Terna Qatar L.L.C.

FINANCIAL STATEMENTS

31 DECEMBER 2016

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TERNA QATAR L.L.C.

Report on the audit of the financial statements

Opinion
We have audited the financial statements of Terna Qatar L.L.C. (the "Company"), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion
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 financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern
We draw attention to Note 2 to the financial statements which describes that the Company has reported a deficit of QR 86,646,520 (2015: QR 314,049,957) as at 31 December 2016 which exceeded 50% of its share capital as at that date. Article 298 of the Qatar Commercial Companies' Law No. 11 of 2015 requires that in such an event, the managers of the Company shall, within 30 days from the date when the losses reached this limit, propose to the general assembly the need to cover the shortage in capital or dissolve the Company. The decision to dissolve the Company requires the same majority needed for the amendment of the Company's Memorandum of Association. If the managers neglected to invite the partners or if the partners failed to reach a decision on the matter, the managers or the partners, as the case may be, shall be jointly liable for the obligations of the Company that arise out of their negligence.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. In this regard, subsequent to the reporting date, the managers of the Company has proposed to the general assembly the need to cover the shortage in capital, and the partners of the Company have resolved to provide the Company with adequate financial support to enable it to meet its liabilities as they fall due, for a foreseeable future. Moreover, the parent Company has granted a subordinate loan to the Company to support its operations. Accordingly, these financial statements have been prepared on a going concern basis. Our opinion is not modified in this respect.

Responsibilities of management and board of directors for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the 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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TERNA QATAR L.L.C. (CONTINUED)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)
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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of 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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Legal and Other Regulatory Requirements
Furthermore, in our opinion, proper books of account have been kept by the Company and the financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material adverse effect on the Company's financial position or performance.

Ziad Nader
of Ernst & Young
Auditor's Registration No. 258

Date: 20 March 2017
Doha

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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	*2016* *QR*	*2015* *QR*
Revenue	5	**148,216,104**	71,580,518
Direct costs	6	**(95,465,778)**	(154,922,361)
GROSS PROFIT (LOSS)		**52,750,326**	(83,341,843)
Other income	7	**153,154,792**	427,918
General and administrative expenses	8	**(458,946)**	(834,662)
Reversal (provision) for anticipated future losses		**(394,369)**	9,978,273
PROFIT (LOSS) FROM OPERATIONS		**205,051,803**	(73,770,314)
Finance income	9	**386,221**	-
Finance costs	9	**(7,476,043)**	(10,710,479)
PROFIT (LOSS) BEFORE TAX		**197,961,981**	(84,480,793)
Income tax expense	10	**-**	-
PROFIT (LOSS) FOR THE YEAR		**197,961,981**	(84,480,793)
Other comprehensive income			
Gain on foreign currency translation		**1,438,467**	29,552,356
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE YEAR		**199,400,448**	(54,928,437)

The attached notes 1 to 25 form part of these financial statements.

Terna Qatar L.L.C.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes	*2016* *QR*	*2015* *QR*
ASSETS			
Noncurrent asset			
Property and equipment	11	**12,173,297**	17,842,194
Current assets			
Work in progress		**-**	31,447,633
Trade and other receivables	12	**57,113,479**	65,920,641
Deposits and prepayments		**504,545**	2,697,825
Due from related parties	22	**21,334,009**	98,300,963
Bank balances and cash	13	**30,672,319**	8,235,213
		109,624,352	206,602,275
TOTAL ASSETS		**121,797,649**	224,444,469
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**200,000**	200,000
Legal reserve	15	**100,000**	100,000
Subordinated loan	16	**110,372,414**	264,160,845
Foreign currency translation reserve	17	**21,597,672**	49,600,661
Surplus (Deficit)		**(86,646,520)**	(314,049,957)
Total equity		**45,623,566**	11,549
Noncurrent liability			
Employees' end of service benefits	18	**4,854,818**	5,489,857
Current liabilities			
Advance billing		**9,985,793**	-
Loans and borrowings	19	**44,298**	46,004,705
Advances from a customer	20	**-**	54,728,186
Trade and other payables	21	**40,771,131**	73,083,329
Due to related parties	22	**18,625,347**	43,628,514
Provision for anticipated future losses		**1,892,696**	1,498,329
		71,319,265	218,943,063
Total liabilities		**76,174,083**	224,432,920
TOTAL EQUITY AND LIABILITIES		**121,797,649**	224,444,469

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For Terna Qatar L.L.C.

