

Al Mahhar Holding Company Q.P.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2023**

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AL MAHHAR HOLDING COMPANY Q.P.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Al Mahhar Holding Company Q.P.S.C (the "Company") and its subsidiaries (together referred to as the "Group") as at 30 June 2023, comprising of the interim consolidated statement of financial position as at 30 June 2023, and the related interim consolidated statement of profit or loss, interim consolidated statement of comprehensive income, interim consolidated statement of cash flows and interim consolidated statement of changes in equity for the six-month period then ended, and the related explanatory notes.

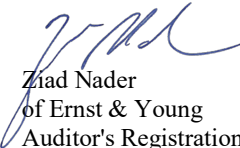
The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.


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

Date: 20 August 2023
Doha

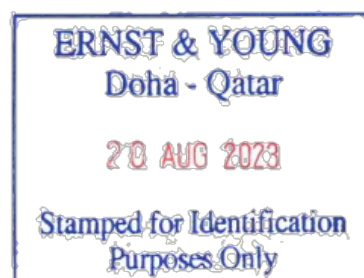


Al Mahhar Holding Company Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-month period ended 30 June 2023

		<i>For the six-month period ended</i>	
		<i>30 June</i>	<i>30 June</i>
		<i>2023</i>	<i>2022</i>
		<i>QR</i>	<i>QR</i>
	<i>Notes</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Revenues	4	310,502,022	215,401,322
Cost of sales	5	(244,798,311)	(167,449,155)
GROSS PROFIT		65,703,711	47,952,167
Other income		4,301,435	3,226,175
General and administrative expenses		(58,617,070)	(38,984,509)
Depreciation of right-of-use assets		(2,638,389)	(1,772,363)
Gains (loss) on foreign exchange		555,968	(972,722)
OPERATING PROFIT		9,305,655	9,448,748
Finance costs		(3,226,885)	(1,000,827)
Interest on lease liabilities		(406,143)	(334,210)
Share of results from an associate and a joint venture	8	2,051,671	559,966
PROFIT BEFORE TAX		7,724,298	8,673,677
Income tax		(446,994)	-
PROFIT FOR THE PERIOD		7,277,304	8,673,677
Profit for the period attributable to:			
Equity holders of the parent		10,344,665	8,212,012
Non-controlling interests		(3,067,361)	461,665
		7,277,304	8,673,677
Earnings per share:			
Basic and Diluted earnings per share	6	0.05	0.08

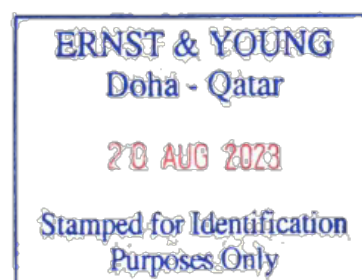


The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2023

	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2023</i>	<i>2022</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period	7,277,304	8,673,677
<i>Other comprehensive loss that will not to be classified to profit or loss in subsequent periods:</i>		
Net movement in fair value of equity investments designated at fair value through other comprehensive income	(47,422)	(130,309)
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(265,921)	30,800
Other comprehensive loss for the period	(313,343)	(99,509)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,963,961	8,574,168
Total comprehensive income attributable to:		
Equity holders of the parent	10,073,486	8,107,883
Non-controlling interests	(3,109,525)	466,285
	6,963,961	8,574,168

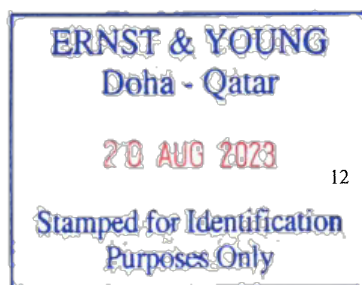


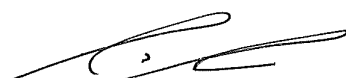
Al Mahhar Holding Company Q.P.S.C.


INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023 QR (Reviewed)	31 December 2022 QR (Audited)
	Notes		
ASSETS			
Non-current assets			
Property and equipment	7	94,006,031	95,136,837
Investment property		13,026,174	13,403,283
Right of use-of-assets		23,095,531	25,037,331
Notes receivable - net		8,204,512	15,365,571
Investment in an associate	8	10,665,774	8,692,234
Investment in a joint venture	8	2,187,892	3,109,761
Intangible asset		136,501	214,501
Deferred tax assets		112,988	62,374
Financial assets at fair value through other comprehensive income		2,537,501	2,584,923
		<u>153,972,904</u>	<u>163,606,815</u>
Current assets			
Inventories		137,079,160	123,143,149
Trade and other receivables	9	250,435,378	260,720,125
Bank balances and cash	10	71,060,392	78,457,200
		<u>458,574,930</u>	<u>462,320,474</u>
TOTAL ASSETS		<u>612,547,834</u>	<u>625,927,289</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	207,000,000	207,000,000
Legal reserve		3,913,167	3,913,167
Fair value reserve		117,958	165,380
Foreign currency translation reserve		(182,202)	41,555
Merger reserve	3	1,651,154	1,651,154
Retained earnings		96,429,748	96,085,083
		<u>308,929,825</u>	<u>308,856,339</u>
Equity attributable to equity holders of the parent		308,929,825	308,856,339
Non-controlling interests		14,586,166	17,695,691
Total equity		<u>323,515,991</u>	<u>326,552,030</u>
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	12	22,972,495	21,126,422
Lease liabilities		16,869,544	18,068,213
Accounts payable and accruals		9,794,100	3,543,760
Employees' end of service benefits		22,131,497	21,006,983
		<u>71,767,636</u>	<u>63,745,378</u>
Current liabilities			
Accounts payable and accruals		190,490,616	211,793,158
Lease liabilities		3,219,348	3,229,687
Interest-bearing loans and borrowings	12	23,554,243	20,607,036
		<u>217,264,207</u>	<u>235,629,881</u>
Total liabilities		<u>289,031,843</u>	<u>299,375,259</u>
TOTAL EQUITY AND LIABILITIES		<u>612,547,834</u>	<u>625,927,289</u>




Fahad H. Alfardan
Chairman


Clifford W. Lasrado
Managing director

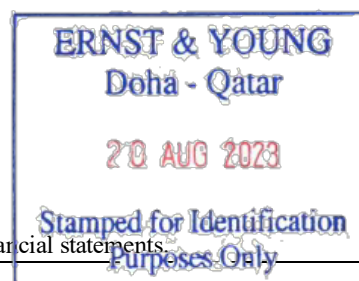
The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2023

		For the six-month period ended	
		30 June 2023	30 June 2022
	Notes	QR	QR
		(Reviewed)	(Reviewed)
OPERATING ACTIVITIES			
Profit before tax for the period		7,724,298	8,673,677
<i>Adjustments for:</i>			
Share of results from an associate and a joint venture		(2,051,671)	(559,966)
Depreciation of investment property		377,109	377,109
Depreciation of property and equipment		5,902,064	4,800,587
Depreciation of right-of-use assets		2,638,389	1,793,810
Provision for employees' end of service benefits		2,550,058	2,150,652
Gain on sale of property and equipment		(660,521)	(51,967)
Amortization of intangible asset		78,000	72,892
Interest on lease liabilities		233,685	334,210
Operating profit before working capital changes		16,791,411	17,591,004
<i>Changes in assets and liabilities:</i>			
Inventories		(16,657,935)	(4,750,189)
Trade and other receivables		9,267,340	64,702,690
Notes receivables		7,131,101	(14,836,793)
Accounts payable and accruals		(15,467,944)	(67,434,232)
Net cash from (used in) operations		1,063,973	(4,727,520)
Employees' end of service benefits paid		(1,422,555)	(836,374)
Net cash flows used in operating activities		(358,582)	(5,563,894)
INVESTING ACTIVITIES			
Purchase of property and equipment	7	(2,203,679)	(4,118,249)
Dividend received from investment in a joint venture	8	1,000,000	-
Proceeds from disposal of property and equipment		814,866	114,250
Acquisition of Petrotec Group (i)	3	-	58,870,193
Net cash flows (used in) from investing activities		(388,813)	54,866,194
FINANCING ACTIVITIES			
Net movement in interest-bearing loans and borrowings		4,793,280	(6,946,602)
Dividends paid	11	(10,000,000)	-
Payment of lease liabilities		(1,442,693)	(2,817,449)
Net cash flows used in financing activities		(6,649,413)	(9,764,051)
NET (DECREASE) / INCREASE IN BANK BALANCES AND CASH			
		(7,396,808)	39,538,249
Bank balances and cash at 1 January		78,457,200	18,453,338
BANK BALANCES AND CASH AT 30 JUNE		71,060,392	57,991,587

(i) Cash flows relating to the acquisition of Petrotec is disclosed in Note 3.



