HOLDING GROUP Q.P.S.C.**

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT JUNE 30, 2017**

	<i>Notes</i>	<b>June 30, 2017</b>	<b>December 31, 2016</b>
		<b>(Unaudited) QR</b>	<b>(Audited) QR</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Bank balances and cash	5	139,072,867	122,513,544
Accounts receivable and other debit balances	6	218,691,406	211,781,355
Gross amounts due from customers on contract work		166,331,741	148,699,011
Due from related parties	7(a)	59,780,212	39,008,327
Inventories	8	54,567,649	66,743,445
		<b>638,443,875</b>	<b>588,745,682</b>
Assets classified as held for sale	9(a)	--	395,195,104
<b>Total current assets</b>		<b>638,443,875</b>	<b>983,940,786</b>
<b>Non-current asset</b>			
Retention receivables		30,248,386	43,306,924
Available-for-sale investments	10	2,250,000	2,250,000
Investment properties	11	1,867,806	2,170,692
Property, plant and equipment	12	21,137,839	22,778,217
Goodwill	13	711,492,489	--
<b>Total non-current assets</b>		<b>766,996,520</b>	<b>70,505,833</b>
<b>Total assets</b>		<b>1,405,440,395</b>	<b>1,054,446,619</b>

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

INVESTMENT HOLDING GROUP Q.P.S.C.

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

	<u>Notes</u>	June 30, 2017 (Unaudited) QR	December 31, 2016 (Audited) QR
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Bank overdraft	14(i)	72,557,129	70,945,173
Borrowings	14(ii)	108,099,315	96,188,745
Due to related party	7(ii)	48,791,486	23,515,587
Gross amounts due to customers on contract work		27,603,939	34,719,844
Accounts payable and accruals	15	173,842,628	171,493,762
Dividends payable		24,900,000	--
Income tax payable		--	4,381,651
		<b>455,794,497</b>	<b>401,244,762</b>
Liability directly associated with assets classified as held for sale	9(b)	--	269,603,697
<b>Total current liabilities</b>		<b>455,794,497</b>	<b>670,848,459</b>
<b>Non-current liabilities</b>			
Borrowings		3,958,846	6,171,246
Retentions payable		2,196,085	852,453
Employees' end of service benefits		25,190,043	29,614,741
<b>Total non-current liabilities</b>		<b>31,344,974</b>	<b>36,638,440</b>
<b>Total Liabilities</b>		<b>487,139,471</b>	<b>707,486,899</b>
<b>Equity and reserves</b>			
Share capital	16	830,000,000	10,000,000
Capital reserve		--	18,468,265
Legal reserve		--	5,000,000
Retained earnings		20,995,507	259,232,780
<b>Equity attributable to the owners of the Company</b>		<b>850,995,507</b>	<b>292,701,045</b>
Non-controlling interest	18	67,305,417	54,258,675
<b>Total equity</b>		<b>918,300,924</b>	<b>346,959,720</b>
<b>Total liabilities and equity</b>		<b>1,405,440,395</b>	<b>1,054,446,619</b>

