

This Listing Prospectus is dated 17 May 2023,  
was approved by the Qatar Financial Markets Authority on 17 May 2023

### Listing Prospectus

#### AL MAHHAR HOLDING COMPANY Q.P.S.C.



a Qatari Public Shareholding Company, incorporated on 18 February 2014 and holding commercial registration number 64325

Listing of 207,000,000 ordinary fully paid-up shares in Al Mahhar Holding Company Q.P.S.C. on the Venture Market of Qatar Stock Exchange

For a listing price of QAR 2

The listing price includes the nominal value of QAR 1 per share and a premium of QAR 1 per share

The listing constitutes 100% of the authorised and issued share capital of QAR 207,000,000

The principal types of investors targeted by this Listing Prospectus include all investors, Qatari and non-Qatari, eligible to purchase shares in accordance with the applicable rules of the Qatar Stock Exchange, Qatar Financial Markets Authority and applicable law

The first date of trading is expected to be in June 2023 and subject to obtaining the listing date confirmation from the respective regulatory authority

subject to the terms and conditions set out in this Listing Prospectus, the Qatar Financial Markets Authority and other provisions of applicable law

**Deloitte.**

Listing Advisor

**Deloitte & Touche – Qatar Branch**



Qatar Legal Advisor

**Sharq Law Firm**

**MAROON CAPITAL**

Strategic Advisor

**Maroon Capital Advisory LLC.**

**EVERSHEDS  
SUTHERLAND**

International Legal Advisor

**Eversheds Sutherland (International) L.L.P.**



Financial Evaluator

**PricewaterhouseCoopers – Qatar LLC**



Independent Auditor

**Ernst & Young – (Qatar Branch)**

## **IMPORTANT DISCLAIMERS**

This Listing Prospectus has been prepared in accordance with the requirements of the QFMA and shall be valid for a period of six months from the date of QFMA's approval of this Listing Prospectus (as specified on the cover page hereof). The potential Investor shall be aware of the risks that may result from investment in such companies and shall take his investment decision after consulting an independent legal or financial expert.

This is an English translation of the Arabic Listing Prospectus. However, this translation is unofficial and has not been approved by the QFMA and is considered only a draft that is provided as guidance for non-Arabic speakers.

### **Qatar Financial Markets Authority Disclaimer**

The QFMA shall bear no liability for the validity, comprehensiveness and sufficiency of the details and information mentioned in this Listing Prospectus, and the QFMA explicitly disclaims any liability whatsoever for any loss which could be incurred by any person taking decisions upon reliance on the whole or part of details or information of this Listing Prospectus.

The QFMA also shall bear no liability towards any party in relation to the Company's evaluation analysis including the estimated values or assumptions that the Financial Evaluator had based their estimates on, as well as any results reached based on those estimates and assumptions. The QFMA do not make any ratifications as to the technical aspects of the analysis or the economic, commercial and investment feasibility study of the estimates and assumptions determined by the analysis results and the offering value. The QFMA's role is limited to ensuring the implementation of the Rules for External Auditors and Financial Evaluators issued by the QFMA's Board of Directors.

### **Ministry of Commerce and Industry ("MOCI") Disclaimer**

MOCI, as the regulator of commercial companies in the State of Qatar, shall bear no liability for the validity, comprehensiveness and sufficiency of the details and information mentioned in this Listing Prospectus, and the MOCI explicitly disclaims any liability whatsoever for any loss which could be incurred by any person taking decisions upon reliance upon the whole or part of details or information of this Listing Prospectus.

MOCI, as the regulator of commercial companies in the State of Qatar, shall bear no liability towards any of the parties in relation to the Company's evaluation analysis, including the estimated values or assumptions on which the Financial Evaluator based their estimates on, as well as any results reached based on these estimates and assumptions. MOCI will not provide any ratifications regarding the technical aspects of the analysis or the economic, commercial and investment feasibility study of the estimates and assumptions determined by the analysis results and the offering value. MOCI's role is limited to ensuring the implementation of the provisions of the Commercial Companies Law No. 11 of 2015.

### **Qatar Stock Exchange ("QSE") Disclaimer**

The QSE shall bear no liability for the validity, comprehensiveness and sufficiency of the details and information mentioned in this Listing Prospectus, and the QSE explicitly disclaims any liability whatsoever for any loss which could be incurred by any person taking decisions upon reliance on the whole or part of details or information of this Listing Prospectus.

**The QSE shall bear no liability towards any party regarding the Company's evaluation analysis, including the estimated values or assumptions that the Financial Evaluators had based their estimates on, as well as any results reached based on those estimates and assumptions. The QSE will not provide any ratifications related to the technical aspects of the analysis or the economic, commercial and investment feasibility study of the estimates and assumptions determined by the analysis results and the offering value. The QSE's role is limited to ensuring that the transactions conducted on the Company's shares are completed pursuant to the QSE Rulebook.**

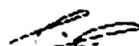
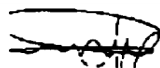





**The QSEVM is a market for small and growing companies in Qatar. The potential Investor shall be aware of the risks that may result from investment in such companies and shall take his investment decision after consulting an independent legal or financial expert.**

**Listing Advisor's Declaration**

The Listing Advisor confirms, to the best of its knowledge based on the information provided by the Founders, the appointed members of Board of Directors and the Senior Executive Management and after conducting a due diligence screening, that the information disclosed in this Listing Prospectus at the date of this Listing Prospectus is correct and complete and does not include misleading or incomplete information.






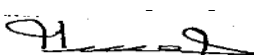

**Declaration of Responsibility**

We, the Founders, the members of the Board of Directors and the Senior Executive Management of Al Mahhar Holding Company Q.P.S.C., whose names and signatures are mentioned below, hereby jointly and severally assume full responsibility for the information and details mentioned herein, and we hereby declare that we have taken reasonable care to ensure that the information and details included in this Listing Prospectus are correct, clear, similar to the facts and contains no omission of any information that would make the information less significant, comprehensive and sufficient.

Founders	
Name	Signature
Fahad Hussain I Al Fardan	
Salah Mohd I Al Jaidah	
Dibal Consultancy W.L.L. represented by Fahad Hussain I Al Fardan, Salah Mohd I Al Jaidah and Clifford William Lasrado	  
Hussain Fahad H I Al Fardan represented by Fahad Hussain I Al Fardan	
Khalifa Salah M I Al-Jaidah represented by Salah Mohd I Al Jaidah	



Board of Directors			
Name	Position	Date of Appointment	Signature
Fahad Hussain I Al Fardan	Chairman	19 February 2023	
Salah Mohd I Al Jaidah	Vice Chairman	19 February 2023	
Clifford William Lasrado	Managing Director	19 February 2023	
Ahmad Abdulla A Al-Abdulla	Independent Director	19 February 2023	
Mohamed Abdhulrahman M. A. Fakhroo	Independent Director	19 February 2023	

Senior Executive Management of the Company		
Name	Position	Signature
Enzo Liberato Dellesite	Group Chief Executive Officer	
Puzhukkal Sunil Kumar	General Manager – Finance	
Viswanath Perinkulam Krishnan	General Manager – Energy Sales	
Neil Andrew Dey	General Manager – Energy Operations	
Samar Pal Bais	General Manager – Infrastructure	
Hamza Shehadeh Alnaimat	Head of Legal Department	
Ganesan Muthukkumaran	Head of Quality, Health, Safety and Environment	

**Information on Risk Factors**

**In order to obtain information on the risks that the Investors should take into consideration, please refer to the risk analysis mentioned in this Listing Prospectus (“Risk Factors”) from pages 79 to 97.**

**Summary of Key Dates Relating to the Listing**

Date of Constitutive General Assembly of the Company: 19 February 2023

Date of Issuance of the Company's Updated Commercial Registration Certificate: 21 February 2023

Estimated First Date of Trading on the QSEVM: The first date of trading is expected to be in June 2023 and subject to obtaining the listing date confirmation from the respective regulatory authority

## **IMPORTANT NOTICE**

**IMPORTANT:** You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached document (the “**Listing Prospectus**”). In accessing the Listing Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

This document has been prepared solely in connection with the proposed listing of 207,000,000 shares (the “**Shares**”) issued by Al Mahhar Holding Company Q.P.S.C. (the “**Company**”) and the proposed admission of the Shares to trading on the Venture Market of the Qatar Stock Exchange (“**QSEVM**”). The Company confirms that the information in this document is neither inaccurate nor misleading and is consistent with the information required to be in the Listing Prospectus pursuant to the applicable rules of the Qatar Financial Markets Authority (“**QFMA**”). Copies of the Listing Prospectus will, following publication, be available at the registered office of the Company in Doha, Qatar.

This Listing Prospectus does not constitute an offer or solicitation to buy, subscribe or sell the securities described herein, and no securities are being offered or sold pursuant to this Listing Prospectus.

### **Additional points to be noted**

All summaries of documents or provisions of documents provided in this Listing Prospectus should not be relied upon as being comprehensive statements in respect of such documents. All equity investments carry market risks to varying degrees. The value of any security can fall as well as rise depending on market conditions. Potential investors (the “**Investors**”) should read the risk analysis set out on pages 79 to 97 of this Listing Prospectus.

### **Statement of Investment Risk**

Prior to investing in the Shares, prospective Investors should carefully consider the risk factors relating to the Company’s business and the Energy Sector as well as the Infrastructure Sector in Qatar, together with all other information contained in this Listing Prospectus. The Company’s Board of Directors and Senior Executive Management believe that the risks mentioned in this Listing Prospectus are the material risks facing the Company and its business. However, these risks and uncertainties are not the only issues that the Company faces; additional risks and uncertainties not presently known to it or that it currently believes not to be material may also have a material adverse effect on the Company’s financial condition or business success. If any combination of these risks actually occurs, the Company’s business, financial condition, cash flows and results of operations could be adversely affected and may result in bankruptcy or liquidation. If this occurs, the market price of the Shares may decline and Investors could lose part, or all of, their investment. Additionally, this Listing Prospectus contains forward-looking statements that are also subject to risks and uncertainties. The Company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Company as described below. It should also be noted that the risks below are to an extent interrelated. The occurrence of one risk may trigger other risks to materialise. For example, if there is a material downturn in the Qatari economy, the Company could incur substantial operational losses and could, in turn, experience an increased need for liquidity and as a result become over-leveraged. Each of these is a separate risk described below but demonstrates the interconnection between these and other risks to which the Company is exposed. In order to obtain more information on the risks which Investors in the Shares must take into consideration, please refer to the risk analysis set out in this Listing Prospectus on pages 79 to 97.

Unless the context otherwise requires, capitalised terms used in this Listing Prospectus have the same meaning given on pages 9 to 16 of this Listing Prospectus. This Listing Prospectus relating to the Company is prepared in accordance with the QFMA Listing Rules and the Companies Law. The Arabic Listing Prospectus has been approved for printing and circulation by the QFMA. This Listing Prospectus relates solely to the Listing. At an EGA held in Doha, Qatar on 23 January 2023, the Shareholders unanimously approved the conversion of the Company from a limited liability company into a public shareholding company and to list and admit all of the Shares of the Company being 207,000,000 shares for trading on the QSEVM.

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## 1. GLOSSARY OF DEFINED TERMS

<b>“AC”</b>	Alternating current which is an incoming utility power.
<b>“Advisors”</b>	The International Legal Advisor, the Qatar Legal Advisor, the Listing Advisor, the Strategic Advisor, the Financial Evaluator and the Independent Auditor.
<b>“Al Mahhar Kuwait”</b>	Al Mahhar Al Kuwaitiyya for Light and Heavy Equipment and Machines W.L.L., a limited liability company partially owned by the Company, established in Kuwait under licence number 27551/2019 and commercial registration number 416396.
<b>“Articles”</b>	Memorandum and articles of association of the Company, as amended and restated from time to time.
<b>“Ashghal”</b>	Public Works Authority of Qatar.
<b>“Audited Financial Statements”</b>	Audited consolidated financial statements as at and for the year ended 31 December 2021.
<b>“Board” or “Board of Directors” or “BoD”</b>	The board of directors of the Company.
<b>“BNP”</b>	BNP Paribas Qatar.
<b>“bpd”</b>	Barrels per day.
<b>“CAGR”</b>	Compound Annual Growth Rate.
<b>“CAPM”</b>	Capital Asset Pricing Model.
<b>“CCU”</b>	Cargo Carrying Unit.
<b>“Company” or “Al Mahhar Holding Company”</b>	Al Mahhar Holding Company Q.P.S.C., a Qatari public shareholding company holding commercial registration number 64325.
<b>“Commercial Law”</b>	Commercial Law No. 27 of 2006, as amended from time to time.
<b>“Companies Law”</b>	Commercial Companies Law No. 11 of 2015, as amended from time to time.
<b>“COVID-19”</b>	Coronavirus Disease 2019 caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).
<b>“CGA”</b>	Constitutive General Assembly.