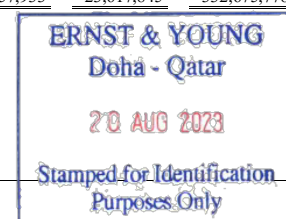
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2023

	<i>Attributable to equity holders of the Parent</i>								<i>Non-controlling interest</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Contribution towards share capital increase</i>	<i>Legal reserve</i>	<i>Fair value reserve</i>	<i>Foreign currency translation reserve</i>	<i>Merger reserve</i>	<i>Retained earnings</i>	<i>Total</i>		
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Balance at 1 January 2023 (Audited)	207,000,000	-	3,913,167	165,380	41,555	1,651,154	96,085,083	308,856,339	17,695,691	326,552,030
Profit for the period	-	-	-	-	-	-	10,344,665	10,344,665	(3,067,361)	7,277,304
Other comprehensive income (loss) for the period	-	-	-	(47,422)	(223,757)	-	-	(271,179)	(42,164)	(313,343)
Total comprehensive (loss) income for the period	-	-	-	(47,422)	(223,757)	-	10,344,665	10,073,486	(3,109,525)	6,963,961
Dividends paid (Note 11)	-	-	-	-	-	-	(10,000,000)	(10,000,000)	-	(10,000,000)
Balance at 30 June 2023 (Reviewed)	207,000,000	-	3,913,167	117,958	(182,202)	1,651,154	96,429,748	308,929,825	14,586,166	323,515,991
Balance at 1 January 2022 (Audited)	10,000,000	-	1,992,967	532,409	-	-	89,773,520	102,298,896	16,630,606	118,929,502
Profit for the period	-	-	-	-	-	-	8,212,012	8,212,012	461,665	8,673,677
Other comprehensive (loss) income for the period	-	-	-	(130,309)	26,180	-	-	(104,129)	4,620	(99,509)
Total comprehensive (loss) income for the period	-	-	-	(130,309)	26,180	-	8,212,012	8,107,883	466,285	8,574,168
Additional capital contribution from shareholders (Note 3)	-	197,000,000	-	-	-	-	-	197,000,000	-	197,000,000
Acquisition of Petrotec (Note 3)	-	-	-	-	-	1,651,154	-	1,651,154	-	1,651,154
Acquisition of NCI *	-	-	-	-	-	-	-	-	(1,660,998)	(1,660,998)
NCI related to acquisition of Petrotec (Note 3)	-	-	-	-	-	-	-	-	8,181,952	8,181,952
Transfer to legal reserve	-	-	867,367	-	-	-	(867,367)	-	-	-
Balance at 30 June 2022 (Reviewed)	10,000,000	197,000,000	2,860,334	402,100	26,180	1,651,154	97,118,165	309,057,933	23,617,845	332,675,778

*In 2022, the Group acquired remaining 2% of shareholding in Qatar Welding and Fabrication Supplies W.L.L. for an amount of QR 1,660,998.

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.



1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Al Mahhar Holding Company Q.P.S.C. (the “Company” or the “Parent”) is a Qatari Public Shareholding Company incorporated in Doha, Qatar under commercial registration number 98644. The principal activities of the Company are participation in management of affiliate companies and providing necessary support, investment of assets in shares, bonds and financial instruments, own patents, commercial business, franchises and other rights and its lease to affiliates.

The registered address of the Company is P.O. Box. 4404, Doha, Qatar and principal place of business is Doha.

The Company and its subsidiaries together are referred to as the “Group”. The subsidiaries are engaged in marketing and sale of various products and services related to oil and gas industry and other industrial sectors in relation to trading and rental of industrial construction equipment and works of water contractors, engineering services for geological mining, underground and surface water and providing sewage services and water draining.

The Company was initially incorporated and operating as a limited liability company. On 23 February 2023, the Company’s legal status was converted from a limited liability company to a Public Shareholding Company after obtaining the necessary approvals from the shareholders and the relevant regulators in the State of Qatar. On 17 May 2023, Qatar Financial Markets Authority (“QFMA”) approved the listing of the Company’s ordinary fully paid-up shares in the Venture Market of Qatar Stock Exchange. Following the QFMA’s approval, the trading of the Company’s shares on the Qatar Stock Exchange commenced on 7 June 2023.