The attached notes 1 to 25 form part of these financial statements.

STATEMENT OF CASHFLOWS

For the year ended 31 December 2016

	Notes	*2016* *QR*	*2015* *QR*
OPERATING ACTIVITIES			
Profit (loss) before tax		**197,961,981**	(84,480,793)
Adjustments for:			
(Reversal) provision for anticipated future losses		**394,369**	(9,978,273)
Finance income		**(58,333)**	-
Depreciation	11	**4,956,135**	5,904,034
Income on relinquishment of subordinated loan	7	**(152,349,964)**	-
Interest expense	9	**2,059,613**	3,937,527
Unrealized exchange difference		-	(1,344,304)
Provision for employees' end of service benefits	18	**1,020,888**	1,442,528
Loss (gain) on disposal of property, plant and equipment		**284,734**	(98,079)
		54,269,423	(84,617,360)
Working capital adjustments:			
Work in progress		**41,433,426**	41,616,915
Deposits and prepayments		**2,193,280**	(726,375)
Trade and other receivables		**8,807,162**	3,766,506
Due from related parties		**76,966,950**	52,627,682
Advances from a customer		**(54,728,186)**	(20,585,210)
Due to related parties		**(25,003,167)**	(47,975,058)
Trade and other payables		**(32,312,194)**	(13,779,958)
Cash from (used in) operations		**71,626,694**	(69,672,858)
Employees' end of service benefits paid	18	**(1,655,927)**	(1,496,787)
Finance Income		**58,331**	-
Interest paid		**(2,059,613)**	(3,937,527)
Net cash flows from (used in) operating activities		**67,969,485**	(75,107,172)
INVESTING ACTIVITIES			
Additions to property, plant and equipment	11	**(271,972)**	(558,280)
Proceeds from disposal of property, plant and equipment		**700,000**	144,000
Net cash flows from (used in) an investing activities		**428,028**	(414,280)
FINANCING ACTIVITITIES			
Proceeds from subordinated loan		-	84,101,403
Net movement in short term loans		**(45,960,407)**	(11,360,249)
Net cash flows (used in) from financing activities		**(45,960,407)**	72,741,154
INCREASE (DECREASE) IN CASH AND BANK BALANCES		**22,437,106**	(2,780,298)
Cash and bank balances at 1 January		**8,235,213**	11,015,511
CASH AND BANK BALANCES AT 31 DECEMBER		**30,672,319**	8,235,213

The attached notes 1 to 25 form part of these financial statements.

Terna Qatar L.L.C.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Share Capital QR	*Legal reserve QR*	*Subordinated loan QR*	*Foreign currency translation reserve QR*	*Deficit QR*	*Total QR*
Balance at 1 January 2015	200,000	100,000	209,611,798	20,048,305	(229,569,164)	390,939
Funds received	-	-	84,101,403	-	-	84,101,403
Revaluation of subordinated loan	-	-	(29,552,356)	29,552,356	-	-
Loss for the year	-	-	-	-	(84,480,793)	(84,480,793)
Balance at 31 December 2015	200,000	100,000	264,160,845	49,600,661	(314,049,957)	11,549
Revaluation of subordinated loan	-	-	(1,438,467)	1,438,467	-	-
Share of subordinated loan relinquished*	-	-	(152,349,964)	-	-	(152,349,964)
Transfer of share of realised translation reserved	-	-	-	(29,441,456)	29,441,456	-
Profit for the year	-	-	-	-	197,961,981	197,961,981
Balance at 31 December 2016	**200,000**	**100,000**	**110,372,414**	**21,597,672**	**(86,646,520)**	**45,623,566**

* Please refer Note 7 to the financial statements for further details.

The attached notes 1 to 25 form part of these financial statements.

1 CORPORATE INFORMATION

Terna Qatar L.L.C. (the "Company") was registered and incorporated in the State of Qatar as a company with limited liability on 17 December 2006 under Commercial Registration No. 34407. The principal activities of the Company are engaging in construction contracts and provision of advisory services.

As per the share transfer agreement dated 16 November 2016, the Qatari shareholder of the Company, Mr. Nasser Sulaiman H M Haidar transferred his 65% shareholding in the Company to Mr. Eisa Hussain A M Al-Hammadi (Qatari).

Accordingly, the details in respect of the shareholding of the Company as at 31 December 2016 are as follows.

