Terna Qatar L.L.C.

FINANCIAL STATEMENTS

31 DECEMBER 2019

INDEPENDENT AUDITOR'S 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 2019, 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 2019 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 *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International *Code of Ethics for Professional Accountants* (including International Independence Standards) (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

Without qualifying our opinion, we draw attention to Note 2 to the financial statements, which describes that the Company has incurred net losses from operations resulting in accumulated losses of QR 70,123,924, which exceeded 50% of its share capital as at 31 December 2019. 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 reach 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 Articles of Association. If the managers neglected to invite the shareholders or if the shareholders failed to reach a decision on the matter, the manager or the shareholders, as the case may be, shall be jointly liable for the obligations of the Company that arise out of their negligence. In addition, as at 31 December 2019, the Company's current liabilities exceeded its current assets by QR 16,963,309.

These conditions as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company is dependent on continued financial support from its shareholders. In this regard, on 30 June 2013, Terna Overseas Limited Company (one of the shareholders) issued a subordinated loan to the Company in order to resolve the capital deficiency of the Company as further explained under Note 17 to the financial statements. Further, the shareholders of the Company have confirmed their continuing financial support to enable the Company to meet its liabilities as they fall due, and continue its operations for a foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustment that may arises from this uncertainty.

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.

Report on the audit of the financial statements (continued)

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

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.

Ahmed Sayed
Of Ernst & Young
Auditor's Registration No. 326

Date: 30 March 2020
Doha

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Notes	***2019*** ***QR***	*2018* *QR*
Revenue	5	**11,644,009**	27,824,528
Direct costs	6	**(23,291,059)**	(39,054,188)
GROSS LOSS		**(11,647,050)**	(11,229,660)
Other income	7	**7,368**	72,580
General and administrative expenses	8	**(3,507,296)**	(447,264)
Provision for impairment of receivables	13	**-**	(571,859)
LOSS FROM OPERATIONS		**(15,146,978)**	(12,176,203)
Foreign currency exchange gain		**110,327**	32,516
Finance costs	9	**(73,768)**	(979,709)
LOSS BEFORE TAX		**(15,110,419)**	(13,123,396)
Income tax expense	10	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(15,110,419)**	(13,123,396)

The attached notes 1 to 26 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
At 31 December 2019

	Notes	2019 QR	2018 QR
ASSETS			
Non-current asset			
Property and equipment	12	**1,332,466**	7,148,102
Current assets			
Contract asset	11	**555,627**	434,380
Trade and other receivables	13	**21,221,692**	7,352,926
Bank balances and cash	14	**8,077,641**	1,751,665
		29,854,960	9,538,971
TOTAL ASSETS		**31,187,426**	16,687,073
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**200,000**	200,000
Legal reserve	16	**100,000**	100,000
Subordinated loan	17	**54,000,161**	55,310,428
Foreign currency translation reserve	18	**(1,709,314)**	6,142,930
Accumulated losses		**(70,123,924)**	(95,054,460)
TOTAL EQUITY		**(17,533,077)**	(33,301,102)
Liabilities			
Non-current liability			
Employees' end of service benefits	19	**1,902,234**	4,084,746
Current liabilities			
Contract liabilities	11	**745,316**	599,321
Trade and other payables	20	**45,957,410**	45,180,722
Provisions for loss making contracts	21	**115,543**	123,386
		46,818,269	45,903,429
TOTAL LIABILITIES		**48,720,503**	49,988,175
TOTAL EQUITY AND LIABILITIES		**31,187,426**	16,687,073

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Konstantinos Iliadis
Chief Financial Officer