The interim condensed consolidated financial statements of the Group for the six-month period ended 30 June 2023 were authorised for issue by the Board of Directors of the Company on 20 August 2023.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting and have been presented in Qatari Riyals (QR) unless otherwise mentioned, which is the Company’s functional and presentation currency.

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022. All material intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated on consolidation.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022. In addition, the results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2.2 Basis of consolidation

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in these interim consolidated financial statements from the date that control commences until that date that control ceases. The Group consolidates all the entities where it has the power to govern the financial and operating policies. All balances and transactions between Group entities included in these interim condensed consolidated financial statements have been eliminated upon consolidation.

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit recognised upon loss of control is recognised in the condensed consolidated interim statement of profit or loss. If the Group retains any interest in the previous subsidiary, such interest is measured at fair value as at the date control is lost. Subsequently it is accounted as an equity-accounted investee or as a financial asset under IFRS 9 depending on the level of influence retained.

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

2.2 Basis of consolidation (continued)

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the interim consolidated statements of profit or loss and financial position separately from the Company shareholders' interests.

The interim condensed consolidated financial statements comprise the financial statements of the Company and all its subsidiaries as at 30 June 2023. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company using consistent accounting policies. The interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the following table:

<i>Name of entity</i>	<i>Country of incorporation</i>	<i>Group effective shareholding percentage (%)</i>	
		<i>30 June 2023</i>	<i>31 December 2022</i>
Qatar Welding and Fabrication Supplies L.L.C.	State of Qatar	100	100
Petroleum Technology Company W.L.L.(i)	State of Qatar	100	100
Teams Services and Rentals W.L.L. (formerly known as: Ocean Team Qatar W.L.L.) (i)	State of Qatar	100	100
Koop Water Management Middle East W.L.L.	State of Qatar	51	51
European Equipment Company W.L.L.	State of Qatar	51	51
Qatar Calibration Services W.L.L.(i)	State of Qatar	51	51
Al Mahhar Al Kuwaitiyya for Heavy and Light Equipment and Machines W.L.L.	State of Kuwait	85	85
Petroleum Technology for Mechanical Contracting Company W.L.L. – Kuwait (i)	State of Kuwait	80	80

(i) The Group obtained control over these entities as a part of the acquisition of Petroleum Technology Company W.L.L. under business combinations that falls under common control on 11 April 2022 (Note 3).

2.3 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective as of 1 January 2023.

2.4 New standards, interpretations and amendments adopted by the Group

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

During the current period, the Group adopted the below amendments and improvements to the International Financial Reporting Standards that are effective for annual periods beginning on 1 January 2023:

Contents

IFRS 17 Insurance Contracts
 Amendments to IAS 8: Definition of Accounting Estimates
 Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
 Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the new and amended standards and interpretations do not have a material impact on the interim condensed consolidated financial statements of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3 BUSINESS COMBINATION UNDER COMMON CONTROL

The below business combination falls under common control transaction and has been accounted for under the pooling of interest method. The assets and liabilities of the combining entity are reflected at their carrying values at the date of transfer with no restatement of periods prior to the combination.

Acquisition of Petroleum Technology Company W.L.L and its subsidiaries

The 100% ownership of Petroleum Technology Company W.L.L (“Petrotec”), which engages in marketing and sale of various products and services related to oil and gas industry and other industrial sectors were acquired from the shareholders of the Group on 11 April 2022.

The values of the assets and liabilities of Petrotec as of the date of acquisition were as follows:

	<i>Carrying values on business combination QR</i>
Property and equipment	57,311,131
Right-of-use assets	12,836,484
Investment in an associate	8,743,233
Investment in a joint venture	2,870,954
Utilisation right advance	718,925
Financial assets at fair value through OCI	2,409,847
Inventories	40,851,377
Trade and other receivables	217,081,905
Cash and cash equivalents	58,870,193
Total assets	401,694,049
Interest-bearing loans and borrowings	24,962,054
Employees’ end of service benefits	17,230,988
Lease liabilities	13,628,736
Accounts payable and accruals	139,039,165
Total liabilities	194,860,943
Net assets acquired	206,833,106
Non-controlling interest	(8,181,952)
	198,651,154
Less: Consideration*	(197,000,000)
Merger reserve	1,651,154

The acquisition of Petrotec has resulted in additional non-controlling interest of QR 8,181,952.