<b>“CWIP”</b>	Capital Work in Progress.
<b>“Director”</b>	A member of the Board.
<b>“DB”</b>	Dukhan Bank Q.P.S.C. (formerly Barwa Bank).
<b>“DVP”</b>	Delivery vs Payment.
<b>“EBITDA”</b>	Earnings before interest, tax, depreciation and amortisation.
<b>“EEC”</b>	European Equipment Company W.L.L., a company with limited liability established in Qatar, which is company partially owned by the Company, holding commercial registration number 40548.
<b>“EGA”</b>	Extraordinary General Assembly of the Shareholders of the Company.
<b>“Energy Sector Segment”</b>	The group consisting of Petrotec, Petrotec Kuwait, TSR, GTS, Solarca and QCAL.
<b>“Energy Sector”</b>	Oil, gas, petrochemicals, fertilizer, utilities and related services for the purpose of this Listing Prospectus.
<b>“EPIC”</b>	Engineering, Procurement, Installation and Construction.
<b>“ERP”</b>	Enterprise Resource Planning.
<b>“ESG”</b>	Environment Social Governance.
<b>“ETF”</b>	Exchange Traded Fund.
<b>“EUR”</b>	Euro, being the lawful currency of the European Union.
<b>“FIFA”</b>	Fédération Internationale de Football Association, the international governing body of association for football, beach soccer and futsal.
<b>“Financial Evaluator”</b>	PricewaterhouseCoopers – Qatar LLC, with registered address at Tornado Tower 41st Floor, P.O. Box 6689, Doha, State of Qatar.
<b>“FMV”</b>	Fair Market Value.
<b>“Foreign Investment Law”</b>	Law No. 1 of 2019 regulating the investment of non-Qataris in economic activities, as amended from time to time.
<b>“Founders”</b>	Means the founders of the Company as listed in Section 6.4.
<b>“Framework Agreement”</b>	Common VAT Agreement of the States of the Gulf Cooperation Council.

<b>“FY”</b>	Financial year.
<b>“G&amp;A”</b>	General and Administrative expenses.
<b>“GCC”</b>	The Cooperation Council for the Arab States of the Gulf (often referred to more informally as the Gulf Cooperation Council). The member states of the GCC are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.
<b>“GDP”</b>	Gross domestic product.
<b>“GECF”</b>	Gas Exporter Countries Forum.
<b>“GLA”</b>	Gross Lettable Area.
<b>“GPCM”</b>	Guideline Public Company Methods.
<b>“GTM”</b>	Guideline Transaction Methods.
<b>“GTS”</b>	Gulf Turbo Services W.L.L., a company with limited liability, partially owned by Petrotec, holding commercial registration number 33332.
<b>“General Assembly”</b>	The general assembly of all the Shareholders of the Company.
<b>“Government”</b>	The Government of the State of Qatar.
<b>“Group”</b>	Together, the Company and the Portfolio Companies.
<b>“Group Member”</b>	Any company within the Group.
<b>“H1”</b>	First six months of a financial year.
<b>“HIA”</b>	Hamad International Airport.
<b>“HoH”</b>	Half on half.
<b>“HSBC”</b>	HSBC Bank Middle East, Qatar Branch.
<b>“HVAC”</b>	Heating, ventilation and air-conditioning.
<b>“ICV”</b>	In-Country Value.
<b>“IFRS”</b>	International Financial Reporting Standards.
<b>“IMF”</b>	International Monetary Fund.
<b>“Income Tax Law”</b>	The Income Tax Law No. 24 of 2018, as amended from time to time.

<b>“Independent Auditor”</b>	Ernst & Young – (Qatar Branch), having its registered address at Burj Al Gassar, 24th Floor, Majlis Al Taawon Street, West Bay, PO Box 164, Doha, State of Qatar.
<b>“Infrastructure Sector”</b>	Buildings, roads, railways, ports, bridges, fabrication, and support services for the purpose of this Listing Prospectus.
<b>“Infrastructure Sector Segment”</b>	The group consisting of QFAB, EEC, KOOP and Al Mahhar Kuwait.
<b>“Interim Financial Statements”</b>	Interim condensed consolidated financial statements as at and for the six-month period ended 30 June 2022.
<b>“International Legal Advisor”</b>	Eversheds Sutherland (International) LLP, having its registered address at 12 <sup>th</sup> Floor, Qatar Financial Centre, P.O. Box 24148, Doha, Qatar.
<b>“Investor”</b>	A natural or corporate person subscribing to the Shares and/or trading the Shares on the QSE.
<b>“ISA”</b>	International Standards on Auditing.
<b>“ISAE”</b>	International Standards on Assurance Engagements.
<b>“IT”</b>	Information technology.
<b>“IWPP”</b>	Independent Water and Power Project.
<b>“KOOP”</b>	Koop Water Management Middle East W.L.L., a company with limited liability established in Qatar, which is a company partially owned by the Company, holding commercial registration number 61920.
<b>“KPI”</b>	Key performance indicators.
<b>“Labour Law”</b>	Labour Law No.14 of 2004, as amended from time to time.
<b>“Listing”</b>	The listing of 207,000,000 Shares on the QSEVM in accordance with the provisions of the Articles and after obtaining all necessary regulatory approvals.
<b>“Listing Advisor”</b>	Deloitte & Touche – Qatar Branch LLC, having its registered address at Al Ahli Bank – Head Office Building, Sheikh Suhaim bin. Hamad Street, Al Sadd Area, P.O. Box 431, Doha, Qatar.
<b>“Listing Prospectus”</b>	This document, including any supplement hereto or amendment hereof.
<b>“LNG”</b>	Liquefied Natural Gas.



<b>“m”</b>	Million.
<b>“Manateq”</b>	Economic Zones Company – Manateq.
<b>“MENA”</b>	Middle East and North Africa.
<b>“MME”</b>	The Ministry of Municipality and Environment of the State of Qatar.
<b>“MM/BH”</b>	Maydan Mahzam and Bul Hanine offshore fields.
<b>“MOCI”</b>	The Ministry of Commerce and Industry of the State of Qatar.
<b>“MOL”</b>	The Ministry of Labour of the State of Qatar.
<b>“MOPH”</b>	The Ministry of Public Health of the State of Qatar.
<b>“MOI”</b>	The Ministry of Interior of the State of Qatar.
<b>“MRO”</b>	Maintenance, Repair and Overhaul.
<b>“MSCI”</b>	Morgan Stanley Capital International.
<b>“MTPA”</b>	Million tonnes per annum.
<b>“NATO”</b>	North Atlantic Treaty Organisation.
<b>“N/A” or “n/a”</b>	Not applicable.
<b>“NFE”</b>	North Field Expansion.
<b>“NFPS”</b>	North Field Production Sustainability.
<b>“NM”</b>	Not meaningful.
<b>“NOC”</b>	North Oil Company.
<b>“OECD BEPS 2.0”</b>	Organisation for Economic Co-operation and Development Base Erosion and Profit Shifting.
<b>“OEM”</b>	Original equipment manufacturer and/or service provider.
<b>“OGA”</b>	Ordinary General Assembly of the Shareholders.
<b>“OPEC”</b>	Organisation of the Petroleum Exporting Countries.
<b>“Petrotec”</b>	Petroleum Technology Company (Petrotec) W.L.L., a company with limited liability established in Qatar, fully owned by the Company, holding commercial registration number 12098.

<b>“Petrotec Kuwait”</b>	Petroleum Technology for Mechanical Contracting Company W.L.L., a limited liability company, partially owned by Petrotec, established in Kuwait under license number 6642/2019 and commercial registration number 396573.
<b>“Portfolio Company” and collectively “Portfolio Companies”</b>	Any company in which the Company holds, directly or indirectly, some or all of the issued share capital, including, for the purpose of this Listing Prospectus, any subsidiary, associate or joint venture company as further detailed in Section 6.3 in this Listing Prospectus.
<b>“Pro Forma Financial Information”</b>	Unaudited pro forma consolidated financial information of the Company for the year ended 31 December 2021 and for the six-months ended 30 June 2022.
<b>“QAFCO”</b>	Qatar Fertiliser Company (Q.P.S.C.).
<b>“QAR” or “Qatari Riyal”</b>	Qatari Riyals, being the lawful currency of the State of Qatar.
<b>“Qatar” or the “State”</b>	The State of Qatar.
<b>“Qatar Legal Advisor”</b>	Sharq Law Firm, having its registered address at Alfardan Office Tower, Level 22, West Bay, P.O. Box 6997, Doha, Qatar.
<b>“QCAL”</b>	Qatar Calibration Services Company (Q CAL) W.L.L., a company with limited liability established in Qatar, partially owned by Petrotec and holding commercial registration number 20582.
<b>“QCB”</b>	Qatar Central Bank.
<b>“QCSD”</b>	Qatar Central Securities Depository.
<b>“QF”</b>	Qatar Foundation for Education, Science and Community Development.
<b>“QFC Law”</b>	Qatar Financial Centre Law No.2 of 2009.
<b>“QFAB”</b>	Qatar Welding and Fabrication Supplies W.L.L., a company with limited liability established in Qatar, fully owned by the Company and holding commercial registration number 18719.
<b>“QFMA”</b>	Qatar Financial Markets Authority.
<b>“QFMA Corporate Governance Code”</b>	QFMA's Corporate Governance Code for Companies listed on the QSEVM issued by the QFMA board pursuant to decision no.5 of 2016.
<b>“QFMA Listing Rules”</b>	QFMA Securities Offering & Listing Rulebook issued by the Board of Directors of QFMA under decision number (4) of 2020.

<b>QHSE</b>	Quality, Health, Safety and Environment.
<b>“QIA”</b>	Qatar Investment Authority.
<b>“QNDS”</b>	Qatar National Development Strategy 2011-2016.
<b>“QNV 2030”</b>	Qatar National Vision 2030.
<b>“QoQ”</b>	Quarter over quarter.
<b>“QPSA”</b>	The Planning and Statistics Authority of Qatar.
<b>“QSE”</b>	Qatar Stock Exchange.
<b>“QSEVM”</b>	The Venture Market of the QSE as per the QFMA Listing Rules.
<b>“QSE Rulebook”</b>	QSE Rulebook as may be amended from time to time.
<b>“R&amp;D”</b>	Research and Development.
<b>“RLPC”</b>	Ras Laffan Petrochemical Complex.
<b>“RoU”</b>	Right of use.
<b>“RUYA FEED”</b>	Front-End Engineering Design for the Ruya Development Project.
<b>“SCB”</b>	Standard Chartered Bank.
<b>“Senior Executive Management”</b>	The chief executive officer (or any other adopted nomination including the managing director) and the other executive managers under the direct supervision of the chief executive officer or the managing director, in each case of the Company.
<b>“Shares”</b>	207,000,000 Shares with a nominal value of QAR 1 each and a premium of QAR 1.
<b>“Shareholders”</b>	Shareholders of the Company.
<b>“S&amp;P”</b>	Standard & Poor’s.
<b>“Solarca”</b>	Solarca Qatar W.L.L., a company with limited liability established in Qatar, partially owned by Petrotec and holding commercial registration number 43850.
<b>“Strategic Advisor”</b>	Maroon Capital Advisory LLC, having its registered address at Al Fardan Office Tower, Floor No.26, Office No.02, West Bay, Doha.  Maroon Capital Advisory LLC acted as Strategic Advisor to Al

	Mahhar Holding Company Q.P.S.C. on its Listing on the QSEVM.
<b>“tpy”</b>	Tonnes per year.
<b>“TSR”</b>	Team Services and Rentals W.L.L. (formerly Ocean Team Qatar W.L.L.), a company with limited liability established in Qatar, fully owned by Petrotec and holding commercial registration number 38156.
<b>“UDC”</b>	United Development Company.
<b>“UK” or “United Kingdom”</b>	The United Kingdom of Great Britain and Northern Ireland.
<b>“UPS”</b>	Uninterruptible power supply device.
<b>“US”, “USA”, “United States” or “United States of America”</b>	The United States of America, including its territories and possessions (including Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island, the Northern Mariana Islands and US Minor Outlying Islands) and any state of the United States, the District of Columbia and other areas subject to US jurisdiction.
<b>“US\$”, “USD” or “US Dollar”</b>	United States Dollars, being the lawful currency of the United States.
<b>“VAT”</b>	Value Added Tax.
<b>“WACC”</b>	Weighted average cost of capital.
<b>“WC 2022”</b>	FIFA World Cup 2022, held in Qatar between November and December 2022.
<b>“YOY”</b>	Year-over-year.

## 2. IMPORTANT DETAILS

The aim of this Listing Prospectus is to present material information in relation to the Listing, which may assist potential Investors once the Shares are listed to make an appropriate decision as to whether or not to invest in the Shares of the Company. Investors should not consider this Listing Prospectus a recommendation by the Company or the Listing Advisor to buy the Shares on the QSEVM. Each Investor is responsible for obtaining his or her own independent professional advice by a legal or financial expert on the investment in the Shares and for conducting an independent valuation of the information and assumptions contained herein using appropriate analysis or projections. No person has been authorised to make any statements or provide information in relation to the Company or the Shares other than the persons whose names are so indicated in this Listing Prospectus. Where any other person makes any statement or provides information it should not be taken as authorised by the Company. The Advisors are acting for the Company in connection with the matters described in this Listing Prospectus and are not acting for any other person. The Listing Advisor does not bear any legal or professional responsibility, of any kind, for the accuracy and completeness of the financial statements included in the Listing Prospectus, where these financial statements have been audited by another auditor.