Mohammed Ghanim Sultan Al-Hodaifi  
Board Director and Deputy CEO

Banan Serhan  
Group CFO

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

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

	<u>Notes</u>	<b>For the six-month period ended 30 June</b>	
		<b>2017</b>	<b>2016</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>QR</b>	<b>QR</b>
<b>Continuing Operations</b>			
Revenue		217,947,823	236,814,493
Direct cost		(152,870,284)	(149,248,895)
<b>Gross profit</b>		<b>65,077,539</b>	87,565,598
Other income		7,859,595	6,395,139
Dividends income from available for sale investments		5,000,000	--
General and administrative expenses		(35,405,315)	(39,337,942)
Interest expenses		(4,025,998)	(5,958,392)
Depreciation of property, plant and equipment	12	(1,724,202)	(2,933,579)
Allowance for doubtful account		(4,362,007)	--
Capital gain		42,987	--
Loss on revaluation of investment properties at fair value	11	(302,886)	(302,886)
Group's share from (loss)/profit of associates		--	(2,856)
<b>Net profit before management fees and income tax</b>		<b>32,159,713</b>	45,425,082
Management fees		--	(1,731,041)
Profit before income tax for the period		32,159,713	43,694,041
Income tax expenses		--	(2,447,224)
<b>Profit for the period from continuing operations</b>		<b>32,159,713</b>	41,246,817
<b>Discontinued operations</b>			
Profit for the period from discontinued operations		--	28,281,229
Gain on disposal of a subsidiary		--	--
Total discontinued operations		--	28,281,229
<b>Profit for the period</b>		<b>32,159,713</b>	69,528,046
<b>Profit for the period attributable to:</b>			
<b>Owners of the Company</b>			
From continuing operations		20,995,507	27,879,074
From discontinued operations		--	28,281,229
<b>Profit for the period attributable to the Owners of the Company</b>		<b>20,995,507</b>	56,160,303
<b>Non-controlling interest</b>			
From continuing operations		11,164,206	13,367,743
From discontinued operations		--	--
<b>Profit for the period attributable to non-controlling interest</b>		<b>11,164,206</b>	13,367,743
<b>Total</b>		<b>32,159,713</b>	<b>69,528,046</b>
<b>Basic Earnings per share</b>			
From continuing and discontinued operations		0.25	0.34
From discontinued operations		--	0.34
<b>Total Basic Earnings per share</b>		<b>0.25</b>	<b>0.68</b>

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

**INVESTMENT HOLDING GROUP Q.P.S.C.**

**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD 30 JUNE 2017**

	For the six-month period ended 30 June	
	2017 ( Unaudited ) QR	2016 ( Unaudited ) QR
<b>Profit for the period</b>	32,159,713	69,528,046
<b>Total comprehensive income for the period attributable to:</b>	32,159,713	69,528,046
<b>Owners of the Company</b>		
From continuing operations	20,995,507	27,879,074
From discontinued operations	--	28,281,229
<b>Total comprehensive income for the period attributable to the owners of the Company</b>	20,995,507	56,160,303
<b>Non-controlling interests</b>		
From continuing operations	11,164,206	13,367,743
From discontinued operations	--	--
<b>Total comprehensive income for the period attributable to non-controlling interest</b>	11,164,206	13,367,743
<b>Total</b>	<b>32,159,713</b>	<b>69,528,046</b>

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

**INVESTMENT HOLDING GROUP Q.P.S.C.**
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017**

	Share capital	Capital reserve	Legal reserve	Retained earnings	Attributable to equity owners of parent Company	Non- controlling interest	Total
	QR	QR	QR	QR	QR	QR	QR
<b>Balance at January 1, 2016 (Audited)</b>	10,000,000	18,468,265	5,000,000	162,264,612	195,732,877	40,839,358	236,572,235
Total comprehensive income for the period	--	--	--	56,160,303	56,160,303	13,367,743	69,528,046
Dividend distribution	--	--	--	(5,596,528)	(5,596,528)	(5,940,000)	(11,536,528)
<b>Balance at June 30, 2016 (Unaudited)</b>	<b>10,000,000</b>	<b>18,468,265</b>	<b>5,000,000</b>	<b>212,828,387</b>	<b>246,296,652</b>	<b>48,267,101</b>	<b>294,563,753</b>
<b>Balance at January 1, 2017 (Audited)</b>	830,000,000	--	--	--	830,000,000	62,763,728	892,763,728
Total comprehensive income for the period	--	--	--	20,995,507	20,995,507	11,164,206	32,159,713
Dividend distribution	--	--	--	--	--	(6,622,517)	(6,622,517)
<b>Balance at June 30, 2017 (Unaudited)</b>	<b>830,000,000</b>	<b>--</b>	<b>--</b>	<b>20,995,507</b>	<b>850,995,507</b>	<b>67,305,417</b>	<b>918,300,924</b>