Analysis of cash flows on acquisition:

	<i>Amount QR</i>
Net cash acquired with the subsidiary	58,870,193

*Consideration for the acquisition of Petrotec has been considered as a non-cash movement since it is settled by issuance of 197,000 additional shares of Al Mahhar Holding Company Q.P.S.C.

4 REVENUES

Revenues by product/service type are as follows:

	<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Sale of equipment and spares	225,914,717	157,953,697
Service income	60,418,698	27,573,846
Equipment rental income	24,168,607	29,873,779
	310,502,022	215,401,322

Revenue by customer type are as follows:

	<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Corporate	118,322,491	129,683,313
Government-owned	192,179,531	85,718,009
	310,502,022	215,401,322

Revenue based on region:

	<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Qatar	298,551,202	198,037,426
Others	11,950,820	17,363,896
	310,502,022	215,401,322

Timing of revenue recognition:

	<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Point in time	235,140,987	172,173,335
Over time	75,361,035	43,227,987
	310,502,022	215,401,322

5 COST OF SALES

	<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Cost of goods sold	189,244,429	131,455,649
Cost of services	24,807,494	6,164,305
Cost of equipment rental	11,014,510	13,787,405
Depreciation of property and equipment	2,944,508	2,386,183
Other direct costs	16,787,370	13,655,613
	<u>244,798,311</u>	<u>167,449,155</u>

6 EARNINGS PER SHARE**Basic earnings per share**

The calculation of basic earnings per share is arrived by dividing the profit attributable to the equity holders of the Parent for the period by the weighted average number of ordinary shares outstanding during the period.

	<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period attributable to equity holders of the Company	10,344,665	8,212,012
Weighted average number of shares outstanding during the period	<u>207,000,000</u>	<u>98,160,000</u>
Basic earnings per share	<u>0.05</u>	<u>0.08</u>

The weighted average number of shares is as follows:

	<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Qualifying shares at the beginning of the period	207,000,000	10,000,000
Weighted average number of shares related to the Petrotec acquisition	-	88,160,000
Qualifying shares at the end of the period	<u>207,000,000</u>	<u>98,160,000</u>

During the period, the Company obtained the necessary legal approval to reduce the par value of the ordinary share from QR 1000 to QR 1.

Earnings per share for comparative period have been restated to reflect the increase in the weighted average number of shares as a result of reduction in the par value of shares from QR 1,000 to QR 1.

Diluted earnings per share

As the parent has no potential dilutive shares, the diluted EPS equals to the basic EPS.

7 PROPERTY AND EQUIPMENT**Acquisitions**

During the six-month period ended 30 June 2023, the Group acquired assets with a cost of QR 2,203,679 (year ended 31 December 2022: QR 7,702,978).

Disposals and write off

During the six-month period ended 30 June 2023, the Group has disposed assets with a cost of QR 7,296,055 (year ended 31 December 2022: QR 2,456,988). The Group has not written-off assets during the period ended 30 June 2023 (written off for the year ended 31 December 2022: QR 544,854).

Changes in the useful lives

As at 1 January 2023, the Group revised the useful lives of certain buildings. The estimated economic useful life was increased from 20 years to 30 years. Management believes that the revised estimated economic useful life reflects more appropriately the economic useful life of these buildings and are in line with the Group's industry practice making the Group's interim condensed consolidated financial statements more comparable. If the Group had continued with the useful life as estimated during the previous period, the depreciation charged to the interim condensed consolidated statement of profit or loss would have been higher by QR 1,001,840 with a corresponding decrease in the carrying value of the assets.

8 INVESTMENT IN AN ASSOCIATE AND A JOINT VENTURE**(a) Investment in an associate**

The Group has the below investment in an associate:

	<i>Country of incorporation</i>	<i>Holding percentage</i>		<i>30 June 2023 QR (Reviewed)</i>	<i>31 December 2022 QR (Audited)</i>
		<i>2023</i>	<i>2022</i>		
Gulf Turbo Services W.L.L. (GTS) (i)	State of Qatar	45%	45%	<u>10,665,774</u>	<u>8,692,234</u>

Reconciliation of the summarized financial information to the carrying amount of investment in an associate:

	<i>30 June 2023 QR (Reviewed)</i>	<i>31 December 2022 QR (Audited)</i>
At 1 January	8,692,234	16,918,393
Acquisition of GTS through Petrotec	-	8,743,233
Dividend received	-	(675,000)
Share of results for the period / year	1,973,540	624,001
Disposal	-	(16,918,393)
	<u>10,665,774</u>	<u>8,692,234</u>