The Company was initially incorporated as a holding company on 18 February 2014. On 12 February 2023 the Company was converted to a Qatari public shareholding company by virtue of decision number 9 of 2023 issued on 12 February 2023 by the Minister of Commerce and Industry with the Memorandum of Association and Articles of Association ("**Articles**") authenticated on 31 January 2023 under authentication numbers 88252/2023 and 88257/2023. The Company is registered and incorporated in Qatar with commercial registration number 64325. The Company holds, directly or indirectly, some or all of the issued share capital of each of ten Portfolio Companies, each of which is referred to in this Listing Prospectus as a Portfolio Company and, together, as the Portfolio Companies. Prior to the Listing, there has been no public market for the Shares. As at the date of this Listing Prospectus and immediately prior to the Listing, the issued and paid-up share capital of the Company is QAR 207,000,000 divided into 207,000,000 ordinary shares. Each Share has a nominal value of QAR 1. The Listing price includes the nominal value of QAR 1 per share and a premium of QAR 1. The authorised share capital of the Company is QAR 207,000,000. The legal and commercial name of the Company is Al Mahhar Holding Company Q.P.S.C. and its registered office is located at Suite 203 - D, Jaidah Square, Airport Rd with PO Box Number 16069. The Company has submitted an application to the QFMA and the QSE to list the Shares on the QSEVM. Trading in the Shares on the QSEVM is expected to commence during June 2023. This Listing is subject to the Company's Articles and the applicable laws of Qatar.

Potential Investors are required to carefully review the entire contents of this Listing Prospectus prior to making an investment decision regarding the Shares, taking into account all facts described therein in light of their own investment considerations.

The distribution of this Listing Prospectus and the Listing of the Shares may, in certain jurisdictions, be restricted by law or may be subject to prior regulatory approvals. This Listing Prospectus does not constitute an offer to sell or an invitation by or on behalf of the Company or the Listing Advisor to purchase any of the Shares in any jurisdiction outside of Qatar or from or within the Qatar Financial Centre. This Listing Prospectus may not be distributed in any jurisdiction where such distribution is, or may be deemed, unlawful. The Company, the Founders, the Board of Directors, the Senior Executive Management and the Listing Advisor require persons into whose possession this Listing Prospectus comes to inform themselves of and observe all such restrictions. None of

the Company, the Founders, the Board of Directors, the Senior Executive Management or the Listing Advisor accept any legal responsibility for any violation of any such restrictions on the sale, offer to sell, or solicitation to purchase, the Shares by any person, whether or not a prospective purchaser of the Shares is in any jurisdiction outside of Qatar, and whether or not such offer or solicitation was made orally or in writing, including by electronic mail.

No action has been or will be taken in any jurisdiction other than Qatar that would permit a public offering of the Shares, or possession or distribution of this Listing Prospectus or any other offering material in any country or jurisdiction other than Qatar, where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Listing Prospectus nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Listing Prospectus comes should inform themselves about, and observe any, restrictions on the distribution of this Listing Prospectus and the Listing and sale of the Shares, including those in the paragraphs below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Listing Prospectus does not constitute an offer to buy any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

THE SHARES TO BE LISTED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAW OF ANY STATE OR TERRITORY OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAW.

Neither this Listing Prospectus, nor any other document issued in connection with the Listing, may be passed on to any person in the United Kingdom. All applicable provisions of the Financial Services and Markets Act of 2000, as amended, must be complied with in respect of anything done in relation to the Shares in, from, or otherwise involving the United Kingdom.

No person is or has been authorised to give any information or to make any representations other than the information and those representations contained herein in connection with the Listing. If given or made, such information or representations must not be relied upon as having been authorised by the Company, the Listing Advisor or any of their respective legal or accounting advisers. Each prospective Investor should conduct their own assessment of the Listing and consult their own independent professional advisers. Neither the delivery of this Listing Prospectus nor any sale made hereunder shall, under any circumstances, constitute a recommendation to purchase Shares or a confirmation that the information contained herein is correct as of any time subsequent to its date. The content of this Listing Prospectus may, however, still be subject to change until the completion of the Listing. If required, these changes will be made through an amendment to this Listing Prospectus. The Listing Advisor is acting for the Company in connection with the matters described in this document. The Listing Advisor is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of the Listing Advisor or for advising any other person in connection with the matters described in this Listing Prospectus.

## **2.1. Eligible Investors**

Following the Listing, trading in the Shares shall be open to both Qatari and non-Qatari investors in accordance with the QSE Rulebook, QFMA Listing Rules, the Articles and subject to the

restrictions stated in the Foreign Investment Law in respect of foreign shareholders' ownership in listed companies whereby foreign ownership should not exceed 49% of the share capital unless an exemption to exceed such percentage is obtained from the Government.

## 2.2. Forward-looking Statements

This Listing Prospectus contains certain forward-looking statements. These forward-looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “goal”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe the Company's strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual outcomes to differ materially from those contemplated by the relevant forward-looking statement.

These forward-looking statements are based on assumptions that the Board has made in light of its experience in the sector in which it operates, as well as its experience of historical trends, current positions, expected future developments and other factors which the Board believes are appropriate under the circumstances. As prospective Investors read and consider this Listing Prospectus, they should understand that these statements are not guarantees of future performance or results. They involve risks, uncertainties and assumptions. Although the Board believes that these forward-looking statements are based on reasonable assumptions, prospective Investors should be aware that many factors could affect the Company's actual financial position or financial performance and cause actual results to differ materially from those in the forward-looking statements. These factors include, among other things, those discussed under *Section 5: Risk Factors* of this Listing Prospectus.

Important factors that could cause actual results to differ materially from the Company's expectations include, amongst others:

- the Company's future results of operations and financial condition;
- the Company's future business development;
- the Company's acquisition and expansion strategy;
- general economic and business conditions, domestically and internationally;
- external competition; and
- future market opportunities.

Due to these factors, the Board cautions that prospective Investors should not place undue reliance on any forward-looking statements. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could be materially different from those that have been estimated. Further, any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time-to-time, and it is impossible to predict these events or how they may affect the Company and its business. Except as required by the rules and regulations of the QFMA or the rules of the QSE, the Board has no duty to, and does not intend to, update or revise the forward-looking statements in this Listing Prospectus after the date of the Listing Prospectus. The Company advises prospective Investors and Shareholders to track any information or announcements made by it after Listing through the QSE's website at [www.qe.com.qa](http://www.qe.com.qa).

## 2.3. Presentation of Financial, Industry and Market Data

### ***Historical financial data***

The Company's financial year runs from 1 January to 31 December. Copies of the Audited Financial Statements and Interim Financial Statements of the Company, and the Audited Financial Statements of Petrotec are included in *Section 20: Auditor's Report, Financial Statements and Pro Forma Financial Information* of this Listing Prospectus.

The Audited Financial Statements of the Company and Petrotec were prepared in accordance with International Financial Reporting Standards ("IFRS") and the audits were conducted by the Independent Auditor in accordance with International Standards of Auditing ("ISAs"), as stated in their reports included elsewhere in this Listing Prospectus. The Interim Financial Statements of the Company were prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting and the review was conducted by the Independent Auditor in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as stated in their review report included elsewhere in this Listing Prospectus.

### ***Pro Forma Financial Information***

The Pro Forma Financial Information of the Company is also included in this Listing Prospectus in *Section 20: Auditor's Report, Financial Statements and Pro Forma Financial Information*. The Pro Forma Financial Information was prepared to illustrate the impact of the Company's acquisition of Petrotec (the "Transaction") on 11 April 2022, as set out in Note 2 to the Pro Forma Financial Information, on the Company's consolidated financial performance for the six-month period ended 30 June 2022 and the year ended 31 December 2021, as if the Transaction had taken place as at 1 January 2021.

The Independent Auditor issued a compilation report on the Pro Forma Financial Information in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board, included elsewhere in this Listing Prospectus.

The Company acquired Petrotec from its shareholders on 11 April 2022. In order to provide a better representation of the Group, certain statement of profit and loss data of the Group disclosed in this Listing Prospectus is based on the Pro Forma Financial Information of the Company considering Petrotec and its portfolio companies as part of the Group prior to the Group's corporate restructuring effective date of 11 April 2022.

### ***Alternative Performance Measures ("APMs")***

This Listing Prospectus contains references to certain performance measures that are not defined under IFRS, including EBITDA, EBITDA margin, G&A to gross profit and other income, net cash/(borrowings) and non-cash working capital. The Company believes that the APMs included in this Listing Prospectus provide useful supplementary information to both Investors and to the Senior Executive Management, as they facilitate the evaluation of underlying



operating performance and financial position across financial reporting periods. However, Investors should note that, since not all companies calculate the APMs presented by the Company in this Listing Prospectus in the same manner, these APMs may not always be directly comparable to performance measures used by other companies.

The APMs contained in this Listing Prospectus should not be considered in isolation and are not measures of financial performance or liquidity under IFRS. These APMs should not be considered as an alternative to revenues, profit or loss for the period or any other performance measures derived in accordance with IFRS or as an alternative to profitability or cash flow from operating, investing or financing activities or any other measure of liquidity derived in accordance with IFRS. Non-IFRS measures do not necessarily indicate whether cash flow will be sufficient or available for cash requirements and may not be indicative of actual results of operations. In addition, the APMs in this Listing Prospectus may not be comparable to other similarly titled measures used by other companies. Because of the discretion that the Company and other companies have in defining these measures and calculating the reported amounts, care should be taken in comparing these measures with similar measures used by other companies.

The definition and method of calculation of each of these measures are summarised in the following table:

<b>Non-IFRS financial measure</b>	<b>Description and computation methodology</b>	<b>Rationale</b>
EBITDA	Calculated as profit for the year/period, adding back: Tax expense, Depreciation of right-of-use assets; Depreciation on investment property; Depreciation of property and equipment; amortisation of intangible assets; amortisation of utilization right advance; interest on lease liabilities and finance costs	Performance measure
Gross margin	Calculated as gross profit divided by revenue	Performance measure
EBIDTA margin	Calculated as EBITDA divided by revenue	Performance measure
G&A to Gross Profit and Other Income	Calculated as general and administrative expenses divided by sum of gross profit and other income	Performance measure
Net Cash/(borrowings)	Calculated as bank balances and cash less sum of current portion of interest-bearing loans and borrowings and non-current portion of interest-bearing loans and borrowings	Liquidity measure

Revenue per Employee	Revenue for the period divided by the total number of permanent employees as at the end of the relevant period	Performance Measure
Gross profit (excluding direct permanent employee costs) and Other Income per Employee	Sum of Gross profit and other income less direct permanent employee costs, divided by total number of permanent employees at the end of the relevant period	Performance Measure
Non-cash working capital	Sum of inventories and trade and other receivables balances as at the year/period end less sum of accounts payables and accruals and lease liabilities balances as at the year/period end	Liquidity Measure

### ***Currency of presentation***

The pegged exchange rate is US\$ 1.00 = QAR 3.64. The peg to the US Dollar has been maintained by the QCB at the same rate since 1980. However, there can be no assurance that the US Dollar peg will be maintained going forward, or that the peg will be retained at its current rate. Any de-pegging of the Qatari Riyal from the US Dollar, or its re-pegging at a different rate, could result in a significant fluctuation and revaluation of the Qatari Riyal relative to the US Dollar and, by extension, to other GCC currencies pegged to the US Dollar. The currency used in presenting the financial information in this Listing Prospectus is the Qatari Riyal.

### ***Rounding***

Certain numerical figures included in this Listing Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

### ***Industry and market data***

Unless stated otherwise, industry and market data used throughout this Listing Prospectus has been obtained from third-party industry publications and/or websites. Although it is believed that industry data used in this Listing Prospectus is reasonable and reliable, it has not been independently verified and therefore, its accuracy and completeness is not guaranteed, and its reliability cannot be assured.