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

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

	<u>Notes</u>	<b>For the six-month period ended 30 June</b>	
		<b>2017</b>	<b>2016</b>
		<b>(Unaudited) QR</b>	<b>(Unaudited) QR</b>
<b>OPERATING ACTIVITIES</b>			
Net Profit for the period		32,159,713	69,528,046
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	12	2,864,927	2,933,579
Dividends income from AFS financial assets		(5,000,000)	--
Provision for General expenses		(2,000,000)	--
Income tax expense recognised in profit or loss		--	2,447,224
Loss on revaluation of investment properties at fair value	11	302,886	302,886
Provision for slow moving inventory		725,813	--
Loss from disposal of property, plant and equipment		(42,987)	53,044
Group's share from profit of associates		--	2,856
Interest expense		4,025,998	5,958,392
Provision for doubtful debts charged during the period		--	1,563,618
Provision for employees' end of service benefits		1,658,813	2,537,929
		<b>34,695,163</b>	<b>85,327,574</b>
<i>Movements in working capital:</i>			
Inventories		11,449,983	2,356,399
Due from related parties		(20,771,885)	(11,726,136)
Gross amount due from customers on contract work		(17,632,730)	15,092,600
Accounts receivable and other debit balances		(8,617,062)	(20,303,266)
Due to related parties		25,275,899	14,053,539
Retentions receivable		13,058,538	11,304,215
Accounts payable and accruals		2,348,866	(13,301,961)
Gross amounts due to customers on contract work		(7,115,905)	(6,147,551)
Retention payable		1,343,632	(323,268)
<b>Cash generated from operations</b>		<b>34,034,499</b>	<b>76,332,145</b>
Income tax paid		(4,381,651)	(6,311,029)
Interest expense paid		<b>(4,025,998)</b>	(5,958,392)
Employees' end of service benefits paid		(6,083,511)	(1,511,457)
<b>Net cash generated from operating activities</b>		<b>19,543,339</b>	<b>62,551,267</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	12	(1,244,547)	(7,266,193)
Proceeds from sale of property, plant and equipment		42,988	403,941
Net movement in asset classified as held of sale		--	(28,530,476)
<b>Net cash used in from investing activities</b>	5	<b>(1,181,559)</b>	<b>(35,392,728)</b>

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

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

	For the six-month period ended 30 June	
	2017 (Unaudited) QR	2016 (Unaudited) QR
<b>FINANCING ACTIVITIES</b>		
Dividend paid	(13,112,583)	(11,536,528)
Movement of bank loans and borrowings	9,698,170	(15,411,406)
<b>Net cash used in financial activities</b>	<b>(3,414,413)</b>	<b>(26,947,934)</b>
Net increase in cash and cash equivalents	14,947,367	210,605
Cash and cash equivalents at beginning of the period	51,568,371	41,680,994
<b>Cash and cash equivalents at the end of the period</b>	<b>66,515,738</b>	<b>41,891,599</b>

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

## INVESTMENT HOLDING GROUP Q.P.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

#### 1 LEGAL STATUS AND MAIN ACTIVITIES

##### NOTE (A)

Investment Holding Group (the “Company” or “Parent”) is registered in the State of Qatar under Commercial Registration No. 39127 which has been amended to take effect of changing the legal status from a limited liability company to Qatari public shareholding company from 12 of November 2016. The Company is engaged in various types of investments inside the State of Qatar in accordance with sound commercial and economic practices.

previously, the company was registered under the same commercial registration No. 39127 as a limited liability from 11<sup>th</sup> of May 2008.