The attached notes 1 to 26 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Notes	*2019* *QR*	*2018* *QR*
OPERATING ACTIVITIES			
Loss before tax		**(15,110,419)**	(13,123,396)
Adjustments for:			
Depreciation charge for the year	6	**993,140**	1,475,599
Provision for employees' end of service benefits	19	**448,692**	690,979
Reversal of loss making contracts	21	**(7,843)**	(2,286,084)
Provision for impairment of receivables	13	**-**	571,859
Loss on disposal of property and equipment	8	**3,188,593**	-
Operating loss before working capital changes		**(10,487,837)**	(12,671,043)
Working capital adjustments:			
Contract assets		**(121,247)**	4,493,171
Trade and other receivables		**(13,868,766)**	7,570,441
Contract Liabilities		**-**	(323,572)
Advance billing		**145,995**	-
Trade and other payables		**776,688**	4,113,586
Cash (used in) from operations		**(23,555,167)**	3,182,583
Employees' end of service benefits paid	19	**(2,631,204)**	(1,895,453)
Net cash flows (used in) from operating activities		**(26,186,371)**	1,287,130
INVESTING ACTIVITIES			
Purchase of property and equipment	12	**(1,366,097)**	(1,998)
Proceeds from disposal of property and equipment		**3,000,000**	-
Net cash flows from (used in) investing activities		**1,633,903**	(1,998)
FINANCING ACTIVITIES			
Receipt of subordinated loans	17	**30,878,444**	-
Payment of subordinated loans	17	**-**	(4,472,602)
Net cash flows from (used in) financing activities		**30,878,444**	(4,472,602)
INCREASE (DECREASE) IN CASH AND BANK BALANCES		**6,325,976**	(3,187,470)
Cash and bank balances at 1 January		**1,751,665**	4,939,135
CASH AND BANK BALANCES AT 31 DECEMBER	14	**8,077,641**	1,751,665

The attached notes 1 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital QR	*Legal reserve QR*	*Accumulated losses QR*	*Subordinated loan QR*	*Foreign currency translation reserve QR*	*Total QR*
Balance at 1 January 2018	200,000	100,000	(81,931,064)	62,275,418	3,650,542	(15,705,104)
Loss for the year	-	-	(13,123,396)	-	-	(13,123,396)
Payment of subordinated loan (Note 17)	-	-	-	(4,472,602)	-	(4,472,602)
Revaluation of subordinated loan (Note 17)	-	-	-	(2,492,388)	2,492,388	-
Balance at 31 December 2018	200,000	100,000	(95,054,460)	55,310,428	6,142,930	(33,301,102)
Loss for the year	-	-	(15,110,419)	-	-	(15,110,419)
Receipt of subordinated loan	-	-	-	30,878,444	-	30,878,444
Relinquishment of subordinated loan	-	-	31,895,578	(31,895,578)		-
Revaluation of subordinated loan (Note 17)	-	-	-	(293,133)	293,133	-
Realised translation reserve	-	-	8,145,377	-	(8,145,377)	-
Balance at 31 December 2019	**200,000**	**100,000**	**(70,123,924)**	**54,000,161**	**(1,709,314)**	**(17,533,077)**

The attached notes 1 to 26 form part of these financial statements.

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

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 2019 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%**	**130**	**130,000**
Terna Overseas Ltd.	Foreign	**35%**	**70**	**70,000**
		100%	**200**	**200,000**

The financial statements as at and for the year ended 31 December 2019 were approved and authorized for issue by the Board of Directors on 30 March 2020.

2 GOING CONCERN

The Company has incurred net losses from operations resulting in accumulated losses of QR 70,123,924 (2018 – QR 95,054,460), which exceeded 50% of its share capital as at 31 December 2019. 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 reach 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 Articles of Association. If the managers neglected to invite the shareholders or if the shareholders failed to reach a decision on the matter, the manager or the shareholders, as the case may be, shall be jointly liable for the obligations of the Company that arise out of their negligence. In addition, as at 31 December 2019, the Company's current liabilities exceeded its current assets by QR 16,963,309 (2018 – QR 36,364,458).

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company is dependent on continued financial support from its shareholders. In this regard, on 30 June 2013, Terna Overseas Limited Company (one of the shareholders) issued a subordinated loan to the Company in order to resolve the capital deficiency of the Company as further explained under Note 17 to the financial statements. Further, the shareholders of the Company have confirmed their continuing financial support to enable the Company to meet its liabilities as they fall due, and continue its operations for a foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustment that may arises from this uncertainty.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

The accompanying financial statements have been prepared on the historical cost convention.

These financial statements are presented in Qatari Riyal ("QR"), which is the Company's functional and presentation currency.

This is the first set of the Company's financial statements where International Financial Reporting Standard IFRS 16 Leases have been applied. Changes to significant accounting policies are described in Note 4.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 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
The Company considers its construction contract to have a single performance obligation on the basis that the Company provides a significant service of integration in creating a combined output. As such, management has concluded that the goods and services are not distinct within the context of the contract.