Name of the Shareholder	*Origin*	*Holding %*	*No. of shares*	*Value of the shares QR*
Mr. Eisa Hussain A M Al-Hammadi	Qatari	65%	13,000	130,000
Terna Overseas Limited Company – Cyprus	Foreign	35%	7,000	70,000
		100%	20,000	200,000

The financial statements as at and for the year ended 31 December 2016 were approved and authorized for issue by the Board of Directors on 20 March 2017.

2 BASIS OF PREPERATION

(a) Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement
The accompanying financial statements have been prepared on the historical cost convention except for certain amounts which are valued at fair value or amortized cost.

(c) Going concern
The Company has reported a deficit of QR 86,646,520 (2015: QR 314,049,957) as at 31 December 2016 which exceeded 50% of its share capital as of that date. Article 298 of the Qatar Commercial Companies' Law No. 11 of 2015 requires that in such an event, the managers of the Company shall, within 30 days from the date when the losses reached this limit, propose to the general assembly the need to cover the shortage in capital or dissolve the Company. The decision to dissolve the Company requires the same majority needed for the amendment of the Company's Memorandum of Association. If the managers neglected to invite the partners or if the partners failed to reach a decision on the matter, the managers or the partners, as the case may be, shall be jointly liable for the obligations of the Company that arise out of their negligence.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. In this regard, subsequent to the reporting date, the managers of the Company has proposed to the general assembly the need to cover the shortage in capital, and the partners of the Company have resolved to provide the Company with adequate financial support to enable it to meet its liabilities as they fall due, for a foreseeable future. Moreover, the parent Company has granted a subordinate loan to the Company to support its operations. The management of the Company does not believe that it require any adjustment that may arise from this uncertainty. Accordingly, these financial statements have been prepared on a going concern basis.

(d) Functional and presentation currency
These financial statements are presented in Qatari Riyal ("QR"), which is the Company's functional and presentation currency. All financial information presented in QR has been rounded to the nearest Riyal.

2 BASIS OF PREPERATION (CONTINUED)

(e) Use of estimates and judgments
The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments are made by management on the developments, selection and disclosure of the Company's critical accounting policies and the application of these policies and estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised of 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.

Significant accounting judgments, estimates and assumptions
Information about assumptions and estimation uncertainties that have significant risk of resulting in material adjustments are as follows:

Revenue recognition – construction contracts
When a contract is judged to be a construction contract, revenue is recognized using the percentage of completion method as the construction progresses. The percentage of completion is made by reference to the stage of completion of projects and is determined based on the proportion of total contract costs incurred to date and total estimated contract cost for each contract. The estimated contract cost is assessed based on the project budgets prepared by the Company in which the management of the company uses their best estimates to assess the cost based on the best available information. The project budgets are re-assessed at each reporting date.

Operating leases – company as a lessee
The Company has entered into commercial property leases related to its office spaces. The Company has determined that the significant risks and rewards of ownership of these properties were not transferred to the Company. Hence they have been accounted as operating leases.

End of service benefits
The determination of the obligation and the cost for end of service benefits is in accordance with employment contracts. End of service benefits as at 31 December 2016 amounted to QR 4,854,818 (2015: QR 5,489,857).

Taxes
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

The Company can recognize deferred tax assets on unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. However the Company has not recognized deferred tax assets for unused tax losses on the basis that company is unable to assess the likely timing and the level of future taxable profits together with future tax planning strategies.

Useful lives of property, plant and equipment
The management of the Company annually reviews the estimated useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use and are revised if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence. It is possible that future results of operations could be materially affected by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation expense and decrease noncurrent assets.

2 BASIS OF PREPERATION (CONTINUED)

(e) Use of estimates and judgments (continued)

Useful lives of property, plant and equipment (continued)
Depreciation on property, plant and equipment recognized in the statement of comprehensive income amounted to QR 4,956,135 in 2016 (2015: QR 5,904,034). As at 31 December 2016, net carrying value of property, plant and equipment amounted to QR 12,173,297 (2015: QR 17,842,194).

Allowance for impairment losses on receivables
If necessary, the Company maintains an allowance for impairment losses on receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customers, customer's payment behaviour and known market factors. The management reviews the age and status of receivables, and identifies accounts that are to be provided with allowances on a regular basis. The amount and timing of recorded expenses for any period would differ if the management made a different judgment or utilized different estimates. An increase in allowance for impairment losses would increase the recorded administrative expenses and decrease current assets.