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 (together referred as the “Group”), as follows:

	Percentage of ownership (%)		Type of interest
	June 30, 2017 (unaudited)	December 31, 2016 (Audited)	
Trelco Limited – Single Shareholder Company	100	100	Subsidiary
Consolidated Engineering Systems Company W.L.L.(Note i)	60.4	60.4	Subsidiary
Water master (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

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

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

## INVESTMENT HOLDING GROUP Q.P.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

#### LEGAL STATUS AND MAIN ACTIVITIES (Continued)

##### Note (B):

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

##### Note (C):

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

##### Note (D):

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

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

Description	No. of shares	Shares nominal value	Share value in Qatari riyal	% from share capital
Founders	58,243,200	QR 10	582,432,000	70.2%
New shareholders	24,756,800	QR 10	247,568,000	29.8%
<b>Total share capital</b>	<b>83,000,000</b>	<b>QR 10</b>	<b>830,000,000</b>	<b>100%</b>

#### 2- Basis of Consolidation

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
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**2- Basis of Consolidation (Continued)**

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

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

The Group has make a reevaluation for its ability to control in investment and facts and circumstances that could give an indicator for changes in one or more from the three items of control as shown above.

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

**3 BASIS OF PREPARATION**

**(a) Statement of Compliance**

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

**b) Use of Judgments and estimates**

In preparing these interim condensed financial reporting, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The Significant judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty were same as those applied to financial statements as at and for the year ended December 31,2016.

In addition, results for the six-month period ended June 30,2017 are not necessarily indicative of the results that may be expected for the financial year ending December 31,2017, therefore should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December31,2016

**4- SIGNIFICANT ACCOUNTING POLICIES**

**a)Basis of measurement:**

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

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

**4- SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) New and amended standards adopted by the Group**

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2016, except for the adoption of new standards and amendments effective as of January 1, 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Although the below new amendments apply for the first time in 2017, they do not have an impact on the interim consolidated financial statements of the Group.

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

The management has taken into account the new standards in the preparation of these interim consolidated financial statements and their impact on the disclosure

**New and amended standards issued but not yet effective**

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

- Amendments to IFRS 1 "Adoption of International Financial Reporting Standards for the First Time" and IAS 28 "Investments in Associates and Joint Ventures" - Annual Improvements to IFRSs 2014-2016

(Effective for annual periods beginning on or after 1 January 2018)

- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"

(Effective for annual periods beginning on or after 1 January 2018)

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

**b) New and amended standards adopted by the Group (Continued)**

• **IFRS 4 "Insurance Contracts"**

(Effective for annual periods beginning on or after 1 January 2018)

• **IFRS 7 "Financial Instruments - Disclosures"**

Special requirements on tab and measurement (effective for annual financial periods beginning on or after 1 January 2018)

**IFRS 9 "Financial Instruments"**

Special requirements on the tab and measurement (left for annual periods beginning on or after 1 January 2018)

• **IFRS 15 Revenue from Customer Contracts**

In accordance with the requirements of the specified tab (applicable to annual periods beginning on or after 1 January 2018)

• **IFRS 16 "Leasing"**

(Effective for annual periods beginning on or after 1 January 2019)

• **IFRS 17 "Insurance Contracts"**

(Effective for annual periods beginning on or after 1 January 2021)

• **Amendments to IAS 40 "Real Estate Investment"**

Transfers of property to or from real estate investment (effective for annual financial periods beginning on or after 1 January 2018)

**INVESTMENT HOLDING GROUP Q.P.S.C.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
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<b>5. BANK BALANCES AND CASH</b>	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Cash on hand	716,266	321,658
Cash in bank	131,356,601	114,501,886
Fixed deposits (Note i)	7,000,000	7,000,000
Bank margin	--	690,000
	<b><u>139,072,867</u></b>	<b><u>122,513,544</u></b>

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

<b>6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES</b>	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Trade receivables, net	126,934,214	122,217,114
Retention receivable	50,920,820	50,246,224
Prepaid expenses	25,919,643	23,385,318
Other debit balances (Note i)	14,916,729	15,932,699
	<b><u>218,691,406</u></b>	<b><u>211,781,355</u></b>