At contract inception, the total transaction price is determined, being the amount to which the Company expects to be entitled and has rights under the current contract. This includes the fixed price stated in the contract and an assessment of any variable consideration, up or down, resulting from e.g. service penalties/liquidated damages. However, estimates are constrained as there are no historical information available for paid claims or liquidated damages.

The Company uses the input method to measure progress and revenue are recognised in direct proportion to the contract costs incurred to date and total estimated contract cost. 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.

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.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Use of estimates and judgments (continued)

Useful lives of property and equipment
The management of the Company annually reviews the estimated useful lives of property 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 and equipment would increase the recorded depreciation expense and decrease noncurrent assets.

Depreciation on property and equipment recognized in the statement of comprehensive income amounted to QR 993,140 in 2019 (2018: QR 1,475,599). As at 31 December 2019, net carrying value of property, plant and equipment amounted to QR 1,332,466 (2018: QR 7,148,102)

Impairment of financial assets
The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Allowance for impairment losses on non-financial 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 2019, there was no indication of impairment loss on the Company's non-financial assets.

3.3 Summary of significant accounting policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2018, except the policies effected due to the adoption of new standards and interpretations effective as of 1 January 2019 as disclosed in Note 4.

Current versus non-current classification
The Company presents assets and liabilities based on current/non-current classification. An asset is current when it is:
- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (continued)

Property and equipment
Property 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 and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property 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 property 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:

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 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 and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Financial instruments

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. Trade receivable and other receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies for Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

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 recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company's' financial assets includes the trade and other receivables, retention receivables, contract assets, deposits, bank balances, due from related parties and cash.

Financial assets at amortised cost (Trade, other and retention receivables)
This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.The Company's financial assets at amortised cost includes trade and other receivables, due from related parties , retention receivables and bank balances.

Cash and bank balances
Cash and bank balances in the statement of financial position and the statement of cash flows comprise of cash at banks and cash in hand.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- 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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Measurement of ECLs
i) Contract assets, trade and retention receivables

For contract assets, trade and retention receivables, the Company applies the simplified approach to providing for expected credit losses, which requires the use of the lifetime expected loss provision for all receivables. The Company has established a provision matrix that is based on the Company’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Bank term deposits (cash and cash equivalents)

The ECL is based on the 12-month ECL.The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date.However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Bank term deposits are considered to be low risk, therefore, are considered to be low credit risk financial assets. It is the Company’s policy to measure such instruments on a 12-month ECL basis.In all cases, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 365 days past due.

Lifetime ECLs are the expected credit losses that result from all possible default events over the expected life of a financial instrument. This means that the Company needs to estimate the risk of a default occurring on the financial instrument during its expected life. The 12-month ECL is defined as a portion of the lifetime ECL that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Contract assets
The contract assets are subject to an impairment assessment in accordance with IFRS 9. In addition, if upon initial measurement, there is a difference between the measurement of the receivable under IFRS 9 and the corresponding amount of revenue, that difference will be presented as an expense (e.g., as an impairment loss). Impairment losses resulting from contracts with customers are presented separately from losses on other contracts.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables, accruals, due to related parties, contract liability and other payables.

Subsequent measurement
Financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when liabilities are derecognised as well as through the EIR amortisation process.

Loans and borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (continued)

Employees' end of service benefits
The Company operates an employees' end of service benefit plan under which an it accrues for their contributions, which is in accordance with the labour laws in Qatar.

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.

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 Qatari 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.

Revenue from Contracts with Customers

Revenue recognition
The revenue is from long-term contract with the construction scope. The Company determines if revenue will be recognised over time or at a point in time for its identified performance obligations.

Construction contract revenue
The Company entered into contract with customers which contain fixed contract term. Where revenue is recognised over time, the Company applies the relevant revenue recognition method for measuring progress that faithfully depicts the Company's performance in transferring control of the goods and services to the customer.