Notes:

- (i) Gulf Turbo Services W.L.L. is a limited liability company registered in the State of Qatar under the commercial registration No. 33332. The Group has 45% ownership of the capital of Gulf Turbo Services W.L.L. It is engaged in trading of pumps, sea engines, turbo parts and oil and gas related maintenance services. This has been acquired as a part of acquisition of Petrotec on 11 April 2022.
- (ii) The Group disposed its investment in Al Doha Maintenance and Services Center W.L.L. to shareholders on 1 January 2022 for a consideration of QR 2,304,668.
- (iii) Team Services and Rentals W.L.L (formerly known as Ocean Team Qatar W.L.L) is a limited liability company registered under commercial registration No. 38136. The associate is engaged in trading and rental of light and heavy equipment and other related services. The Parent disposed off its investments in the associate as at 1 January 2022, to Petrotec for a consideration of QR 14,613,725.

8 INVESTMENT IN AN ASSOCIATE AND A JOINT VENTURE (CONTINUED)**(b) Investment in a joint venture**

The Group has investment in the following joint venture:

<i>Country of incorporation</i>	<i>Holding percentage</i>		<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>2023</i>	<i>2022</i>	<i>QR (Reviewed)</i>	<i>QR (Audited)</i>
Solarca Qatar W.L.L.	State of Qatar	50%	50%	
			<u>2,187,892</u>	<u>3,109,761</u>

Solarca Qatar W.L.L. is a limited liability company registered under the commercial registration No. 43850. The Group holds 50% of the total share capital of the joint venture. The joint venture is engaged in trading of tools and equipment. Solarca Qatar W.L.L. has become a joint venture to the Group with the acquisition of Petrotec on 11 April 2022.

Reconciliation of the summarised financial information to the carrying amount of investment in a joint venture:

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>QR (Reviewed)</i>	<i>QR (Audited)</i>
At 1 January	3,109,761	-
Dividend	(1,000,000)	-
Acquisition of Solarca	-	2,870,954
Share of results	<u>78,131</u>	<u>238,807</u>
	<u>2,187,892</u>	<u>3,109,761</u>

9 TRADE AND OTHER RECEIVABLES

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>QR (Reviewed)</i>	<i>QR (Audited)</i>
Trade receivables	207,072,251	230,284,897
Notes receivables	<u>33,727,402</u>	<u>35,349,699</u>
	240,799,653	265,634,596
Less: Allowance for expected credit losses (Note i)	<u>(34,977,520)</u>	<u>(30,576,031)</u>
	205,822,133	235,058,565
Amounts due from related parties (Note 14)	254,819	1,449,039
Advances to suppliers	33,123,995	15,824,218
Prepayments and other receivables	<u>11,234,431</u>	<u>8,388,303</u>
	<u>250,435,378</u>	<u>260,720,125</u>

9 TRADE AND OTHER RECEIVABLES (CONTINUED)

- (i) Movements in the allowance for expected credit losses of trade receivables and notes receivable were as follows:

	<i>30 June 2022 QR (Reviewed)</i>	<i>31 December 2022 QR (Audited)</i>
At 1 January	30,576,031	14,040,808
Transfer from Petrotec	-	9,938,384
Provided during the period / year	5,906,503	8,345,298
Amounts written off	<u>(1,505,014)</u>	<u>(1,748,459)</u>
	<u>34,977,520</u>	<u>30,576,031</u>

10 BANK BALANCES AND CASH

	<i>30 June 2023 QR (Reviewed)</i>	<i>31 December 2022 QR (Audited)</i>
Cash on hand	376,522	393,000
Bank balances	68,043,540	70,994,200
Short term deposits (with original maturity of less than three months)	<u>2,640,330</u>	<u>7,070,000</u>
	<u>71,060,392</u>	<u>78,457,200</u>

11 SHARE CAPITAL

	<i>30 June 2023 QR (Reviewed)</i>	<i>31 December 2022 QR (Audited)</i>
<i>Authorised, issued and fully paid capital</i>		
As at 1 January	207,000,000	10,000,000
Issuance of share capital for the acquisition of Petrotec (ii)	<u>-</u>	<u>197,000,000</u>
	<u>207,000,000</u>	<u>207,000,000</u>

Notes:

- (i) Share capital consists of 207 million fully paid shares at par value of QR 1 per share effective from the listing approval date.
- (ii) This represents the additional capital issuance by the shareholders to acquire the shares of Petrotec. The Company has obtained the approval from the relevant regulators in the State of Qatar to increase the share capital of the Company to QR 207,000,000 on 13 December 2022.