As at 31 December 2016, there was no indication of impairment loss on the Company's receivables.

Allowance for impairment losses on nonfinancial assets
The management assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the management considers important which could trigger an impairment review include the following:

- Significant underperformance relative to the expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

As at 31 December 2016, there was no indication of impairment loss on the Company's nonfinancial assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company,

3.1 Foreign currencies

Foreign currency transactions and balances
Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in foreign currencies are translated to riyal at the exchange rates ruling at the dates of transactions. Non monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated at the exchange rates ruling at the dates the values were determined.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments

3.2.1 Financial assets

Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
The Company has following categories of financial assets as at the date of financial position. The subsequent measurement of financial assets depends on their classification as described below:

- Financial assets at fair value through profit or loss
- Loans and receivables.

The subsequent measurement of financial assets depends on their classification as described below:

a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of comprehensive income.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied.

b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs for loans and in other operating expenses for receivables.

De-recognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

3.2.1 Financial assets (continued)

Impairment of financial assets
The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since 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.

Financial assets carried at amortized cost
For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

When impairment exists, the carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in profit or loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification as described below:

a) Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

b) Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

De-recognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.3 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Plant & machinery	6-7 years
Motor vehicles	5 years
Furniture and fittings	6-7 years
Porta cabins	20 years
Electrical equipment	5 years
Computer equipment	3 years
Telephones	6-7 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is de-recognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.4 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out / weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.5 Construction work in progress and Advance billings

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billings and recognized losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction work in progress is presented separately as an asset in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the difference is presented as advance billing (deferred income) as a liability in the statement of financial position.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the Statement of Comprehensive Income in expense categories consistent with the function of the impaired asset.

3.7 Cash and short term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.8 Employee end of service benefits

The Company operates an Employee end of service benefit plan under which an entity accrues for their contributions, which is in accordance with the labour laws in Qatar. Obligations for contributions to the plan are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees (period of employment).

3.9 Provisions

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

3.10 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognized.

(i) On construction contracts
Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity. The stage of completion is assessed by reference to total cost incurred to date as a percentage of total estimated contract cost for each contract (surveys of work performed). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

(ii) Services
Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

3.12 Finance income and finance costs

Finance income comprises interest income on funds invested.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to construction or production of a qualifying asset are recognized in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

3.13 Taxes

Income tax is calculated in accordance with the provisions of Qatar Income Tax Law No. 21 of 2009. Income tax expense comprises current tax. Income tax expense is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect to previous years.

3.14 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under control with the reporting entity, or between and/or among the reporting entity and its key management personnel, directors or its stockholders. Transactions between related parties are accounted for at arm's-length prices or on terms similar to those offered to non-related entities in an economically comparable market.

3.15 Events after the reporting date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are recognized in the financial statements, when material. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except for the following:

New standards, interpretations and amendments
The Company applied for the first time following standards and amendments, which are effective for annual periods beginning on or after 1 January 2016.

Topic	*Effective date*
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisition of Interests	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016
Amendments to IAS 1: Disclosure Initiative	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28: Applying the Consolidation Exception	1 January 2016
Annual Improvements 2012 - 2014 Cycle	1 January 2016

These new standards and amendments do not have any material impact on the Company.

4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

Topic	*Effective date*
Amendments to IAS 12 – Recognition of deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to IAS 7 – Disclosure Initiative	1 January 2017
Amendments to IFRS – IFRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019

The Company did not early adopt any new or amended standards during the year and it intends to adopt these standards, if applicable, when they become effective.

5 REVENUE

	2016 *QR*	*2015* *QR*
Contract revenue	**132,578,323**	71,580,518
Income from manpower	**15,637,781**	-
	148,216,104	71,580,518

6 DIRECT COSTS

	2016 *QR*	*2015* *QR*
Salaries and related expenses	**35,513,550**	44,700,287
Sub-contract costs	**28,216,097**	59,652,218
Material	**10,366,274**	26,908,858
Depreciation	**4,956,135**	5,904,034
Rent expense	**3,385,280**	4,315,680
Other office expenses	**2,911,528**	2,548,567
Water and electricity	**2,420,151**	975,697
Hire of labour	**2,368,006**	5,979,799
Vehicle hire and related costs	**958,001**	1,171,579
Communication and courier charges	**753,617**	652,308
Travel and hotels	**345,616**	382,840
Insurance	**135,039**	229,887
Accommodation and subsistence	**132,410**	153,268
Material testing charges	**116,380**	248,985
Miscellaneous	**2,887,694**	1,098,354
	95,465,778	154,922,361