The Company uses the input method to measure progress and revenue are recognised in direct proportion to costs incurred where the transfer of control is most closely aligned to the Company's efforts in delivering the service. For contracts with multiple components to be delivered to customers such as in integrated facilities development contracts, the Company applies judgement to consider whether those promised goods and services are:

- Distinct and accounted for as separate performance obligations;
- Combined with other promised goods or services until a bundle is identified that is distinct; or
- Part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer over time i.e. where the customer is deemed to have simultaneously received and consumed the benefits of the goods or services over the life of the contract.

The Company considers its construction contract to have a single performance obligation on the basis that the Company provides a significant service of integration in creating a combined output. As such, management has concluded that the goods and services are not distinct within the context of the contract.

At contract inception, the total transaction price is determined, being the amount to which the Company expects to be entitled and has rights under the current contract. This includes the fixed price stated in the contract and an assessment of any variable consideration, up or down, resulting from e.g. service penalties/liquidated damages. Variable consideration is typically estimated based on the expected value method and is only recognised to the extent it is highly probable that a subsequent change in its estimate would not result in a significant revenue reversal. The Company's transaction price is mostly exposed to variability due to possible liquidated damages, however, estimates are constrained as there are no historical information available for paid claims or liquidated damages.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (continued)

Revenue from Contracts with Customers (continued)

Revenue recognition (continued)

Income from manpower services
Income arising from provision of manpower services is recognised at a fixed rate in accordance with the terms of contract.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised in the amount to which the Company has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Income from equipment rental
Rental income arising from operating leases on equipment is recognised, net of discount, in accordance with the terms of lease contracts over the lease term on a straight-line basis, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

Contract fulfilment costs
Costs incurred to ensure that the project has appropriate organisational, operational and technical infrastructures, and mechanisms in place to enable the delivery of full services under the contract target operating model, are defined as contract fulfilment costs. Only costs which meet all three of the criteria below are included within contract assets on the balance sheet:

- the costs directly relate to the contract (e.g. sub-contractors);
- the Company is building an asset that belongs to the customer that will subsequently be used to deliver contract outcomes; and
- the costs are expected to be recoverable i.e. the contract is expected to be profitable after amortising the capitalised costs.

Contract fulfilment costs covered within the scope of another accounting standard, such as inventories, intangible assets, or property, plant and equipment are not capitalised as contract fulfilment assets but are treated according to the relevant standard.

Principal versus agent considerations
The Company enters into agreement with subcontractors to enable it to deliver the projects. Currently, the Company considers itself as the principal and therefore, the contract revenue is recognised at gross.

Loss making contracts
The requirements in IAS 37 for onerous contracts apply to all contracts in the scope of IFRS 15. The onerous contract are the contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The present obligation under the onerous contract shall be recognised and measured as a provision

Contract Assets and Contract Liabilities
The contract assets consist of unbilled amounts typically resulting from sales under long-term contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer. The contract liabilities consist of advance payments and billings in excess of costs incurred and deferred revenue. The non-current portion of deferred revenue,if any is included in other long-term liabilities in the statement of financial position.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (continued)

Operating leases – Policy applied until to 31 December 2018
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

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.

Taxes
Income tax is calculated in accordance with the provisions of Qatar Income Tax Law No. 24 of 2018. 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.

4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

4.1 New and amended standards and interpretations adopted by the Company

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2018.

The Company applied IFRS 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Company. The company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases
IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

4.1 New and amended standards and interpretations adopted by the Company (continued)

IFRS 16 Leases (continued)
As of 1 January 2019, the Company hasn't had any lease agreement, which the term exceeding 12 months and accordingly, there is no impact on the financials for the year ended 31 December 2019 of the Company by implementing IFRS 16.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 16 Leases -Accounting policy

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Compnay at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

4.1 New and amended standards and interpretations adopted by the Company (continued)

IFRS 16 Leases (continued)

IFRS 16 Leases -Accounting policy (continued)

Company as a lessee (continued)
The Company has the option, under some of its leases to lease the assets for additional terms of one year. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Company as a lessor
Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.2 Standards, amendments and interpretations issued but not effective

Standards issued but not yet effective
The following standards and interpretations are not expected to have a significant impact on the Company's financial statements.

Topics	*Effective date*
Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020
Definition of Material – Amendments to IAS 1 and IAS 8	1 January 2020
The Conceptual Framework for Financial Reporting	1 January 2020
Definition of a Business – Amendments to IFRS 3	1 January 2020
IFRS 17 Insurance Contracts	1 January 2021
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Arrangement	Deferred indefinitely

The Company did not early adopt any standards, interpretations or amendments that have been issued but are not yet effective.