**7. 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**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Al Hodaifi Group W.L.L. and its subsidiaries	56,635,037	33,805,743
Others	3,145,175	5,202,584
	<b><u>59,780,212</u></b>	<b><u>39,008,327</u></b>

**b) Due to related parties**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Existing Shareholders	7,832,141	7,650,878
Al Hodaifi Group W.L.L. and its subsidiaries	26,953,526	2,936,897
Others	14,005,819	12,927,812
	<b><u>48,791,486</u></b>	<b><u>23,515,587</u></b>

**INVESTMENT HOLDING GROUP Q.P.S.C.**

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

**8. INVENTORIES**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Trading inventory	39,929,143	56,676,448
Raw material	17,503,926	6,394,943
Goods in transit	--	5,811,661
<b>Total inventory balance</b>	<b>57,433,069</b>	<b>68,883,052</b>
Allowance for obsolete and slow moving items	(2,865,420)	(2,139,607)
Net inventory balance	<b>54,567,649</b>	<b>66,743,445</b>

**9. ASSETS CLASSIFIED AS HELD FOR SALE**

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

**\* Investments of a joint operation**

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

Al-sewedy cables Qatar W.L.L. was not a part from public subscription process as agreed with Qatar financial market authority.

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

**10. AVAILABLE-FOR-SALE INVESTMENTS**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Available for sales investments	<b>2,250,000</b>	2,250,000

Available-for-sale investments are carried at cost, since its fair value cannot be reliably estimated. These investments are un quoted.

**INVESTMENT HOLDING GROUP Q.P.S.C.**

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

**11. INVESTMENT PROPERTIES**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Opening balance	2,170,692	2,776,465
Changes in fair value	<u>(302,886)</u>	<u>(605,773)</u>
<b>Closing balance</b>	<b><u>1,867,806</u></b>	<b><u>2,170,692</u></b>

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 interim consolidated statement of profit or loss.

**12. PROPERTY, PLANT AND EQUIPMENT**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Net book value – opening balance	63,501,799	58,044,770
<b>Add :</b>		
Additions during period/year	1,224,547	9,099,095
<b>Subtract:</b>		
Disposals during period/year	<u>(489,240)</u>	<u>(3,642,068)</u>
<b>Historical cost at the end of period/year</b>	<b><u>64,237,106</u></b>	<b><u>63,501,797</u></b>
Accumulated Depreciation in the beginning period/year	40,723,579	38,095,885
<b>Add :</b>		
*Depreciation during period/year	2,864,927	5,685,076
<b>Subtract :</b>		
Accumulated depreciation for disposal during period/year	<u>(489,239)</u>	<u>(3,057,381)</u>
<b>Accumulated depreciation during period/year</b>	43,099,267	40,723,580
<b>Closing balance</b>	<b><u>21,137,839</u></b>	<b><u>22,778,217</u></b>

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

## INVESTMENT HOLDING GROUP Q.P.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

#### 13- Goodwill

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

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

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

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

#### 14. BANK LOANS AND BORROWING

##### 14.i BANK OVER DRAFT

	<u>June 30, 2017</u> (Unaudited) QR	<u>December 31, 2016</u> (Audited) QR
Closing balance	<u>72,557,129</u>	<u>70,945,173</u>

**INVESTMENT HOLDING GROUP Q.P.S.C.**

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

**14.II BORROWING**

	Current		Non-current	
	June 30, 2017 (Unaudited) QR	December 31, 2016 (Audited) QR	June 30, 2017 (Unaudited) QR	December 31, 2016 (Audited) QR
Project financing (1)	7,680,360	25,156,211	--	3,057,519
Import loan (2)	48,748,058	42,013,462	--	--
Demand loan (3)	17,847,002	16,777,638	--	--
Term loans (4)	10,995,775	11,980,504	3,958,846	3,113,727
Murabaha loan	22,706,787	--	--	--
Vehicle loan	121,333	260,930	--	--
	<b>108,099,315</b>	<b>96,188,745</b>	<b>3,958,846</b>	<b>6,171,246</b>

(1)Project financing

During 2014, the Group entered into loans that are utilized to finance its existing projects. These loans are settled within 4 to 10 months from the progress payments paid by the client and bear an interest rate ranging from 5% to 8% (2016: 5% to 8%). 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%.