## **2.4. Contact information of the Company**

<b>Al Mahhar Holding Company Q.P.S.C.</b>	Address: Suite 203 - D, Jaidah Square, Airport Road, Doha, Qatar, PO Box 16069.  Website: <a href="https://almahharholding.com">https://almahharholding.com</a>
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	<p>Email: Investorrelations@almahharholding.com</p> <p>Telephone: 00974 4441 9603</p>
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## 2.5. Contact Information of the Company's Advisers

<p><b>Listing Advisor</b></p> <p>Deloitte &amp; Touche – Qatar Branch</p>	<p>Address: Al Ahli Bank – Head Office Building, Sheikh Suhaim bin Hamad Street, Al Sadd Area, P.O. Box 431, Doha, Qatar</p> <p>Website: <a href="https://www2.deloitte.com/qa">https://www2.deloitte.com/qa</a></p>
<p><b>Strategic Advisor</b></p> <p>Maroon Capital Advisory LLC</p>	<p>Address: Al Fardan Office Towers, Floor No.26, Office No.02, West Bay, Doha</p> <p>Website: <a href="https://www.maroon-capital.com/">https://www.maroon-capital.com/</a></p>
<p><b>Qatar Legal Advisor</b></p> <p>Sharq Law Firm</p>	<p>Address: Alfardan Office Tower Level 22, West Bay, P.O. Box 6997, Doha, Qatar</p> <p>Website: <a href="https://www.sharqlawfirm.com/">https://www.sharqlawfirm.com/</a></p>
<p><b>International Legal Advisor</b></p> <p>Eversheds Sutherland (International) LLP</p>	<p>Address: QFC Tower Diplomatic Area, West Bay, Office 1201, 12th floor, P.O. Box: 24148 Doha, Qatar</p> <p>Website: <a href="https://www.eversheds-sutherland.com/global/en/index.page">https://www.eversheds-sutherland.com/global/en/index.page</a></p>
<p><b>Financial Evaluator</b></p> <p>PricewaterhouseCoopers – Qatar LLC</p>	<p>Address: Tornado Tower 41st Floor, P.O. Box 6689, Doha, Qatar</p> <p>Website: <a href="https://www.pwc.com/m1/en/about-us/office-locations-middle-east/qatar.html">https://www.pwc.com/m1/en/about-us/office-locations-middle-east/qatar.html</a></p>
<p><b>Independent Auditor</b></p> <p>Ernst &amp; Young – (Qatar Branch)</p>	<p>Address: Burj Al Gassar, 24th Floor, Majlis Al Taawon Street, West Bay, P.O. Box 164, Doha, State of Qatar</p> <p>Website: <a href="https://www.ey.com/en_qa">https://www.ey.com/en_qa</a></p>

### 3. SUMMARY OF THE LISTING AND SHARES

Warnings	This summary should be read as an introduction to this Listing Prospectus. Any decision to invest in the securities should be based on consideration of the Listing Prospectus as a whole by the Investor, including in particular the Risk Factors section.
Legal and commercial name	Al Mahhar Holding Company Q.P.S.C.
Share capital	QAR 207,000,000
Company's current operations and principal activities	<p>The activities of a holding company in accordance with the Companies Law as follows:</p> <ul style="list-style-type: none"> <li>• participate in the management of its subsidiary companies or companies in which it holds shares;</li> <li>• invest its money in shares, debentures and various financial and negotiable instruments;</li> <li>• own intellectual property rights, patents, trademarks, industrial designs and models, privilege rights and other moral rights. The Company shall also be entitled to exploit and lease these rights to its subsidiaries, whether in the State or abroad;</li> <li>• own necessary moveable and immoveable assets to carry out its objects within the limits provided for in the Companies Law; and</li> <li>• provide the necessary support for its subsidiary companies.</li> </ul>
Number of subsidiaries, associated companies and joint ventures under the Company	10 Portfolio Companies, see <i>Section 6: The Company</i> , detailing all Portfolio Companies.
Major operating Portfolio Company	Petroleum Technology Company (Petrotec) W.L.L.
Currency of the Listing	The Shares will be denominated in Qatari Riyals.
Estimated Listing price	QAR 2 which includes QAR 1 of nominal value and a premium of QAR 1.
Securities listed	Ordinary shares. The Company has only one class of ordinary shares.
Amount and percentage of the Listing	207,000,000 shares being listed through a direct listing, which represent 100% of the share capital of the Company.

	<p>On the date of Listing and up to 1 year post Listing, the Founders are allowed to trade no more than 30% of their Shares. The Founders or major shareholders are prohibited to collectively reduce their percentage of ownership to less than 40% of the issued and paid up capital until two years have elapsed from the date of Listing, owing to temporary share retention obligations imposed on the Founders in line with applicable QFMA Listing Rules, regulations, guidelines, instructions, waivers, resolutions and exemptions issued by the QFMA from time to time, in this respect.</p>
Reasons for the Listing; use of Listing proceeds	<p>The Directors believe that the Listing of the Shares is part of the logical development of the Company's business and will facilitate the Company's long-term growth, while at the same time ensure compliance with regulatory requirements and transparency within the Company.</p>
Eligible investors	<p>All investors, Qatari and non-Qatari, permitted to trade in the Shares in accordance with the QSE Rulebook, QFMA Listing Rules, the Articles and otherwise not prohibited by applicable law, including the Foreign Investment Law, which prohibits foreign ownership from exceeding 49% of the share capital of the Company unless an exemption is obtained from the Qatari Council of Ministers upon a recommendation of such exemption being granted by the Minister of Commerce and Industry.</p>
Minimum/maximum number and value of Shares which may be purchased by eligible investors (if any)	<p>Except for the owners of Shares in the Company prior to the conversion of the Company into a Qatari public shareholding company identified as founders in <i>Section 9: Management, Shareholders and Corporate Governance</i> of this Listing Prospectus (the "<b>Founders</b>") or companies owned or controlled by the Founders, a shareholder cannot own either directly or indirectly more than 5% of the total Shares of the Company.</p>
Listing restrictions and jurisdictions	<p>No shares of the Company may be offered for subscription, sale or purchase, or be delivered, subscribed for, sold or delivered, and this Listing Prospectus and any other listing material in relation to the Listing and the Company's securities may not be disclosed or circulated, in any jurisdiction where to do so would breach any securities law or regulation of such jurisdiction or give rise to any obligation to obtain any consent, approval or permission, or to make any application, filing or registration in such jurisdiction. Shares will only be listed on the Venture Market of the Qatar Stock Exchange and no Shares will be offered or listed in any other markets.</p>
Rights attached to the Shares	<p>The Shares will rank pari passu in all respects with each other, including for voting and dividend rights and rights on return of capital. See <i>Section 22: Summary of the</i></p>

	<i>Company's Articles of Association</i> in relation to shareholder rights in relation to the Company.
Shareholders prior to the Listing	There are 35 shareholders of the Company, including the Founders. See <i>Section 11: Management, Founders and Principal Shareholders and Corporate Governance</i> for a description of major shareholders and the Founders.
Intended shareholding structure post-Listing	Other than the conversion of the Company from a Qatari limited liability company to a Qatari public shareholding company and changes to the shareholders from time to time due to transactions on the Qatar Stock Exchange, there are not currently any anticipated changes to the shareholding or corporate structure of the Company from the structure disclosed in <i>Section 6: The Company</i> .
Listing Date	During June 2023.
Estimated expenses charged to Investors	None.
Restrictions on transferability	Except with respect to any share retention requirements imposed by applicable law on Founders, the Shares are freely transferable.
Shares the Company has previously listed	None.

## **4. ARRANGEMENTS FOR ADMISSION AND TRADING**

Prior to the Listing, the Company has submitted an application to the QFMA and the QSE to list the Shares on the QSEVM. Trading in the Shares will be effected on an electronic basis as per the electronic trading system adopted by the QSE.

After the Listing and following commencement of trading in the Shares on the QSEVM, all institutions and individuals will be allowed to purchase shares in accordance with the applicable laws and the rules of the QSE. The Shares may be freely traded and transferred in accordance with the QSE Rulebook in compliance with the applicable laws of Qatar and the rules and regulations of the QFMA. The latter includes, amongst other things, limitations on foreign ownership in an aggregate amount of no more than 49% of the total issued share capital of the Company at any time unless an exemption to exceed such percentage is obtained from the Government. The Company will also register with QCSD upon Listing.

Trading in Shares accepted on the QSE will be subject to an annual three-day cycle (T+3) in accordance with the QCSD rules and the procedures of delivery versus payment (DVP) in accordance with the procedures adopted by the relevant market where such Shares are listed.

## 5. EXECUTIVE SUMMARY

### 5.1. Business Overview

The legal and commercial name of the Company is Al Mahhar Holding Company Q.P.S.C.. The Company is currently registered in the State of Qatar as a Qatari public shareholding company. Initially incorporated as a limited liability company on 18 February 2014 under commercial registration number 64325, the Company was converted into a public shareholding company on 12 February 2023 by virtue of the decision of the Minister of Commerce and Industry issued on 12 February 2023 under decision number 9 of 2023, as a result of an internal restructuring in 2022 aiming to consolidate the investments made in various Portfolio Companies.

Historically, the Group has been represented in Qatar since 1989, initially conducting business through its now fully owned Portfolio Company, Petroleum Technology Company (Petrotec) W.L.L. to provide an enhanced level of support to the Energy Sector.

Since then, the Group has evolved into a diversified business operating at different levels of the Energy and Infrastructure Sectors, through the Company's 10 Portfolio Companies, in the States of Qatar and Kuwait, namely by:

- selling OEM equipment and spare parts to the entirety of the Energy Sector in Qatar;
- providing MRO services to the Energy Sector;
- selling equipment and spare parts to contractors and other customers in the Infrastructure Sector;
- providing MRO services for the relevant equipment in the Infrastructure Sector;
- providing rental equipment to the Energy and Infrastructure Sectors; and
- design and assembly of electrical switchgear.

### 5.2. Corporate Structure

Following its conversion to a Qatari public shareholding company and as at the date of this Listing Prospectus, the Company is owned by its 5 original founders and 20 additional shareholders.

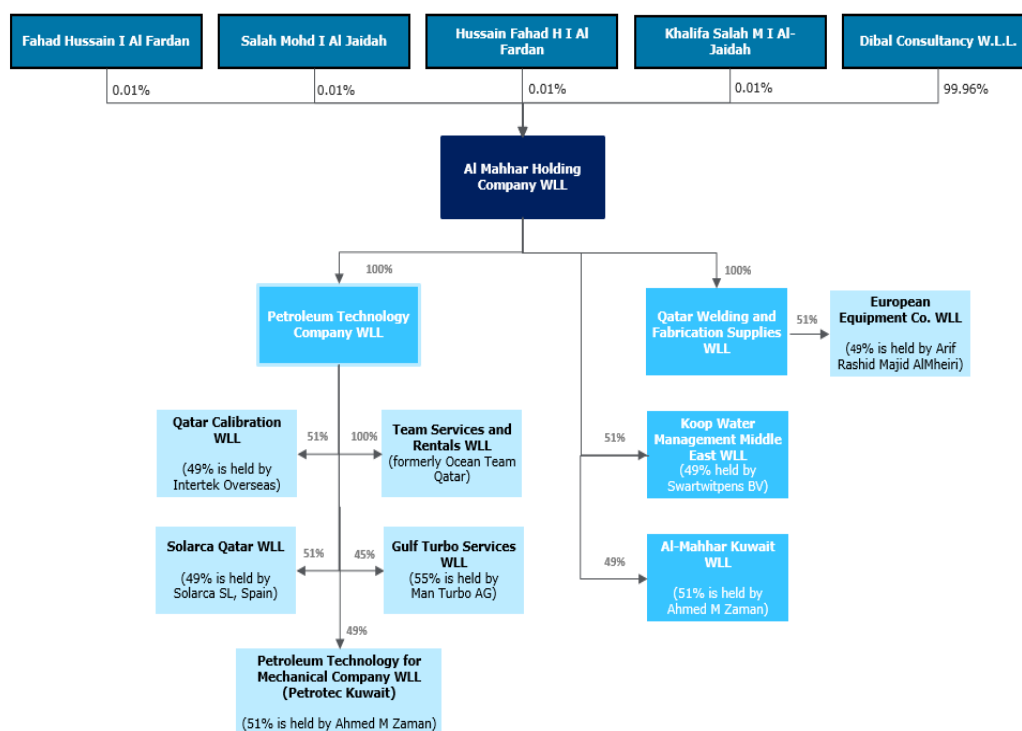
The Company has 10 Portfolio Companies:



1. Petroleum Technology Company (Petrotec) W.L.L.
2. Qatar Welding and Fabrication Supplies W.L.L.
3. Team Services and Rentals W.L.L. (previously known as Ocean Team Qatar W.L.L.)
4. Al Mahhar Al Kuwaitiyya for Light and Heavy Equipment and Machines W.L.L.
5. Petroleum Technology for Mechanical Contracting Company W.L.L. (Kuwait)
6. Solarca Qatar W.L.L.
7. European Equipment Company W.L.L.
8. Qatar Calibration Services Company (Q Cal) W.L.L.
9. Koop Water Management Middle East W.L.L.
10. Gulf Turbo Services W.L.L.

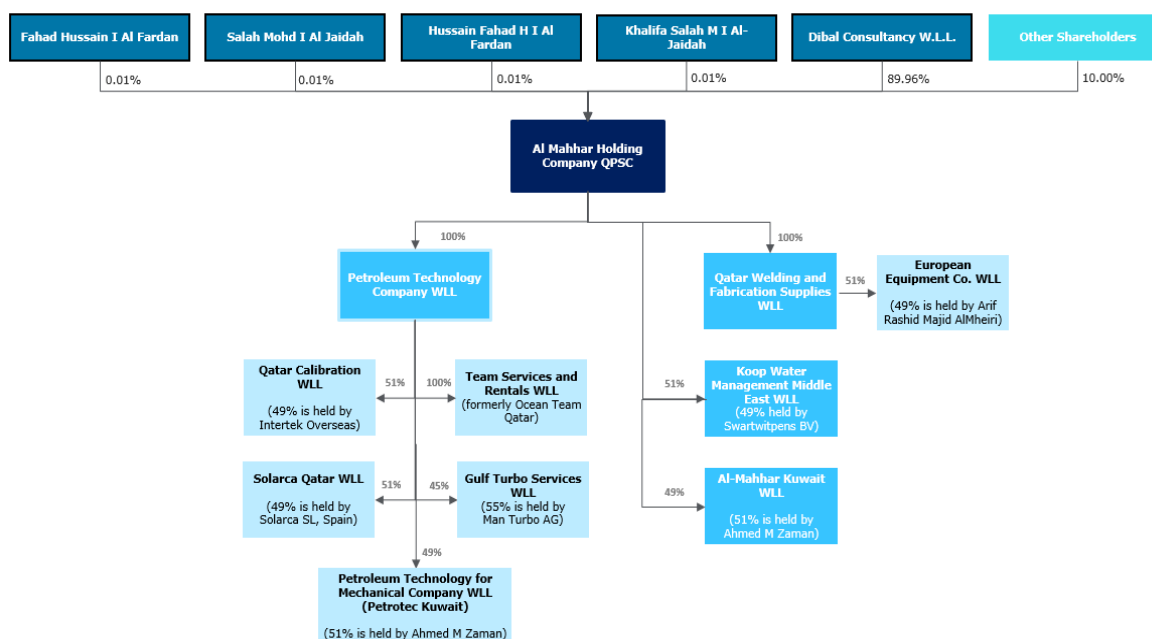
### **Pre- Conversion Shareholding Structure**

The chart below illustrates the shareholding structure of the Company prior to its conversion to a Qatari public shareholding company.