5 REVENUE

Revenue by type:	***2019*** ***QR***	*2018* *QR*
Construction contract revenue	**6,307,499**	8,594,607
Income from manpower services	**4,457,041**	17,670,930
Income from equipment rental	**811,332**	1,333,145
Income from other activities	**68,137**	225,846
	11,644,009	27,824,528

5 REVENUE (CONTINUED)

All revenue of the Company is coming from corporate customers.

Revenue by counterparty:	***2019*** ***QR***	*2018* *QR*
External customers	**121,826**	8,605,168
Related party (Note 22)	**11,522,183**	19,219,360
	11,644,009	27,824,528

The Company operates in the State of Qatar with the corporate customers and the Company recognizes the revenue over the period of time of the contract.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) amounting to QR 745,316 as at 31 December 2019 (2018: QR 720,568) will be completed within a year.

6 DIRECT COSTS

	2019 ***QR***	*2018* *QR*
Sub-contract costs	**9,451,641**	6,185,207
Salaries and related expenses	**8,285,114**	22,832,987
Rent expense	**1,492,167**	1,792,110
Depreciation (Note 12)	**993,140**	1,475,599
Material	**827,477**	4,800,009
Food expenses	**668,014**	1,749,200
Miscellaneous	**597,779**	661,223
Travel and hotels	**205,809**	421,572
Insurance	**200,876**	89,961
Communication and courier charges	**185,932**	391,614
Water and electricity	**185,877**	477,729
Vehicle hire and related costs	**163,597**	397,657
Hire of labour	**39,949**	5,860
Material testing charges	**1,530**	47,190
Reversal of provision for loss making contracts (Note 21)	**(7,843)**	(2,286,084)
Accommodation and subsistence	**-**	12,354
	23,291,059	39,054,188

7 OTHER INCOME

	2019 ***QR***	*2018* *QR*
Miscellaneous income	**7,368**	72,580
	7,368	72,580

8 GENERAL AND ADMINISTRATIVE EXPENSES

	2019 QR	*2018 QR*
Legal and consultants fees	**196,236**	360,605
Tender expense	**100,800**	30,000
Printing and stationery	**10,780**	28,473
Entertainment and advertising	**10,887**	28,186
Loss on Disposal of Assets	**3,188,593**	-
	3,507,296	447,264

9 FINANCE COSTS

	2019 QR	*2018 QR*
Bank charges and commissions	**73,768**	979,709
	73,768	979,709

10 INCOME TAX EXPENSE

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

	2019 QR	*2018 QR*
Accounting loss before tax	**(15,110,419)**	(13,123,396)
Adjustments for:		
Non-deductible depreciation	**92,241**	-
Non-deductible provision	**440,849**	(1,714,225)
Disallowed expenses	**108,449**	93,339
Other amendments	**249,477**	49,984
Tax loss for the year	**(14,219,403)**	(14,694,298)
Less: Carried forward tax losses	**(134,725,364)**	(143,017,176)
Add: Expired tax loss carried forward	**62,329,680**	22,986,110
Tax loss	**(58,176,281)**	(134,725,364)
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.

Due to the uncertainty of the Company being able to generate future taxable profits, the deferred tax assets have not been recognized as at 31 December 2019.

11 CONTRACT ASSETS/ LIABILITIES

The analysis of the contract assets / liabilities are as follows:

	2019	*2018*
	QR	*QR*
Contract asset on Al Merqab Contract	**555,627**	434,380
Contract liability on North East Underground Car Park (NECP) Contract	**(745,316)**	(599,321)
	(189,689)	(164,941)

The project wise analysis of the contract assets (contract liabilities) as at the reporting date is as follows:

	Al Merqab Project		*NECP Project*	
	2019	*2018*	***2019***	*2018*
	QR	*QR*	***QR***	*QR*
Contract costs incurred to date	**1,028,496,709**	1,027,967,682	**569,752,817**	559,801,384
Add: Recognized losses	**(224,438,782)**	(224,031,001)	**(76,571,081)**	(72,805,901)
	804,057,927	803,936,681	**493,181,736**	486,995,483
Progress billings to date	**(803,502,300)**	(803,502,301)	**(493,927,052)**	(487,594,804)
Contract assets / (Contract liabilities)	**555,627**	434,380	**(745,316)**	(599,321)

As at 31 December 2019 the contract assets were not impaired. (2018: Nil).