(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% (2016: 4.5% to 4.75%) annually and have maturities ranging from 180 to 270 days.

(3)Demand loan

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

(4)Term loan

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

**15. ACCOUNTS PAYABLE AND ACCRUALS**

	June 30, 2017 (Unaudited) QR	December 31, 2016 (Audited) QR
Trade and notes payable	69,181,900	83,850,660
Advances from customers	48,172,570	46,097,741
Accruals and other credit balances	56,337,276	41,545,361
Accruals income tax	150,882	--
<b>Closing balance</b>	<b>173,842,628</b>	<b>171,493,762</b>

**INVESTMENT HOLDING GROUP Q.P.S.C.****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
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The shareholders decided in their general assembly meeting held on October 16, 2016, to revise the capital ownership percentage and offer 60% of the revised number of shares to the public subscription.

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

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

During the constitutional assembly held on May 5, 2017 the chairman of the assembly presented all procedures performed to convert the Company from Limited liability company to Qatari 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%.

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

Description	No. of shares	Shares nominal value	Share value in Qatari riyal	% from share capital
Founders	58,243,200	QR 10	582,432,000	70.2%
New shareholders	24,756,800	QR 10	247,568,000	29.8%
<b>Total company share capital</b>	<b>83,000,000</b>	<b>QR 10</b>	<b>830,000,000</b>	<b>100%</b>

**17. BASIC EARNINGS PER SHARE**

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

	June 30, 2017 (Unaudited) QR	December 31, 2016 (Audited) QR
Basic earnings per share from continuing operations	0.25	0.34
Basic earnings per share from discontinuing operations	--	0.34
<b>Total basic earnings per share</b>	<b>0.25</b>	<b>0.68</b>

**INVESTMENT HOLDING GROUP Q.P.S.C.****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017****17. 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:

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Profit for the year used in the calculation of basic earnings per share from continuing operations	<b>14,505,441</b>	27,879,074
Profit for the year used in the calculation of the basic earnings per share from discontinued operations	--	28,281,229
<b>Total profit for the year attributable to the Owners of the Company</b>	<b>14,505,441</b>	56,160,303
Weighted average number of ordinary shares outstanding during the year (in shares)	<b>83,000,000</b>	83,000,000

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
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18. NON-CONTROLLING INTERESTS

Name of subsidiary	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests	Profit allocated to non-controlling interests	Dividend distribution	Accumulated non-controlling interest
			QR.	QR.	QR.
<b>June 30, 2017</b>					
Consolidated Engineering Systems Company W.L.L.	Qatar	39.60%	9,351,485	(6,622,517)	41,857,340
Water master (Qatar) Company W.L.L.	Qatar	36.70%	1,377,333	--	7,419,171
Electro Mechanical Engineering Company W.L.L.	Qatar	31.50%	(104,845)	--	2,582,567
Construction Development Contracting & Trading Co. W.L.L.	Qatar	49.00%	310,626	--	7,147,051
Debbas Enterprises - Qatar W.L.L.	Qatar	49.00%	589,059	--	3,712,067
Trelco Building Materials Co. W.L.L.	Qatar	15.00%	4,789	--	(169,266)
Consolidated Supplies Company W.L.L.	Qatar	24.50%	(364,241)	--	4,756,487
			<b>11,164,206</b>	<b>(6,622,517)</b>	<b>67,305,417</b>
<b>December 31, 2016</b>					
Consolidated Engineering Systems Company W.L.L.	Qatar	39.60%	21,483,265	(6,000,000)	42,577,011
Water master (Qatar) Company W.L.L.	Qatar	36.70%	2,957,878	--	5,808,214
Electro Mechanical Engineering Company W.L.L.	Qatar	31.50%	587,342	--	2,793,051
Construction Development Contracting & Trading Co. W.L.L.	Qatar	49.00%	648,484	--	6,810,266
Debbas Enterprises - Qatar W.L.L.	Qatar	49.00%	162,502	--	3,123,008
Trelco Building Materials Co. W.L.L.	Qatar	15.00%	79,044	--	(196,390)
Consolidated Supplies Company W.L.L.	Qatar	24.50%	(619,198)	(5,880,000)	(6,656,485)
			<b>25,299,317</b>	<b>(11,880,000)</b>	<b>54,258,675</b>