### **Post Conversion and Pre-Listing Shareholding Structure**

The chart below illustrates the shareholding structure of the Company following its conversion to a Qatari public shareholding company and immediately prior to the Listing:



- **New shareholders:**

Following the conversion of the Company to a Qatari public shareholding company by virtue of the Minister of Commerce and Industry decision number 9 dated 12 February 2023, the Founders individually transferred, for the purpose of fulfilling the direct listing requirements, the ownership of some of their shares through private sale transactions. The Founders transferred circa 10% of the total issued share capital of the Company to 30 shareholders by virtue of sale and purchase agreements were recorded in the Company's special shareholders' register, a copy of which is deposited at QCSD, QSE and QFMA. For further details regarding the new Shareholders, kindly refer to *Section 11.3.2* below.

### 5.3. Competitive Strengths

The Company has developed several key differentiating factors:

- State of the art facilities to service a wide range of client needs in line with the highest standards;
- Highly experienced specialist personnel;
- Technological capabilities;
- State of the art equipment;
- Client-focused corporate structure;
- Industry leadership and strong market reputation; and
- Financial strength.

It should be noted that due to the diversified business portfolio of the Group for the Energy and Infrastructure Sectors, Group Management believes that there is no public company or group locally in Qatar or in the wider GCC and MENA regions directly comparable to the Group.

#### 5.4. Growth Plans and Strategy

The Group is continuing to drive on its business plan and is interested in expanding some of its business into new markets in the GCC but no material changes in the nature of the business of the Group is contemplated. The Group is working in Kuwait and in Oman as at the date of this Listing Prospectus. The Group is currently present in Oman through Solarca, a joint venture between the Company and Solarca S.L., which expanded its operations to serve oil and gas clients in Kuwait and Oman in 2019.

The Group's strategy of localizing various services in Qatar has helped the Group's clients in the Energy and Infrastructure Sectors to rely less on workshops in the GCC region and other parts of the world. The Group believes that there are opportunities to expand its portfolio of products and services relating to the Energy Sector in Qatar and is analysing the whole value chain of the Energy Sector (upstream, midstream, and downstream).

The Group's objective is to offer a complete range of products and services. The Group intends to continue acquiring additional agents, expanding its client base and maintaining excellent service standards, including stocking of spares and personnel training. Alongside developing additional in-house capabilities, the Group is open to investing in joint ventures.

The Group is also assessing the feasibility of expanding in the medium term into manufacturing, assembly, as well as system integration of certain products and equipment related to the Energy Sector in-house in Qatar. The Group also believes that QatarEnergy's ongoing localization program (Tawteen) is a major driver for these opportunities.

In the Infrastructure Sector, there are substantial opportunities for the maintenance of the large infrastructure projects that were built for the WC 2022. The Group also has ample opportunities in terms of the supply of relevant equipment and sales support through its Portfolio Company QFAB for construction related projects.

The Company's Senior Executive Management and the Board of Directors evaluate the Company's business and strategy on an annual basis and as otherwise appropriate in their discretion, which includes monitoring the implementation, plans and results of the Company.

#### 5.5. Financial Overview for Al Mahhar Holding Company Q.P.S.C. and Petrotec

##### Summary Pro Forma Financial Information

	Amount (QAR million)	
For the year/period ended	31 December 2021	H1 2022
Revenue	620.0	347.4
EBITDA <sup>1</sup>	55.2	36.8
Profit for the year/period	31.0	24.5

Source: Pro Forma Financial Information, Management Information

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<sup>1</sup> EBITDA (please refer to Section 21 for calculation of EBITDA which is a non-IFRS measure)

## Summary statement of financial position data

As at	Petrotec 31 December 2021	Amount (QAR million)	
		AI Mahhar Holding Company 31 December 2021	AI Mahhar Holding Company 30 June 2022 (Unaudited)
Total assets	391.7	240.0	560.1
Total liabilities	174.3	121.1	227.4
Total equity	217.4	118.9	332.7
Net cash/(borrowings)	29.7	(7.0)	14.5

Source: The consolidated and audited financial statements of the Company and Petrotec as on and for the year ending on December 31, 2021, and the interim unaudited condensed consolidated financial statements of AI-Mahar Holding Company as on and for the six months ending on June 30, 2022

The Company's major sources of revenue come from the sale of equipment and products under agency agreements representing various OEMs in Qatar and from the provision of industrial specialised services provided by the Portfolio Companies. Other sources of revenue include equipment rental and design and assembly of electrical switchgear. Energy Sector Segment contributed 78.2% to the Group's total revenue in 2021. Revenue from sale of goods contributes between approximately 69% to 71% to the Group's revenue while revenue from services and rentals make up the remainder of the Group's revenue.

For further details, please refer to *Section 20: Auditor's Report, Financial Statements and Pro Forma Financial Information* in addition to *Section 21: Management Discussion & Analysis* of the Listing Prospectus.

## Selected Financial Ratios for AI Mahhar Holding Company Q.P.S.C.

For the year/period ended	Amount (QAR million)	
	31 December 2021	H1 2022
Gross margin <sup>2</sup>	21.0%	22.9%
EBITDA margin <sup>3</sup>	8.9%	10.6%
Net profit margin <sup>4</sup>	5.0%	7.1%
G&A to Gross Profit and Other Income <sup>5</sup>	70.5%	66.4%

Source: Management Information

EBITDA margins improved from 8.9% in 2021 to 10.6% in H1 2022. This expansion was driven by growth in revenue and increase in gross margins, while maintaining control on the indirect costs. Gross margins improved due to a change in product mix as well as the fixed nature of cost of sales in some of the segments. Indirect costs remained stable at ~16% of revenue in 2021 and H1 2022.

Net profit margin increased to 7.1% in H1 2022 compared to 5.0% in 2021. This was primarily

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<sup>2</sup> Gross profit divided by Revenue as per Pro Forma Financial Information.

<sup>3</sup> EBITDA (please refer to Section 21 for calculation of EBITDA which is a non-IFRS measure) divided by Revenue as per Pro Forma Financial Information

<sup>4</sup> Profit for the year/period divided by Revenue as per Pro Forma Financial Information

<sup>5</sup> General and administrative expenses divided by sum of gross profit and other income as per Pro Forma Financial Information.

due to the substantial increase in EBITDA stemming from margin improvement in H1 2022. Please refer to Section 21 for further details on the calculation of the ratios.

## 5.6. Risk Factors

The business of the Company has inherent risks such as:

- Risks pertaining to the markets in which the Group operates;
- Regulatory risks;
- Risks specific to the operations of the Group;
- Risks related to specific contracts entered into by the Group;
- Specific risks relating to the Shares of the Company; and
- Unidentified or unanticipated risks.

For more details, please see *Section 8: Risk Factors* as well as the “*Important Notice*” section in page 6 of this Listing Prospectus before taking any investment decision relating to the Shares.

## 6. THE COMPANY

### 6.1. Brief History

#### ***The Company***

The legal and commercial name of the Company is Al Mahhar Holding Company Q.P.S.C.. The Company is currently registered in the State of Qatar as a Qatari public shareholding company. Initially incorporated as a limited liability company on 18 February 2014 under the commercial registration number 64325, the Company was converted into a public shareholding company on 12 February 2023 by virtue of the decision of the Minister of Commerce and Industry issued on 12 February 2023 under decision number 9 of 2023, as a result of an internal restructuring in 2022 aiming to consolidate the investments made in various Portfolio Companies. The total issued and paid-up share capital of the Company is 207,000,000 QAR and the authorised capital is 207,000,000. The total issued Shares in the Company are 207,000,000 Shares. All the Shares are ordinary Shares with a nominal value of QAR 1. The proposed Listing price is 2 QAR per Share, comprised of QAR 1 nominal value per Share and QAR 1 premium per Share.

#### ***The Group***

Historically, the Group has been represented in Qatar since 1989, initially conducting business through its now fully owned Portfolio Company, Petroleum Technology Company (Petrotec) W.L.L., providing an enhanced level of support to the Energy Sector. Since then, the Group has evolved into a diversified business operating at different levels of the Energy and Infrastructure Sectors, through the Company's 10 Portfolio Companies, in the States of Qatar and Kuwait, namely by:

- selling OEM equipment and spare parts to all of the Energy Sector in Qatar;
- providing MRO services to the Energy Sector;
- selling equipment and spare parts to contractors and other customers in the Infrastructure Sector;
- providing MRO services for the relevant equipment in the Infrastructure Sector;
- providing rental equipment to the Energy and Infrastructure Sectors; and
- design and assembly of electrical switchgear.

#### ***Business combination between the Company and Petrotec***

Historically, Petrotec was owned by Fahad Hussain I Al Fardan and Salah Mohd I Al Jaidah (two of the Company's shareholders) and was the best performing corporate entity out of what is the current corporate composition of the Group. On 11 April 2022, Fahad Hussain I Al Fardan and Salah Mohd I Al Jaidah sold Petrotec to the Company (along with its own subsidiaries, joint ventures and associates). As a result of this corporate restructuring exercise, Petrotec became a wholly owned subsidiary of the Company, positioning itself alongside the Company's existing Portfolio Companies at the time. Further, the Company increased its share capital from its existing QAR 10 million before the acquisition of Petrotec to QAR 207 million after the acquisition. The reasons for grouping Petrotec and its portfolio companies under the Company are explained below.

Firstly, Petrotec's activities in the Energy Sector are highly complementary with those of the Company in the Infrastructure Sector and share the same customer base. In view of this sector alignment, by integrating Petrotec into its business, the Company could also directly leverage Petrotec's long standing and successful trading history and leverage the strength of its market reputation, bringing about cost savings and operational process enhancements.

Secondly, the Company and Petrotec had the same Founders as shareholders, in addition to having shared members of the Senior Executive Management team and the same single centralised shared services department, who were in practice providing management oversight and support for all of the Group's entities. Given this overlap in management services, integrating Petrotec and its portfolio companies into the Company's business allowed the Group's shareholders to streamline management oversight and support services for its Portfolio Companies through one single entity: the Company. This streamlined model could, in turn, maximise the operational and financial synergies across all Portfolio Companies at the same time.

Around the same time as the Company's acquisition of Petrotec, a subsidiary existing under the Company's ownership at the time, Al Doha Maintenance and Services W.L.L., was carved out of the Company's ownership. Together with the financial and operational efficiencies achieved by Petrotec's acquisition, this carve-out led to an even stronger corporate offering for the purpose of the Listing, in the form of the Group's current structure.

## **6.2. Strategic Objectives of the Company**

To strategically maximise the results of the Group restructuring, non-core activities and Portfolio Companies were organisationally restructured before the business combination with Petrotec. This allowed the business combination to firmly reposition the Company's focus on the interlinked Energy and Infrastructure Sectors and the Group to seamlessly serve both sectors.

The objects of the Company are those of a holding company under the Companies Law, together with any other objective or undertaking which the Company deems beneficial to its business, diversification or expansion from time to time, including the following:

- a) participating in the management of its Portfolio Companies or companies in which it holds shares;
- b) investing its assets in shares, bonds and financial instruments;
- c) providing the necessary support to its Portfolio Companies;
- d) owning intellectual property rights such as patents, trademarks, industrial samples, franchise rights and other rights, as well as exploiting and leasing thereof to its Portfolio Companies or otherwise whether inside or outside the State of Qatar; and
- e) owning movable assets and real estate necessary for the conduct of its activity within the limits allowed by the law.

The main activity of the Company is to operate as a holding company, serving as the legal owner of the Portfolio Companies. As at the date of this Listing Prospectus, the Company is the direct or indirect owner of:

	Portfolio Company name	Company's legal ownership percentage (directly or indirectly) in the Portfolio Company	Company's share in profits and losses (directly or indirectly) In the Portfolio Company	Portfolio Company Commercial Registration number	Summary of Principal Activities of the Portfolio Company
1.	Petroleum Technology Company (Petrotec) W.L.L.	100%	100%	12098	Marketing and sale of various products and services related to the oil and gas sector and other industrial sectors.
2.	Qatar Welding and Fabrication Supplies W.L.L.	100%	100%	18719	Trading and rental of industrial construction equipment.
3.	Team Services and Rentals W.L.L. (previously known as Ocean Team Qatar W.L.L.)	100%	100%	38156	Trading and rental of light and heavy equipment for the oil and gas sector.
4.	Al Mahhar Al Kuwaitiyya for Light and Heavy Equipment and Machines W.L.L.	49% <sup>6</sup>	85%	416396	Sale of light and heavy equipment and machinery, and repair and maintenance of such equipment and machinery.
5.	Petroleum Technology for Mechanical Contracting Company W.L.L. (Kuwait)	49% <sup>7</sup>	80%	396573	Mechanical contracting.
6.	Solarca Qatar W.L.L.	51% <sup>8</sup>	50%	43850	Trading in tools, equipment and chemical treatment services for the oil and gas sector.
7.	European Equipment Company W.L.L.	51% <sup>9</sup>	50%	40548	Trading and rental of heavy construction machineries and equipment.
8.	Qatar Calibration Services Company (Q Cal) W.L.L.	51% <sup>10</sup>	51%	20582	Calibration and services of measuring instruments and equipment.
9.	Koop Water Management Middle East W.L.L.	51% <sup>11</sup>	51%	61920	Works of water contractors, engineering services for geological mining, underground and surface water, providing sewage services and water draining.