12 PROPERTY AND EQUIPMENT

	Machinery QR	*Motor vehicles* QR	*Furniture and fittings* QR	*Porta cabins* QR	*Electrical equipment* QR	*Computer equipment* QR	*Telephones* QR	*Total* QR
Gross carrying values:								
At 1 January 2019	25,305,905	3,549,255	1,282,408	10,017,231	1,678,316	2,753,634	487,411	45,074,160
Additions	200,000	-	-	-	1,165,293	804	-	1,366,097
Disposals	(23,697,063)	(3,454,755)	(1,182,140)	(10,017,231)	(1,599,722)	-	(463)	(39,951,374)
At 31 December 2019	1,808,842	94,500	100,268	-	1,243,887	2,754,438	486,948	6,488,883
Accumulated depreciation:								
At 1 January 2019	24,957,581	3,367,775	1,282,408	3,533,879	1,555,849	2,745,620	482,946	37,926,058
Charge for the year	241,630	96,000	-	500,861	142,229	8,418	4,002	993,140
Relating to disposals	(23,625,880)	(3,369,275)	(1,182,140)	(4,034,740)	(1,550,746)	-	-	(33,762,781)
At 31 December 2019	1,573,331	94,500	100,268	-	147,332	2,754,038	486,948	5,156,417
Net carrying values:								
At 31 December 2019	**235,511**	-	**-**	**-**	**1,096,555**	**400**	**-**	**1,332,466**

12 PROPERTY AND EQUIPMENT (CONTINUED)

	Machinery *QR*	*Motor vehicles* *QR*	*Furniture and fittings* *QR*	*Porta cabins* *QR*	*Electrical equipment* *QR*	*Computer equipment* *QR*	*Telephones* *QR*	*Total* *QR*
Gross carrying values:								
At 1 January 2018	25,305,905	3,549,255	1,282,408	10,017,231	1,834,224	2,762,250	487,411	45,238,684
Additions	-	-	-	-	1,998	-	-	1,998
Disposals	-	-	-	-	(157,906)	(8,616)	-	(166,522)
At 31 December 2018	25,305,905	3,549,255	1,282,408	10,017,231	1,678,316	2,753,634	487,411	45,074,160
Accumulated depreciation:								
At 1 January 2018	24,234,138	3,267,567	1,249,196	3,033,017	1,636,166	2,730,570	466,327	36,616,981
Charge for the year	723,443	100,208	33,212	500,862	77,589	23,666	16,619	1,475,599
Relating to disposals	-	-	-	-	(157,906)	(8,616)	-	(166,522)
At 31 December 2018	24,957,581	3,367,775	1,282,408	3,533,879	1,555,849	2,745,620	482,946	37,926,058
Net carrying values:								
At 31 December 2018	348,324	181,480	-	6,483,352	122,467	8,014	4,465	7,148,102

13 TRADE AND OTHER RECEIVABLES

	2019	*2018*
	QR	*QR*
Due from related parties (Note 22)	**17,472,279**	3,411,777
Retention receivable	**2,351,197**	2,351,197
Advance to suppliers	**18,137**	983,189
Trade receivables	**195,611**	195,611
Deposits and prepayments	**310,933**	116,154
Staff receivables	**795,394**	866,857
Other receivables	**650,000**	-
	21,793,551	7,924,785
Allowance for the expected credit losses (Note i)	**(571,859)**	(571,859)
	21,221,692	7,352,926

Note i:
As at 31 December 2019, provision for allowances for credit losses is as follows:

	2019	*2018*
	QR	*QR*
Trade receivable	**195,611**	195,611
Retentions	**376,248**	376,248
	571,859	571,859

14 BANK BALANCES AND CASH

	2019	*2018*
	QR	*QR*
Cash in bank	**8,000,825**	1,691,987
Cash in hand	**76,816**	59,678
	8,077,641	1,751,665

15 SHARE CAPITAL

	2019	*2018*
	QR	*QR*
Authorised, issued and fully paid		
200 ordinary shares at QR 1,000 each	**200,000**	200,000
	200,000	200,000

16 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.