**19. SEGMENT INFORMATION**

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

1. *Contracting*: This includes construction activities.
2. *Specialized contracting*: This includes Mechanical, Electrical and Plumbing in addition to Security Systems.
3. *Trading*: This includes trading in food, Chemical, Electrical, security and Safety systems and Building Materials.
4. *Water treatment & related maintenance*: This includes contracting for wellness and pools, water features and water treatment and after sale maintenance and services.
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 period ended June 30,2017.

INVESTMENT HOLDING GROUP Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
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19. SEGMENT INFORMATION (CONTINUED)

	Specialized Contracting	Water treatment	Contracting	Trading
<b>Period Ended June 30,2017</b>				
revenue	126,542,091	39,768,437	28,183,308	23,453,989
Gross profit for the period	43,083,915	13,937,840	2,731,072	5,324,713
Net profit for the period	24,484,184	3,752,952	633,931	33,066,861
<b>Period Ended June 30,2016</b>				
revenue	145,619,014	34,674,455	31,372,393	25,148,631
Gross profit for the period	63,644,871	11,961,263	3,094,963	8,147,045
Net profit for the period	32,600,567	4,322,941	698,861	15,179,860
<b>As of June 30,2017</b>				
Current Assets	396,428,708	58,784,711	42,692,894	100,816,991
Non-Current assets	21,469,631	9,000,792	16,043,905	8,924,740
Current liabilities	279,171,644	38,439,829	45,848,818	53,077,601
Non-Current liabilities	13,644,682	8,351,879	4,754,978	2,542,797
<b>As of December 31,2016</b>				
Current assets	371,140,721	47,539,314	44,383,951	96,958,899
Non-Current assets	35,881,725	11,113,580	14,444,349	7,659,083
Current liabilities	273,315,071	33,844,271	44,603,766	65,437,940
Non-Current liabilities	12,875,530	7,606,982	6,461,877	2,852,884

**20. FINANCIAL INSTRUMENTS**

Financial instruments consist of financial assets and financial liabilities.

***Financial Assets:***

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

**21. FINANCIAL RISK MANAGEMENT**

**Objectives and policies**

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

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

**22. COMPARATIVE FIGURES**

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

- 1- Comparative figures related to companies, continued operations that partners' has entered in the valuation and it is not included their share in Qatari sewedy cables company which was presented in the financial statements for the year ended December 31,2016 audited by pervious auditor as assets held for sale with an amount of QR 395,195,104 and liabilities directly classified as held for sale amounted to QR 269,603,697 with a net figure amounted to QR 125,591,407 and non-continued operation profits amounted as of December 31,2016 with an amount of QR 56,839,043 (30 June 2016: QR 28,281,229).
- 2- Comparative financial statements related to the financial statement for the year ended December 31,2016 do not include Goodwill resulted from the company valuation process and its subsidiary companies which based on that the Ministerial Resolution has been issued to determine the share capital with an amount of QR 830,000,000 and accordingly the public subscription of the offered shares has been operated.

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