7 OTHER INCOME

	2016 *QR*	*2015* *QR*
Income on relinquishment of subordinated loan (Note 7.1)	**152,349,964**	-
Sale of scrap material	-	37,488
Miscellaneous income	**804,828**	390,430
	153,154,792	427,918

Note 7.1
During the year 2016, Terna Overseas Limited, the parent of the Company has decided to relinquish a sum of QR 152,349,964 from the subordinated loan it has provided to the Company. The parent has confirmed that the Company has no further liability towards this amount to them.

The Company has recognized this amount as an income in its statement of comprehensive income for the year ended 31 December 2016.

8 GENERAL AND ADMINISTRATIVE EXPENSES

	2016 *QR*	*2015* *QR*
Printing and stationary	**161,492**	240,553
Legal and consultants fees	**262,625**	519,887
Tender expense	**700**	61,000
Entertainment and advertising	**34,129**	13,222
	458,946	834,662

9 NET FINANCE (INCOME) COSTS

	2016 *QR*	*2015* *QR*
Finance income		
Interest income	**58,333**	
Gain on exchange difference	**327,888**	-
	386,221	-
Finance costs		
Letters of guarantee charges	**5,364,400**	5,384,232
Interest expense	**2,059,613**	3,937,527
Loss on exchange difference	-	1,344,304
Bank charges and commissions	**52,030**	44,416
	7,476,043	10,710,479
Net finance cost	**7,089,822**	10,710,479

10 INCOME TAX EXPENSE

The income tax expense for the year is computed as follows:

	2016 *QR*	*2015* *QR*
Accounting profit (loss) before tax	**197,961,981**	(84,480,793)
Adjustments for:		
Non-deductible depreciation	**2,002,211**	2,413,338
Non-deductible provision	**394,369**	(9,978,273)
Disallowed expenses	**284,734**	76,017
Other amendments	**(327,888)**	1,246,225
Gross taxable revenue (loss)	**200,315,407**	(90,723,486)
Less: Carried forward tax losses	**(314,025,003)**	(223,301,517)
Tax loss	**(113,709,596)**	(314,025,003)
Income tax expense for the year	**-**	-

Income tax expense for the year to be calculated by applying the tax rate applicable to the Company on the portion of the taxable income relevant, if any, to the foreign shareholder (99%), as per the Articles of Association of the Company.

11 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery QR	*Motor vehicles QR*	*Furniture & fittings QR*	*Porta cabins QR*	*Electrical equipment QR*	*Computer equipment QR*	*Telephones QR*	*Total QR*
Gross carrying values:								
At 1 January 2016	27,847,992	3,549,255	1,392,312	11,461,994	1,926,707	2,705,151	487,411	49,370,822
Additions	127,500	-	15,505	-	79,742	49,225	-	271,972
Write-off	-	-	-	(1,331,160)	-	-	-	(1,331,160)
At 31 December 2016	27,975,492	3,549,255	1,407,817	10,130,834	2,006,449	2,754,376	487,411	48,311,634
Accumulated depreciation:								
At 1 January 2016	20,543,875	2,978,351	1,075,442	2,391,133	1,547,849	2,648,535	343,443	31,528,628
Provision	3,807,824	180,416	240,519	517,261	99,293	46,762	64,060	4,956,135
Write-off	-	-	-	(346,426)	-	-	-	(346,426)
At 31 December 2016	24,351,699	3,158,767	1,315,961	2,561,968	1,647,142	2,695,297	407,503	36,138,337
Net carrying values:								
At 31 December 2016	**3,623,793**	**390,488**	**91,856**	**7,568,866**	**359,307**	**59,079**	**79,908**	**12,173,297**