17 SUBORDINATED LOAN

On 30 June 2013, the Company obtained a subordinated loan from Terna Overseas Ltd. (“Terna”). As per the subordinated loan agreement, 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.

During the year 2019, Terna Overseas Ltd. has decided to absorb the loss amounting to of EUR 7,800,000 (QR 31,895,579) against the subordinated loan received to the Company. Further, the Company has obtained a loan sum of EUR 7,735,000 (QR 30,878,444) during the year 2019. Accordingly, the subordinated loan given by Terna Overseas Ltd as at 31 December 2019 amounted to EUR 13,205,631 (QR 54,000,161). Further, the loan has been revalued at year end resulting to foreign exchange gain of QR 293,133.

During the year 2018, the Company has made a loan repayment of QR 4,472,602. Accordingly, the subordinated loan given by Terna Overseas Ltd as at 31 December 2018 amounted to EUR 13,270,631 (QR 55,310,428). Further, the loan has been revalued at year end resulting to foreign exchange gain of QR 2,492,388.

18 FOREIGN CURRENCY TRANSLATION RESERVE

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

19 EMPLOYEES’ END OF SERVICE BENEFITS

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

	2019 ***QR***	*2018* *QR*
At 1 January	**4,084,746**	5,289,220
Provided during the year	**448,692**	690,979
Paid during the year	**(2,631,204)**	(1,895,453)
At 31 December	**1,902,234**	4,084,746

20 TRADE AND OTHER PAYABLES

	2019 ***QR***	*2018* *QR*
Due to related parties (Note 22)	**33,714,886**	21,832,454
Retention payable	**8,526,445**	13,360,433
Trade payables	**3,278,439**	8,240,993
Accruals	**112,877**	577,347
Other payables	**324,763**	1,169,495
	45,957,410	45,180,722

21 PROVISIONS FOR LOSS MAKING CONTRACTS

	2019 ***QR***	*2018* *QR*
At 1 January	**123,386**	2,409,470
Reversal during the year	**(7,843)**	(2,286,084)
At 31 December	**115,543**	123,386

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.

Related party transactions
Transactions with related parties included in the statement of comprehensive income are as follows:

	2019		*2018*	
	Sales QR	***Other expenses QR***	*Sales QR*	*Other expenses QR*
Terna S.A. Greece Head Office	-	**129,237**	-	1,236,213
Terna SA (Qatar Branch)	**6,186,253**	-	-	803,759
Terna Contracting W.L.L.	-	**17,038**	-	-
GCC-WAC Joint Arrangement	**5,335,930**	-	19,219,360	-
	11,522,183	**146,275**	19,219,360	2,039,972

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

	2019		*2018*	
	Due from QR	***Due to QR***	*Due from QR*	*Due to QR*
Terna SA - Sharjah	**3,856,381**	-	3,097,007	-
GCC-WAC Joint Arrangement	**13,615,898**	-	-	787,016
Terna S.A – Qatar Branch	-	**27,998,474**	-	15,204,079
Terna S.A. - Abu Dhabi Branch	-	**-**	-	146,644
Terna SA – Greece	-	**4,285,200**	-	4,235,956
Terna Bahrain Holding W.L.L.	-	-	44,773	-
Terna Contracting W.L.L.	-	-	269,997	-
Terna SA – Iraq	**-**	**1,431,212**	-	1,458,759
	17,472,279	**33,714,886**	3,411,777	21,832,454

Terms and conditions of transactions with related parties
The transactions with related parties are made at prices approved by the management. Outstanding balances at the reporting date are unsecured and the settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

The Company has not recorded any impairment of receivables relating to amounts due from related parties as at 31 December 2019 and 31 December 2018. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel
The remuneration of directors and other members of key management during the period were as follows:

	2019 QR	*2018 QR*
Short-term benefits	**771,800**	775,923

23 CONTINGENCIES

At 31 December 2019, the Company had contingent liabilities in respect of bank guarantee and performance bond in relation to the construction contracts amounting to Nil (2018: QR 7,754,208).