Dividends

On 15 May 2023, the Company held its annual general meeting for the year 2022 which, approved a cash dividend amounting to QR 10,000,000 relating to the year ended 31 December 2022 (2021: QR 12,100,000).

12 INTEREST-BEARING LOANS AND BORROWINGS

		30 June 2023 QR (Reviewed)	31 December 2022 QR (Audited)
	<i>Notes</i>		
Term loan 1	(i)	16,843,240	18,017,732
Trust receipts	(ii)	20,177,782	18,038,622
Vehicle loan	(iii)	3,127	20,224
Term loan 2	(iv)	6,162,989	5,656,880
Term loan 3	(v)	3,339,600	-
		46,526,738	41,733,458

Presented in the interim consolidated statement of financial position as follows:

	30 June 2023 QR (Reviewed)	31 December 2022 QR (Audited)
Current portion	23,554,243	20,607,036
Non-current portion	22,972,495	21,126,422
	46,526,738	41,733,458

Notes:

- (i) The Group obtained a term loan facility of QR 25,000,000, for the purpose of financing capital expenditure requirements for facility at Manateq. The loan carries interest at commercial rates and is repayable in 96 equal monthly installments of QR 260,417 each, starting on the 25th month from the first drawdown. The loan is secured by the corporate guarantee from Petroleum Technology Company W.L.L.
- (ii) Trust receipt loan facility was obtained for import and local purchases needs, the borrowing is secured by a guarantee from Petroleum Technology Company W.L.L.
- (iii) Vehicle loan represents loan obtained by the Company from a local bank to purchase motor vehicles.
- (iv) This represents term loan of QR 30 million obtained for the construction of Ras Laffan (RLIC) facility of which QR 10 million was granted in 2015 to be repaid in 96 equal monthly loan installments of QR 104,167 starting on November 2015 for a period of 8 years. In 2016, additional QR 20 million was granted in which the first QR 10 million to be repaid in 96 equal monthly installments of QR 108,696 starting from March 2016 and the next QR 10 million to be repaid in 96 equal monthly installments amounting QR 113,636 starting from July 2016.
- (v) This represents term loan of QR 3.3 million obtained for the purchase of additional machineries in RLIC facility to be repaid in 60 equal monthly loan installments of QR 69,594 starting on July 2023 for a period of 5 years. The loan carries interest at commercial rate.

13 CONTINGENCIES

At 30 June 2023, the Group had contingent liabilities amounting to QR 145,529,314 (31 December 2022: QR 143,714,346) in respect of bank and other guarantees in the ordinary course of business from which it is anticipated that no material liabilities will arise.

	<i>30 June 2023 QR (Reviewed)</i>	<i>31 December 2022 QR (Audited)</i>
Forward foreign exchange contracts	<u>7,623,091</u>	<u>4,195,000</u>
Letters of credit on import purchases	<u>26,800,030</u>	40,975,365
Guarantees on bank facility	<u>118,729,284</u>	<u>102,738,981</u>
	<u>145,529,314</u>	<u>143,714,346</u>

14 RELATED PARTIES DISCLOSURES

Related parties represent associated companies, major partners, directors and key management personnel of the Group, and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Group's management.

Related parties transactions

Transactions with related parties included in the interim consolidated statement of income are as follows:

	<i>For the six-month period ended 30 June</i>	
	<i>2023 QR (Reviewed)</i>	<i>2022 QR (Reviewed)</i>
Rental income	<u>748,530</u>	<u>444,846</u>
Direct costs	<u>(407,888)</u>	<u>(674,424)</u>
Sales	<u>508,380</u>	<u>-</u>

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms agreed with related parties. Outstanding balances at reporting date are unsecured and settlement occurs in cash. For the period ended 30 June 2023, the Group has not recorded expected credit losses relating to amounts due from related parties (31 December 2022: Nil). 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.

Related party balances

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

	<i>30 June 2023 (Reviewed)</i>		<i>31 December 2022 (Audited)</i>	
	<i>Amounts due from related parties QR</i>	<i>Amounts due to related parties QR</i>	<i>Amounts due from related parties QR</i>	<i>Amounts due to related parties QR</i>
Other related parties	<u>254,819</u>	<u>8,412,730</u>	<u>1,449,039</u>	<u>7,640,144</u>

The amounts due from related parties are disclosed in Note 9.