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Plant and machinery QR	*Motor vehicles QR*	*Furniture & fittings QR*	*Porta cabins QR*	*Electrical equipment QR*	*Computer equipment QR*	*Telephones QR*	*Total QR*
Gross carrying values:								
At 1 January 2015	27,837,592	4,067,255	1,893,162	11,461,994	1,384,117	2,679,011	487,411	49,810,542
Additions	10,400	480,000	-	-	41,740	26,140	-	558,280
Reclassifications	-	-	(500,850)	-	500,850	-	-	-
Write-off	-	(998,000)	-	-	-	-	-	(998,000)
At 31 December 2015	27,847,992	3,549,255	1,392,312	11,461,994	1,926,707	2,705,151	487,411	49,370,822
Accumulated depreciation:								
At 1 January 2015	16,378,311	3,414,440	1,489,544	1,818,033	642,289	2,559,456	274,600	26,576,673
Provision	4,165,564	515,990	193,601	573,100	297,857	89,079	68,843	5,904,034
Reclassifications	-	-	(607,703)	-	607,703	-	-	-
Write-off	-	(952,079)	-	-	-	-	-	(952,079)
At 31 December 2015	20,543,875	2,978,351	1,075,442	2,391,133	1,547,849	2,648,535	343,443	31,528,628
Net carrying values:								
At 31 December 2015	7,304,117	570,904	316,870	9,070,861	378,858	56,616	143,968	17,842,194

12 TRADE AND OTHER RECEIVABLES

	2016 *QR*	*2015* *QR*
Trade receivables	**40,095,439**	10,182,924
Advance to suppliers	**15,642,373**	17,717,598
Retentions	**376,248**	36,621,596
Other receivables and accrued income	**999,419**	1,398,523
	57,113,479	65,920,641

As at the reporting date, the ageing of unimpaired receivables is as follows:

			Past due but not impaired				
	Total *QR*	*Neither past due nor impaired* *QR*	*< 30 days* *QR*	*30 – 60 days* *QR*	*61 – 90 days* *QR*	*91 – 120 days* *QR*	*>120 days* *QR*
2016	**40,095,439**	**39,899,829**	-	-	-	-	**195,610**
2015	10,182,924	3,937,774	-	-	-	-	6,245,150

Unimpaired receivables are expected to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables.

13 CASH AND BANK BALANCES

	2016 *QR*	*2015* *QR*
Cash in bank	**30,590,716**	8,179,897
Cash on hand	**81,603**	55,316
	30,672,319	8,235,213

14 SHARE CAPITAL

	2016 *QR*	*2015* *QR*
Authorised, issued and fully paid		
200 ordinary shares at QR 1,000 each	**200,000**	200,000
	200,000	200,000

15 LEGAL RESERVE

As required by the Company's Articles of Association and Qatar Commercial company law No. 11 of 2015, 10% of the net profit for the year should be transferred to legal reserve until the reserve totals 50% of the issued share capital. The reserve is not normally available for distribution except in the circumstances stipulated in the above mentioned law.

16 SUBORDINATED LOAN

The Company obtained a subordinated loan facility totaling to Euro 66,489,285 (QR 264,160,845) from its parent company, Terna Overseas Limited, a company registered in Cyprus by 31 December 2015. As per the subordinated loan facility agreement dated 30 June 2013 and annex 7 to the said loan agreement dated 30 September 2015, the loan carries no interest and is repayable at the Company's discretion. The loan is subordinated to the claims of the Company's creditors and therefore, in the event of liquidation, the loan has no priority over the claims to the assets of the Company by secured and unsecured creditors.

However, during the year 2016, the parent company has decided to relinquish a sum of EUR 37,677,670 (QR 152,349,964) out of its total facility value. Accordingly, the total value of subordinated loan given by the parent Company as at 31 December 2016 amounted to EUR 28,811,615 (QR 110,372,414).

17 FOREIGN CURRENCY TRANSLATION RESERVE

This reserve represents the revaluation gains (loss) on the translation of Euro based subordinated loan facility into the reporting currency (QR) of the Company.

18 EMPLOYEES' END OF SERVICE BENEFITS

The movement in the employees' end of service benefits is as follows:

	2016 *QR*	*2015* *QR*
At 1 January	**5,489,857**	5,544,116
Provided during the year	**1,020,888**	1,442,528
Paid during the year	**(1,655,927)**	(1,496,787)
At 31 December	**4,854,818**	5,489,857

19 LOANS AND BORROWINGS

	2016 *QR*	*2015* *QR*
Short term loans	**44,298**	46,004,705
	44,298	46,004,705

The Company has obtained short term loans from Doha Bank and HSBC-Doha for its working capital management purpose. These loans are payable on a short term basis within 1 year or less, and carries interest at commercial rates.