24 FINANCIAL RISK MANAGEMENT

Objectives and policies
The Company's principal financial liabilities comprise trade payables, retention payables, amounts due to related parties, contract liabilities, accrued expenses and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as retention receivables, contract assets, trade receivables, due from related parties, deposits, other receivables and cash and bank balances, which arise directly from its operations.

The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. Market risk is the risk that changes in market prices, such as interest rates and foreign currency exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The Management reviews and agrees policies for managing each of these risks, which are summarised below.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's financial assets and liabilities with floating interest rates. As at 31 December 2019, there were no financial assets and liabilities that is subject to floating interest rate, thus the Company is not exposed to interest rate risks.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. As Qatari Riyal is pegged to the US Dollar, balances denominated in US Dollars are not considered to represent significant currency risks. However, the Company exposure to the risk of changes in foreign exchange rates relates primarily to the Company's Subordinated loan and the following table demonstrate the sensitivity to equity for a reasonably possible change in the following currencies against QR, with all other variables held constant

	2019	***2018***
	5%	***5%***
	QR	***QR***
Euro	**2,700,008**	**2.765,521**

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on its trade receivables, contract assets, retention receivable, amount due from related parties and bank balances. The Company does not hold collateral as security

With respect to credit risk arising from the financial assets of the Company, the exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments are as follows:

	2019	*2018*
	QR	*QR*
Bank balances	**8,000,825**	1,691,987
Retention receivables	**2,351,197**	2,351,197
Trade receivables	**195,611**	195,611
Contract assets	**555,627**	434,380
Other receivables	**650,000**	-
	11,753,260	4,673,175

24 FINANCIAL RISK MANAGEMENT

Credit risk (continued)

Impairment of financial assets
Bank balances
While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, retention receivables and contract assets.

To measure the expected credit losses, trade receivables, retention receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets and the retentions.

Except the retention amounting to QR 376,248, the balance retention is not yet due for the receipt.

On that basis, the loss allowance as at 31 December 2019 was determined as follows for the trade receivables, retention receivables and contract assets:

		Days past due			
31 December 2019	***Current QR***	***<30 days QR***	***30-60 days QR***	***More than 60 days QR***	***Total QR***
Expected loss rate	**0%**	**0%**	**0%**	**100%**	
Gross carrying amount – trade receivables	**-**	**-**	**-**	**195,611**	**195,611**
Gross carrying amount – retention	**1,974,949**	**-**	**-**	**376,248**	**2,351,197**
Gross carrying amount – contract assets	**555,627**	**-**	**-**	**-**	**555,627**
Expected credit losses	**-**	**-**	**-**	**571,859**	**571,859**

		Days past due			
31 December 2018	*Current QR*	*<30 days QR*	*30-60 days QR*	*More than 60 days QR*	*Total QR*
Expected loss rate	0%	0%	0%	100%	
Gross carrying amount – trade receivables	-	-	-	195,611	195,611
Gross carrying amount – retention	1,974,949	-	-	376,248	2,351,197
Gross carrying amount – contract assets	434,380	-	-	-	434,380
Expected credit losses	-	-	-	571,859	571,859

The impairment impact on the related party receivable as at 31 December 2019 is immaterial.

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. The contractual maturity of trade payables, accrual expenses, due to related parties, retention payables and other payables is less than 12 months and the amounts disclosed under Note 20 are undiscounted amounts.

Capital management
The primary objective of the Company's fund management is to ensure that it maintains a strong credit base in order to support its business. The Company manages its funds structure and makes adjustments to it, in light of changes in business conditions and its expectations. To maintain or adjust the funds structure, the Company may adjust the funds from shareholders. Company funds comprise accumulated losses and is measured at QR 70,123,924 at 31 December 2019 (2018: QR 95,054,460).

25 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of trade receivables, contract assets, retention receivables, due from related parties and cash and bank balances. Financial liabilities consist of trade payables, contract liabilities, retention payable, accrued expenses, due to related parties and other payables.

The fair values of financial instruments are not materially different from their carrying values.

26 EVENTS AFTER THE REPORTING PERIOD

The outbreak of Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact. The outbreak of Covid-19 has had an impact on demand for oil and petroleum products. Recent global developments in March 2020 have caused further volatility in commodity markets.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorisation of these financial statements. These developments could impact our future financial results, cash flows and financial condition.