10.	Gulf Turbo Services W.L.L.	45% <sup>12</sup>	45%	33332	Providing technical services support involving repair, fabrication, field service, installation, commissioning and related services for rotation equipment such as steam turbines, gas turbines, pumps, compressors, expanders and gearboxes.
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Source: Management Information

The Group's existing strategy of localizing various services in Qatar has helped the Group's clients in the Energy and Infrastructure Sectors to rely less on workshops in the GCC region and other parts of the world. However, the Group believes that there are opportunities to expand its portfolio of products and services relating to the Energy Sector in Qatar. The Group is looking at the whole value chain of the Energy Sector (upstream, midstream, and downstream) and the Group's objective is to offer a complete range of products and services. Alongside developing additional in-house capabilities, the Group is open to investing in joint ventures.

The Group is also assessing the feasibility of expanding in the medium term into manufacturing, assembly, as well as systems integration of certain products and equipment related to the Energy Sector in-house in Qatar. In addition, the Group believes that QatarEnergy's ongoing localisation program (Tawteen) is a major driver for these opportunities based on the below.

In December 2019, QatarEnergy announced the implementation of the In-Country Value ("ICV") Policy in the Energy Sector in Qatar as of January 2020 through "Tawteen", a localization program for services and industries in Qatar's Energy Sector. Qatar Energy, through the ICV Policy, stated that suppliers and contractors who contribute the most to the local Qatar economy would acquire a commercial advantage.

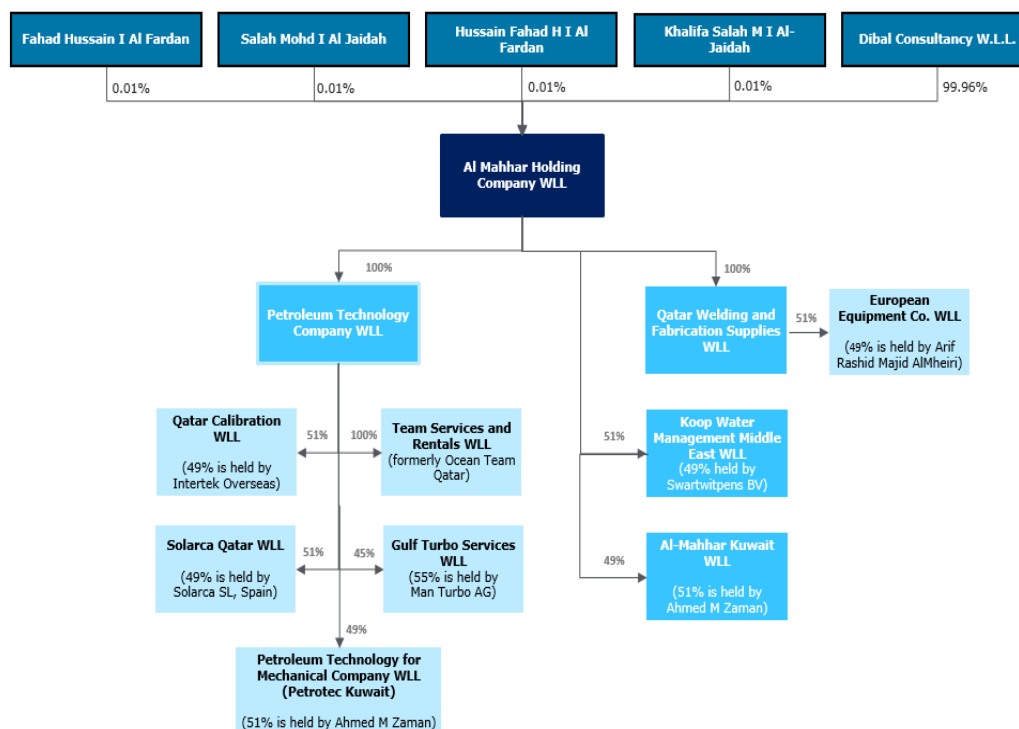
In the Infrastructure Sector, there are substantial opportunities for the maintenance of the large infrastructure projects that were built for the FIFA World Cup Qatar 2022. Further, with the increase in construction in the Energy Sector in Qatar, the Group, through its Portfolio Company QFAB, has ample opportunities in terms of the supply of relevant equipment and sales support.

### 6.3. Corporate Structure

#### Pre-Conversion Shareholding Structure

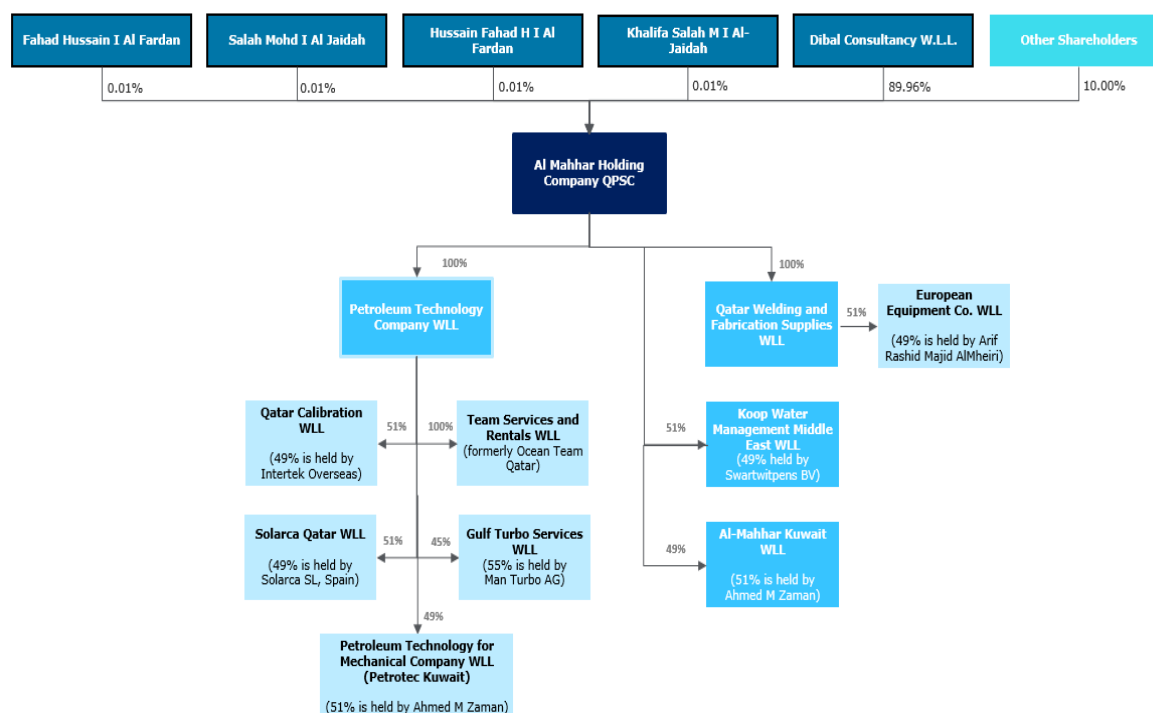
The chart below illustrates the shareholding structure of the Company prior to its conversion to a Qatar Public Shareholding Company and its effective direct or indirect legal ownership interests in the Portfolio Companies.

- 
- <sup>6</sup> The remaining 51% is held by Ahmed Mohamad Zaman Mohamad.
  - <sup>7</sup> The remaining 51% is held by Ahmed Mohamad Zaman Mohamad.
  - <sup>8</sup> The remaining 49% is held by Solarca SL, Spain.
  - <sup>9</sup> The remaining 49% is held by Arif Rashid Majid AIMheiri.
  - <sup>10</sup> The remaining 49% is held by Intertek Overseas.
  - <sup>11</sup> The remaining 49% is held by Swartwitpens BV.
  - <sup>12</sup> The remaining 55% is held by Man Turbo AG.



### Post Conversion and Pre-Listing Shareholding Structure

The chart below illustrates the shareholding structure of the Company following its conversion to a Qatari public shareholding company and immediately prior to the Listing as well as its effective direct or indirect legal ownership interests in the Portfolio Companies:



#### 6.4. Founders

The Founders of the Company are:

- 1) Fahad Hussain I Al Fardan
- 2) Salah Mohd I Al Jaidah
- 3) Dibal Consultancy W.L.L.
- 4) Hussain Fahad H I Al Fardan
- 5) Khalifa Salah M I Al-Jaidah

The shareholding for Dibal Consultancy W.L.L post-conversion of the Company to a Qatari public shareholding company is as follows:

Sr No	Name	Ownership %
1.	Fahad Hussain I Al Fardan	33.33%
2.	Salah Mohd I Al Jaidah	33.33%
3.	Clifford William Lasrado	33.34%

#### 6.5. Senior Executive Management

The Company believes that its experienced, stable and long-tenured senior management team is one of the Company's key strengths and assets.

The Managing Director, General Manager for Energy Operation, General Manager for Energy Sales, General Manager for Infrastructure, and General Manager for Finance have extensive experience in the Energy and Infrastructure Sectors. All 5 executives have been with the Group for more than 12 years. The Managing Director established Petrotec in 1989. The General Manager for Energy Sales and the General Manager for Finance joined the Group in 1992 and 1997 respectively. The other members of the Senior Executive Management team have prior experience with reputable Energy or Infrastructure Sector companies and, with few exceptions, have been with the Company for many years.

In 2022, the Group appointed a new Group Chief Executive Officer, Mr. Enzo Liberato Dellesite, with a view to manage the next level of growth as well as institutionalize the Group and its corporate governance practices. Mr. Dellesite is a commercial and operations management leader with over 25 years of experience in the Energy Sector, having served with several major USA-based listed corporations worldwide. He has extensive experience working in the Middle East and Far East markets.

## 6.6. Competitive Strengths of the Group

The Group believes it has ongoing competitive advantages in the Energy Sector and Infrastructure Sector in Qatar and Kuwait for the following reasons:

### i) State of the art facilities to service a wide range of client needs in line with the highest standards

The Group has invested in dedicated on the ground local facilities, which provide its customers with high quality services in strategic locations in Qatar, as well as in Kuwait.

Other than its leased headquarters located in Jaidah Square, Airport Road, Doha with an office area of 650 sqm, the Group has the following facilities enhancing its operations:

No.	Name of the Facility	Area	Total Sqm	Activity
1.	Ras Laffan Service Centre	Ras Laffan	42,000	<ul style="list-style-type: none"> <li>Valve service centre</li> <li>Pump service centre</li> <li>Hydraulic workshop</li> <li>Calibration laboratories</li> <li>Oxygen clean room</li> <li>Sand blasting and painting</li> </ul>
2.	Salwa Service Centre 1	Salwa Industrial Area, Street 39	10,000	<ul style="list-style-type: none"> <li>Training centre</li> <li>Mechanical and dry gas seal service centre</li> <li>Rotating equipment workshop</li> <li>Switch board design and assembly facility</li> <li>Warehouse</li> </ul>
3.	Salwa Service Centre 2	Salwa Industrial Area, Street 35	3,000	<ul style="list-style-type: none"> <li>Heavy equipment service centre</li> <li>Training rooms</li> <li>Warehouse</li> </ul>
4.	Manateq Service Centre	Wukair	25,000	<ul style="list-style-type: none"> <li>Workshop/service centre</li> <li>Painting booth</li> <li>Washing area</li> <li>Offices and training rooms</li> <li>Warehouse</li> </ul>
5.	Dukhan Support Service Area	Dukhan	10,000	<ul style="list-style-type: none"> <li>Support service area</li> </ul>
6.	Fully Equipped Oil Laboratory	Ras Laffan Industrial City	800	<ul style="list-style-type: none"> <li>Specialised testing rooms</li> </ul>
7.	Al Mahhar Kuwait Service Centre	Kuwait	2,000	<ul style="list-style-type: none"> <li>Workshop/service centre</li> <li>Offices and training rooms</li> <li>Warehouse</li> </ul>

### ii) Highly experienced specialist personnel

The Group has invested in dedicated specialist personnel in Qatar and Kuwait, who provide its customers with high quality services in a timely fashion.

The specialist personnel have been trained by the OEMs in the relevant skills and have built up substantial technical expertise over several years in their specific areas with ongoing onsite training and coaching. This can be illustrated by the large number of Group employees who have been with the Group for a substantial period of time as detailed in *Section 6.7* below.

### iii) Technological capabilities

The Group utilizes advanced and highly specialist systems and equipment in order to support its principal suppliers in providing its customers with a high quality service.

#### **iv) Corporate structure**

The Group has been structured in order to maximise the performance and accountability of its business divisions and departments, so as to provide its suppliers and customers with the most advantageous service. The departments within the Group are headed by experienced managers. Each manager has profit centre responsibility and is reviewed on a monthly basis by their respective general manager.