20 ADVANCES FROM A CUSTOMER

The advances of QR Nil as at 31 December 2016 (2015: QR 54,728,186) represents construction and other advances given by Al Mirqab Real Estate and Advance Tourism Real Estate in relation to their construction project (Mirqab Project) undertaken by the Company, net of advances set off by the Company against progressive billings up to 31 December 2016.

21 TRADE AND OTHER PAYABLES

	2016 *QR*	*2015* *QR*
Trade payables	**2,817,368**	6,721,464
Accrual expenses	**10,994,873**	25,912,946
Retention payables	**18,680,728**	20,849,294
Other payables	**8,278,162**	19,599,625
	40,771,131	73,083,329

22 TRANSACTIONS WITH RELATED PARTIES

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Balances with related parties included in the statement of financial position are as follows:

		2016		*2015*	
	Notes	***Due from QR***	***Due to QR***	*Due from QR*	*Due to QR*
Terna S.A – Qatar Branch	(b)	**18,284,301**	**-**	66,732,157	-
GCC - WAC - Terna Joint Venture		**3,011,523**	**-**	-	-
Terna S.A. - Abu Dhabi Branch		**38,185**	**-**	-	6,606,324
Terna SA - Greece	(a)	**-**	**-**	-	13,758,612
Terna Bahrain Holding W.L.L		**-**	**9,315,734**	-	12,170,538
Terna Overseas Limited		**-**	**9,309,613**	-	5,529,290
QBC Terna Joint Venture	(a)	**-**	**-**	31,402,817	-
Terna SA - Sharjah		**-**	**-**	-	3,556,152
Q – Energy		**-**	**-**	165,989	-
Terna Contracting W.L.L.		**-**	**-**	-	2,007,598
		21,334,009	**18,625,347**	98,300,963	43,628,514

(a) During the year, Terna S.A. – Greece has acknowledged its obligation to settle the amount receivable from QBC Terna Joint Venture of QR 30,362,638 as at 31 December 2016 on their behalf to the Company. Terna S.A - Greece has settled this obligation to the Company party through its related party account with the Company, as of the same date, which brought its outstanding balance with the Company to Nil as at 31 December 2016 and the balance through its Branch in Qatar, Terna S.A. – Qatar branch.

(b) The amount due from Terna S.A – Qatar Branch primarily represents the amount invoiced based on the contract entered by the Company, with the Terna S.A – Qatar Branch for the construction of North East Car Park project for Qatar Foundation net of the payments made by the Branch up to 31 December 2016 and the adjustments as explained under Note 22 (a) above to the financial statements.

Terms and conditions of transactions with related parties
Outstanding balances at the end of the reporting period arise in the normal course of business, and are unsecured, interest free, and the settlement occurs in cash. There has been no guarantees provided or received for any related party receivables and payables.

Compensation of key management personnel
There was no remuneration for Directors and other members of key management during the year (2015: Nil).

23 CONTINGENCIES

At 31 December 2016, the Company had contingent liabilities in respect of bank guarantee and performance bond in relation to the construction contracts amounting to QR 110,514,357 (2015: QR 112,575,017).

24 FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise trade payables, amounts due to related parties and advances from client. The main purpose of these financial liabilities is to finance the Company's operations. The Company has trade and other receivables and cash and short-term deposits that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. They establishes appropriate policies and procedures on financial risk activities and ensure that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The management of the Company reviews and agrees policies for managing each of these risks which are summarized below.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk and commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's deposits and short-term loans and borrowings with floating interest rates.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's presentation currency) and loans and borrowings in foreign currencies.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

With respect to credit risk arising from the other financial assets of the Company, including cash and cash equivalents the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk
The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital management
Capital includes equity attributable to the shareholders of the Company.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios to support its business and maximize the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 2015 and the Company is not subject to externally imposed capital requirements.

The Company monitors capital using a gearing ratio, which is debt divided by capital plus debt. The Company considers total liabilities as debts for the gearing ratio.

	2016 *QR*	*2015* *QR*
Total liabilities	**76,174,083**	224,432,920
Less: bank balances and cash	**(30,672,319)**	(8,235,213)
Net debt	**45,501,764**	216,197,707
Capital: Total equity inclusive of subordinated loan	**45,623,568**	11,549
Capital and net debt	**91,125,332**	216,209,256
Gearing ratio	**50%**	99%

25 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation. Such reclassification was done in order to improve the quality of the information presented and does not have an impact on the previously reported profit or equity.