14 RELATED PARTIES DISCLOSURES (CONTINUED)**Compensation of key management personnel**

The remuneration of directors and other members of key management during the period is as follows:

	<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Salaries and short-term benefits	4,207,511	3,174,217
Employees' end of service benefits	476,963	566,753
	<u>4,684,474</u>	<u>3,740,970</u>

15 FAIR VALUES OF FINANCIAL INSTRUMENTS**Fair values**

Financial instruments comprise of financial assets and financial liability. Financial assets consist of bank balances, trade and other receivables, amounts due from related parties and financial assets at fair value through other comprehensive income.

Financial liabilities consist of trade payable, amounts due to related parties, accrued expenses and other payables, lease liabilities and interest-bearing loans and borrowings.

The following methods and assumptions were used to estimate the fair values.

Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

	<i>Fair value measurement using</i>			
	<i>Quoted prices in active markets</i>	<i>Significant observable inputs</i>	<i>Significant unobservable inputs</i>	
<i>30 June 2023</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
<i>(Reviewed)</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Financial assets				
Financial assets at fair value through other comprehensive income	2,537,501	2,537,501	-	-
Positive fair value of derivative instruments	149,922	-	149,922	-
	<u>2,687,423</u>	<u>2,537,501</u>	<u>149,922</u>	<u>-</u>

15 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**Fair value measurement (continued)**

		<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets Level 1</i>	<i>Significant observable inputs Level 2</i>	<i>Significant unobservable inputs Level 3</i>
<i>31 December 2022 (Audited)</i>	<i>Total QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Financial assets				
Financial assets at fair value through other comprehensive income	2,584,923	2,584,923	-	-
Positive fair value of derivative instruments	516,800	-	516,800	-
	<u>3,101,723</u>	<u>2,584,923</u>	<u>516,800</u>	<u>-</u>

During the period ended 30 June 2023 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements (year ended 31 December 2022: Nil).

16 OPERATING SEGMENTS

The Group has 2 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services. For each of the strategic business units, the Group reviews internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

<i>Reportable segment</i>	<i>Nature of operations</i>
Energy Sector	Engaged in marketing and sale of various products and services related to oil and gas industry.
Infrastructure Sector	Engaged in trading and rental of industrial construction equipment and other related services.

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

Six-month period ended 30 June 2023 (Reviewed):

	<i>Energy QR</i>	<i>Infrastructure QR</i>	<i>Eliminations QR</i>	<i>Total QR</i>
Revenue	<u>264,618,622</u>	<u>49,065,542</u>	<u>(3,182,142)</u>	<u>310,502,022</u>
Cost of sales	<u>205,468,827</u>	<u>42,511,626</u>	<u>(3,182,142)</u>	<u>244,798,311</u>
Profit for the period	<u>18,338,120</u>	<u>(11,665,494)</u>	<u>604,678</u>	<u>7,277,304</u>

16 OPERATING SEGMENTS (CONTINUED)

Six-month period ended 30 June 2022 (Reviewed):

	<i>Energy QR</i>	<i>Infrastructure QR</i>	<i>Eliminations QR</i>	<i>Total QR</i>
Revenue	<u>121,909,603</u>	<u>94,168,144</u>	<u>(676,425)</u>	<u>215,401,322</u>
Cost of sales	<u>94,649,979</u>	<u>73,475,601</u>	<u>(676,425)</u>	<u>167,449,155</u>
Profit for the period	<u>5,330,218</u>	<u>3,343,459</u>	<u>-</u>	<u>8,673,677</u>
Segment assets:				
<i>30 June 2023 (Reviewed)</i>	<u>453,720,945</u>	<u>514,839,579</u>	<u>(356,012,690)</u>	<u>612,547,834</u>
<i>31 December 2022 (Audited)</i>	<u>428,644,579</u>	<u>545,185,684</u>	<u>(347,902,974)</u>	<u>625,927,289</u>
Segment liabilities:				
<i>30 June 2023 (Reviewed)</i>	<u>228,763,752</u>	<u>177,742,510</u>	<u>(117,474,419)</u>	<u>289,031,843</u>
<i>31 December 2022 (Audited)</i>	<u>223,122,437</u>	<u>183,946,856</u>	<u>(107,694,034)</u>	<u>299,375,259</u>