#### **v) Industry leadership and strong market reputation**

The Group has maintained an excellent reputation for the overall quality of service and support it provides to its OEMs and customers. The Group also represents several leading international OEMs and has a strong relationship with these OEMs of more than 10 years.

#### **vi) Financial strength**

The Group has maintained substantial levels of profitability and a conservative level of leverage for more than 20 years. The table below shows the Group's pro forma revenues and profit for the past 10 years:

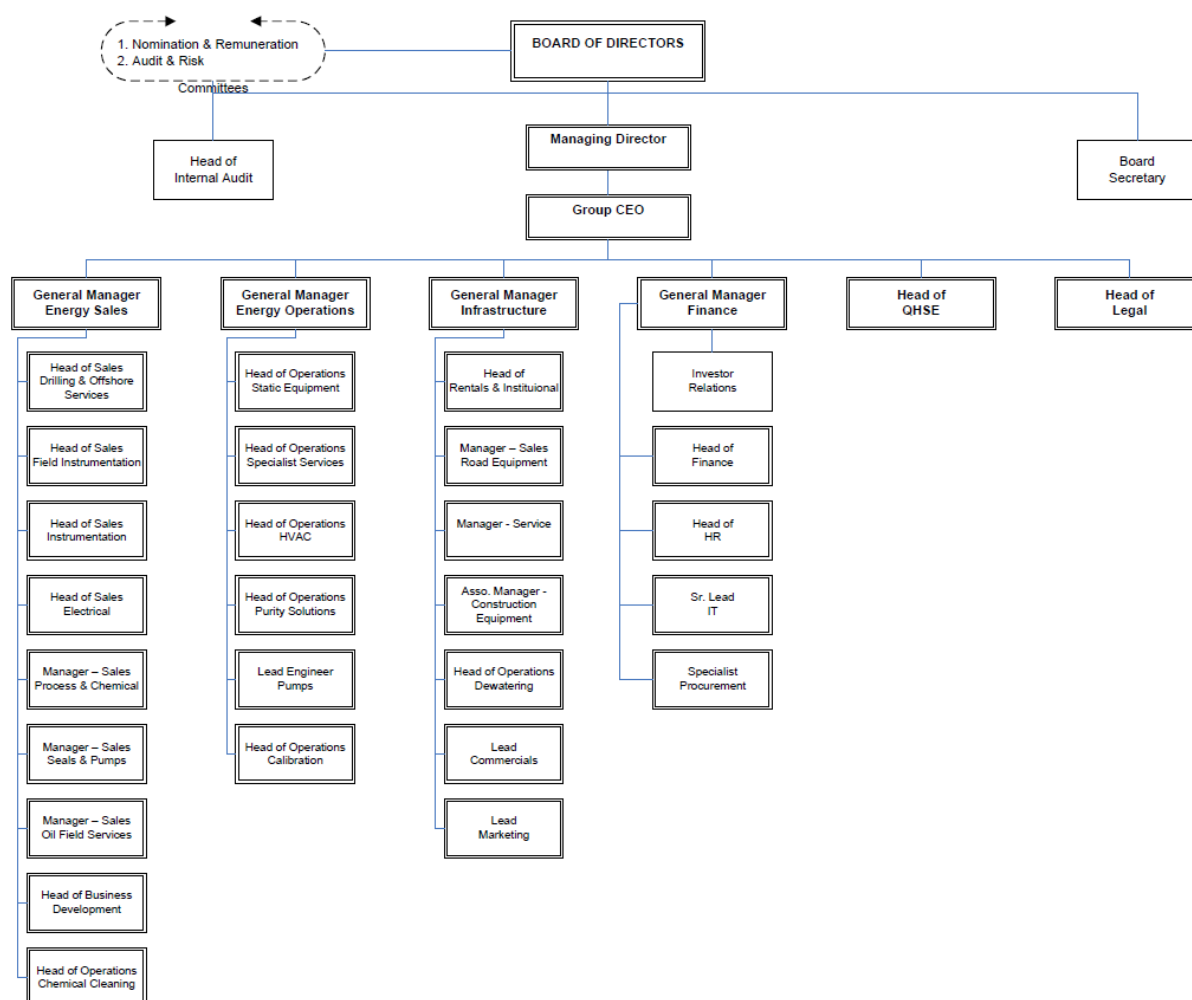
<b>Financial Year</b>	<b>Revenue (QAR m)</b>	<b>Profit for the year attributable to the equity holders of the parent (QAR m)</b>
2011	317.8	26.0
2012	370.1	23.4
2013	471.5	17.4
2014	514.9	36.9
2015	494.1	37.3
2016	486.5	29.8
2017	495.6	8.2
2018	530.9	6.4
2019	613.1	20.5
2020	578.4	5.1
2021	620.0	28.2

Source: Management Information

It should be noted that due to the diversified business portfolio of the Group for the Energy and Infrastructure Sectors, Group Management believes that there is no public company or group locally in Qatar or in the wider GCC and MENA regions directly comparable to the Group. As a result, the Group competes with different entities for its various products and services.

## 6.7. Organisation Structure of the Company

The Company's organisational structure is set out below. For more details regarding Board, Board committees and management, please refer to *Section 9: Management, Shareholders and Corporate Governance*.



## 6.8. Employees at Group Level

### 6.8.1. General information

In addition to the Group's managing director, Clifford W. Lasrado, the group chief executive officer and the 4 general managers, the following summarises the number of full-time employees working in Group centralised shared service functions:

Name of department	Number of employees
Administration	9
Finance	31
Government Relations	6
Human Resources	7
Internal Audit	1
IT	3
Legal and Contracts	2
Marketing	2
Procurement	1
QHSE	6

Source: Management information

As at 31 December 2021, the Group's total permanent employee headcount was 523 (excluding joint ventures and associates).

#### 6.8.2. Staff Professional Development

The Group's professional development and training process for employees is as follows:

- carry out an annual performance evaluation for all employees;
- evaluate employees' performance and competence using a competency-based performance evaluation form;
- determine employees' training needs;
- prioritise training needs and prepare training plans;
- arrange and coordinate training schedule;
- evaluate effectiveness of training a year after completion during the annual performance evaluation schedule; and
- review effectiveness of training.

As a result of the Group's professional development and training, its Portfolio Company, Petrotec, was awarded a "Great Place to Work" certificate in January 2022 by the Great Place to Work Institute.

## 6.9. Operational Planning

The Group plans, implements and controls the processes needed to meet its requirements by:

- determining the requirements for products and services;
- establishing criteria for:
  - processes; and
  - acceptance of products and services;
- determining the resources needed to achieve conformity to the product and service requirements;
- implementing process control in accordance with the relevant criteria;
- determining, maintaining and retaining documented information to the extent necessary to have confidence that the processes have been carried out as planned and demonstrate the conformity of products and services as against customer and international standard requirements;
- control planned changes and review the consequences of unintended changes, taking action to mitigate any adverse effects, as necessary; and
- controlling outsourced processes.

## 6.10. Information Systems

The main IT systems and applications used by the Group as at the date of this Listing Prospectus include Microsoft products such as Microsoft 365, Exchange Server, Microsoft Dynamics NAV and Microsoft CRM, and Palo Alto Firewall by Palo Alto Networks. Other systems currently in use include the Group's proprietary human resource management system. The Group's network devices consist of Cisco routers and the telephone system used by the Group is also from Cisco. The Group owns the licences for the software it uses and also owns the hardware for its IT system.

As at the date of his Listing Prospectus, the Group is evaluating a plan to migrate its existing Enterprise Resource Planning ("ERP") system and other applications to a single platform potentially by early 2024.



### 6.11. Quality Assurance

The Group ensures that its services are provided in a manner which best conforms to the requirements of the contract with its customers. The Group establishes, maintains, implements, trains and continuously improves its procedures and processes.

The Group ensures that all of its employees follow the agreed procedures, document their compliance with those procedures and participate in the improvement process.

The Group currently holds the following ISO certifications: ISO 9001, ISO 14001, ISO 45001 and ISO 17025.

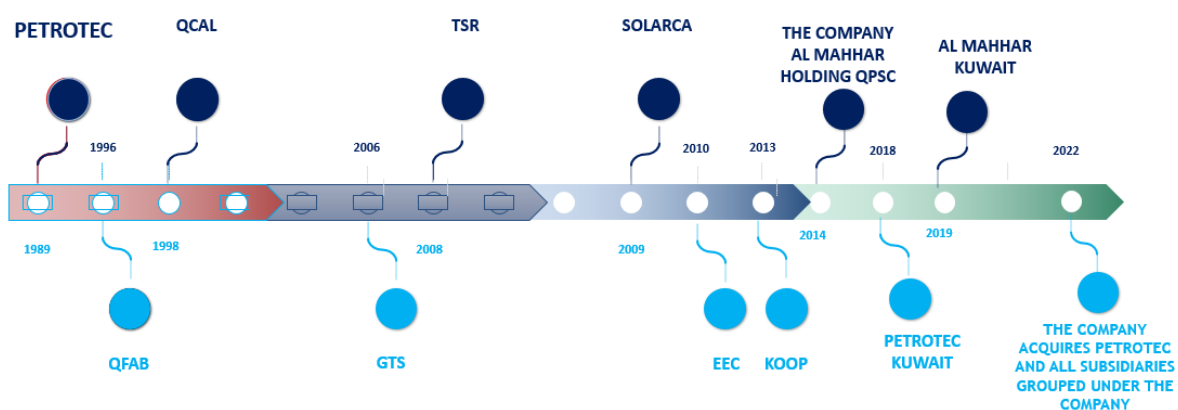
Key elements of the Group's Quality Assurance programme are as follows:

- leadership and commitment;
- customer focus;
- quality policy and objectives;
- roles, responsibilities and authorities;
- quality KPI's;
- resources (people and infrastructure);
- environment for the operation of processes;
- monitoring and measuring resources;
- competence and training;
- effective communication;
- procedures, method statements;
- operational planning and control;
- performance evaluation; and
- internal audits.

### 6.12. Business History and Description

#### 6.12.1. Business history

The following diagram provides a summary of when the Company and each of its Portfolio Companies were incorporated in addition to the year in which Petrotec and its Portfolio Companies were grouped under the Company:



#### 6.12.2. Description of the Group's principal commercial activities

The following is a brief summary overview of the Group's activities:

## **Energy Sector**

The Group, through its largest Portfolio Company, Petrotec, as well as through its other Portfolio Companies, TSR, Solarca, QCAL and GTS, provides a variety of equipment and services to the Energy Sector, primarily in Qatar. In addition, Petrotec Kuwait provides oil care and chemical cleaning services in Kuwait.

All the products represented by the relevant Portfolio Companies are based on agency agreements with OEMs, whereby each relevant Portfolio Company is responsible for the promotion, sales and stocking of such products, delivery of services and after sales support.

## **Infrastructure Sector**

The Group, through its Portfolio Companies QFAB, EEC, KOOP and Al Mahhar Kuwait, also provides equipment and services to contractors in the Infrastructure Sector.

QFAB and EEC stock, sell and lease equipment and services to the Infrastructure Sector in Qatar. Since its incorporation in 1996, QFAB has grown into a leader in the field, providing brand recognized products, comprehensive parts support and OEM trained service personnel with a reputation for excellence.

KOOP acts as a sub-contractor responsible for dewatering construction sites. KOOP's joint venture partner is a leader in such activities in the Benelux countries.

The Group's Kuwaiti Portfolio Company, Al Mahhar Kuwait, provides similar services to QFAB in Kuwait.

A description of the Group's largest Portfolio Company, Petrotec, as well as each of its other Portfolio Companies, is provided below:

### **6.12.2.1. Business History and Description of Petroleum Technology Company (Petrotec) W.L.L.**

#### **a) Overview**

Petrotec was established in Qatar in 1989 with the aim of providing an enhanced level of support via engineered solutions to the Energy Sector through knowledgeable sales staff, capable trained service engineers and suitable facilities and equipment.

Petrotec's operational and financial performance is closely aligned with the growth in Qatar's GDP, particularly in the Energy Sector, which represented approximately 78% of the Group's FY 2021 revenue.

Petrotec was certified as a "Great Place to Work" in January 2022 by the Great Place to Work Institute.

#### **b) Key Customers**

Petrotec's key customers include the large oil producing, liquefied natural gas, petrochemicals, fertiliser, refinery, and utility entities in Qatar.

Petrotec's customer retention is estimated to be approximately 100%. This is partly due to the fact that products sold to these Energy Sector entities require a regular supply of parts and maintenance. Petrotec and other Portfolio Companies also provide specialized services to most of the above customers and have long term agreements for the provision of these services with some of these companies.

### c) Key Principals and Agencies

Petrotec represents some of the largest OEMs in the Energy Sector including, among others, the following:

FLOWERVE	GRACE
BAKER HUGHES	EATON
KOCH	BASF
SIEMENS	SCHNEIDER
HONEYWELL	MAN
SWIRE	INTERTEK

### d) Sales and Operations

Petrotec's two main divisions are i) Petrotec sales; and ii) Petrotec operations.

#### i. Petrotec sales

The sales division is set up to mainly cover sales, after sales support and stocking. The division is in turn organized into the following different departments whose activities are described below:

- Field Instruments Department
- Process and Chemical Department
- Rotating Equipment Department
- Drilling Department
- Instrumentation Systems Department
- Electrical and Automation Department

#### • **Field Instruments Department**

The main activities in the field instruments department are sales, after sales support and stocking and spares. Petrotec's continuous aim is to acquire new agencies and provide additional services. After sales are provided through Petrotec's operations division. Below is a summary of the key principal agencies represented by the field instruments department:

OEM	Products
BAKER HUGHES	Control valves/Safety relief valves
ROTORK	Actuators
SWAGELOK	Fluid System Solutions
BEAMEX	Test Bench and Multifunction Calibrator
OGM AND OGS	Metering systems

The Group estimates the following market share and position for some of its key products:

Products	Market share and position
Control valves/Safety relief valves	The Group estimates that it is among the top three companies with an estimated market share of around 25%-30%.
Actuators	The Group estimates that it is among the top two companies with an estimated market share of around 40%-45%.
Fluid System Solutions	The Group estimates that it is among the top three companies with an estimated market share of around 30%-35%.

Source: Management Estimates

#### • **Process and Chemical Department**

Petrotec's technology and product base has the capability to provide differentiated technology and engineered product solutions to the Energy Sector. Petrotec's solutions are aimed at providing the maximum production time and thus maximizing profitability for Petrotec's customers.

The process and chemical department at Petrotec partners with leading process equipment, chemicals and catalyst manufacturers to support Qatar's Energy Sector, as well as industrial customers, with industry-leading products. The department has enabled key projects in the petrochemical and LNG industries in Qatar through their process equipment.

Petrotec represents several leading names in the industry as follows:

OEM	Products
KOCH GLITCH	Column and separator internals
JOHN ZINK HAMWORTHY COMBUSTION	Combustion solutions and emissions control
KOCH HEAT TRANSFER	Heat exchangers
BASF	Catalysts and adsorbents
LEWA (PART OF ATLAS COPCO)	Chemical dosing solutions
JOHNSON SCREENS	Customised V-wire grids
D'HONDT THERMAL SOLUTIONS	Industrial air coolers
GRACE	RFCC, Refining hydroprocess and De-SOx catalysts

The Group estimates the following market share and position for some of its key products:

Products	Market share and position
Column and separator internals	The Group estimates that it is the market leader in the segment with an estimated market share of around 45-50%.
Combustion solutions and emissions control	The Group estimates that it is among the top two companies with an estimated market share of around 35%-40%.
Catalysts and adsorbents	The Group estimates that it is among the top three companies with an estimated market share of around 30%-35%.
Chemical dosing solutions	The Group estimates that it is among the top two companies with an estimated market share of around 30%-35%.

Source: Management Estimates

- **Rotating Equipment Department**

The rotating equipment department at Petrotec partners with leading rotating equipment suppliers to support Qatar's energy and industrial customers, by offering a comprehensive range of services for rotating equipment through industry-leading products and services. Petrotec represents several international OEMs in Qatar, including the following:

OEM	Products
FLOWSERVE	Pumps and Seals
PLEUGER INDUSTRIES	Submersible pumps
KOP-FLEX	High performance couplings.
VOITH	Gearboxes, fluid couplings, actuators, diaphragm couplings and torque converters.
CAMFIL	Filtration solutions for turbomachinery.
BLUTEK	Instrument air and nitrogen generation engineered package.
MITCHELL BEARINGS	White metal bearings.
CRYOSTAR	Industrial cryogenics.
SEEPEx	Progressive cavity pumps.
AISUS	Remote inspection solutions for onshore and offshore applications.

The Group estimates the following market share and position for some of its key products:

Products	Market share and position
Pumps and seals	The Group estimates that it is among the top two companies with an estimated market share of around 35%-40%.
Filtration solutions for turbomachinery	The Group estimates that it is among the top four companies with an estimated market share of around 20%-25%.
Gearboxes, fluid couplings, actuators, diaphragm couplings and torque converters	The Group estimates that it is among the top five companies with an estimated market share of around 20%-25%.

Source: Management Estimates

- ### Drilling Department

The drilling department supports the drilling operations of the various oil and gas companies in Qatar.

Petrotec represents key OEMs with world leading technology in this area. Based at Petrotec's workshop in Salwa Industrial Area, Petrotec and its OEMs carry out day-to-day operations, mobilising services offshore and onshore.

Petrotec's workshops, located in Ras Laffan, Salwa Industrial Area and Dukhan further strengthen the Drilling Department's ability to serve its customers efficiently and effectively.

Some of the OEMs Petrotec works with are the following:

OEM	Products
CORETRAX	Wellbore Clean Out (WBCO) Tools, Expandable Liners and Advanced Drill String Sub Rentals and Services
TAM INTERNATIONAL	Inflatable Technology
INTERWELL	HPHT HEX Retrieval Bridge Plugs
MASTERFLO	Choke Valves
ODFJELL WELL SERVICES	Tubular Running, Fishing and Milling, Drilling Tools
VAREL	Drilling Bits, Cementing and Casing Accessories
OFI	Mud logging Services
BONDCOAT	External coating of Tubulars and Casing Pipes
EV	HD Downhole Cameras
SCANWELL	Well Integrity and Production Optimization Services
NORTHSIDE	Reservoir Performance Evaluation
FISHBONES	Unique Reservoir Simulation Technology
RESMAN	Wireless Reservoir Monitoring
INNOWELL	Next Generation Inflow Control Technology
SILVERWELL	Digital Intelligent Gas Lift
MAXWELL	Composite Moulded Centralisers
N-SEA	Geophysical and Geotechnical Services

The Group estimates the following market share and position for some of its key products:

Products	Market share and position
Wellbore Clean Out (WBCO) Tools, Expandable Liners and Advanced Drill String Sub Rentals and Services	The Group estimates that it is the market leader with an estimated market share of around 45%-50%.
Inflatable Technology	The Group estimates that it is among the top four companies with an estimated market share of around 15%-20%.
HPHT HEX Retrieval Bridge Plugs	The Group estimates that it is among top two companies with an estimated market share of around 30%-35%.
Choke valves	The Group estimates that it is among the top three companies with an estimated market share of around 30%-35%.
Tubular Running, Fishing and Milling, Drilling Tools	The Group estimates that it is among the top five companies with an estimated market share of around 15%-20%.

Source: Management Estimates

- Instrumentation Systems Department**

The department handles mini-EPIC contracts, along with regular maintenance and supply contracts for all its oil and gas customers as well as customers in the power, water, and utilities sectors. The instrumentation systems department undertakes site surveys, documentation, project management, installation and commissioning support, panel fabrication, electrical sub-contract works, manpower sourcing and aftersales services support.

The OEMs that Petrotec's instrumentation systems department works with are the following:

OEM	Products
BAKER HUGHES - BENTLY NEVADA	Vibration / Condition / Machinery Monitoring Systems (VMS / CMS / MMS)
WOODWARD	Turbine and Compressor Controls Solutions
KELTON	Flow Measurement Consultancy and Software
THE SNIFFERS	Fugitive Emissions and Leak Detection Services
EATON – MEDC	Signaling devices
TELEDYNE GAS AND FLAME DETECTION	Fire and Gas Detection Systems
OSI SOFT – EMI SOFTECH	Process Data Acquisition Software and Integration
SIEMENS	Gas Analyzers

The Group estimates the following market share and position for some of its key products:

Products	Market share and position
Vibration / Condition / Machinery Monitoring Systems (VMS / CMS / MMS)	The Group estimates that it is the market leader with an estimated market share of around 85%-90%.
Flow Measurement Consultancy and Software	The Group estimates that it is the market leader with an estimated market share of around 45%-50%.

Source: Management Estimates

#### • Electrical and Automation Department

The electrical and automation department (the “EAD”) is not only capable of providing solutions to supply and commission but also provides complete turnkey-solutions, including PLC Automation Solutions, engineering, installation, and project management for selected projects. The department is an EATON licensed panel builder for all types of low voltage switchboards with state-of-the-art panel building facilities and international approvals, Petrotec can cater to a sizeable market in Qatar that was previously controlled by overseas OEMs. It is the centre of excellence for control systems.

The EAD is also commissioning the first-ever certified explosion-proof junction box workshop in Qatar, with technical collaboration from Stahl.

In line with Qatar’s focus on green energy, Petrotec’s EAD is the first local company in Qatar to start developing its own electric vehicle charger, which is due to be launched in the first quarter of 2023.

The EAD partners with leading electrical and automation equipment manufacturers to support the Energy Sector in Qatar. Recently, this department has also increased its market share in the utilities, defence and infrastructure sectors. The EAD is also focusing on public works projects (sewerage/wastewater treatment) in Qatar and intends to gain market share over the next few years.

The EAD represents some of the major companies in the world in this sector, including:

OEM	Products
EATON	LV Panels, MCC, RMU, MV Panel and Substation switchboard manufacturer
GUTOR	Industrial UPS
GE	Relays
STAHL	Explosion proof junction boxes
ROCKWELL	Automation
SIEMENS	Automation

The EAD is also responsible for the following additional solutions sales:

OEM	Products
NUCORE	Explosion-proof HVAC systems
ALIMAK ELEVATORS	Rack and pinion elevators.
STAHL CRANES	Explosion-proof and normal cranes.

The Group estimates the following market share and position for some of its key products:

Products	Market share and position
Industrial UPS	The Group estimates that it is the market leader with an estimated market share of around 45%-50%.
Explosion proof junction boxes manufacturer	The Group estimates that it is the market leader with an estimated market share of around 45%-50%
Switchgear components	The Group estimates that it is among the top five companies with an estimated market share of 15%-20%.
Relays	The Group estimates that it is among the top six companies with an estimated market share of 10%-15%

Source: Management Estimates

## ii. **Petrotec operations**

The second division under Petrotec is the Petrotec operations division. This division offers a large number of services to the Energy Sector in Qatar and provides quality services tailored to the needs of its customers.

The team, currently composed of approximately 170 personnel, taken from various nationalities and disciplines, undergoes comprehensive training taking into consideration the functions of the members, including OEM training and international standards certification.

Clearly defined KPIs are set for the management team annually to cover financial targets, quality deliverables, as well as overall department safety performance targets. The team as a whole is incentivized to achieve these targets through a Group bonus initiative, whereby minimum net profit levels and higher net profit levels are set to drive year-on-year growth.

Petrotec's operations division provides the following services through its various departments, primarily to the Energy Sector in Qatar:

### **Valves Services Department**

The valves services department provides the following services:

- control valve maintenance and testing;
- pressure safety valves maintenance and testing;
- pneumatic and hydraulic actuator;
- clean room services;
- ceramic coating; and
- flowline equipment rental.



The Group estimates that it has 20%-25% market share in this service segment. It is estimated to be a competitive segment with more than 10 competitors.

#### **Purity Solution Services Department**

The purity solution services department provides the following services:

- chemical cleaning;
- oil sampling and analysis;
- oil care flushing filtration; and
- Mechanical cleaning and PVI.

The Group estimates that it is the market leader with a market share of approximately 60%. It is estimated that there are two or three other operators in this service segment.

#### **Hydraulic Services Department**

The hydraulic services department provides the following services:

- hydraulic/Industrial/SS hose assembly & testing;
- wellhead control panel maintenance;
- hydraulic cylinder refurbishment;
- hydraulic pumps/motors servicing;
- accumulator servicing/certification;
- hydraulic control panel servicing; and
- wireline mast service.

The Group estimates that it has 30%-35% market share in this service segment. It is estimated that there are five major competitors.

#### **Specialist Services Department**

The specialist services department provides the following services:

- air compressor services;
- dosing pump services;
- cryogenic pump/compressor services;
- EOT crane service/supply;
- EOT Crane Supply (Stahl);
- Alimak industrial elevators; and
- electric valve actuator retrofit/commissioning/maintenance & repair.

The Group estimates that it has 30%-35% market share in this service segment. It is estimated that there are five major competitors.

#### **Pumps and Seals Services Department**

The pumps and seals services department provides the following services:

- centrifugal pump repair;
- submersible pump repair;
- mechanical seal servicing; and
- dry gas seal servicing.

The Group estimates that it has 30%-35% market share in this service segment. It is estimated that there are two other major competitors.

#### **Onsite Services Department**

The onsite services department provides the following services:

- heat exchanger repair;
- online leak sealing;
- spark erosion; and
- lockring fluid and gas transfer connector services.

The Group estimates that it has less than 10% market share in this service segment. It is estimated to be a competitive segment with more than eight competitors.

#### **Cargo Carrying Units Department**

The cargo carrying units services department provides the following services:

- rental of offshore cargo carrying units;
- offshore cargo carrying unit maintenance and certification; and
- offshore cargo carrying units sales.

The Group estimates that it is the market leader with a market share of 45%-50%. It is estimated that there are two other operators in this service segment.

#### **HVAC Services Department**

The HVAC services department provides the following services:

- hazardous area AC rental; and
- HVAC supply/maintenance/repair services.

The Group estimates that it is the market leader with a market share of 55%-60%. It is estimated that there are three other operators in this service segment.

#### **Training Services Department**

The training services department provides the following services:

- compEx training; and
- product training.

The Group believes that it is one of the few authorised companies providing compEx training.

#### **Aqua Cleaning Services Department**

The aqua cleaning services department provides the following services:

- Aqua cleaning services;
- Caisson cleaning and inspection services; and
- hydro milling.

The Group estimates that it is the market leader with a market share of 50%-55%.

## **Static Services Department**

### **Activities**

The static services department is part of Petrotec's operations division. This department offers extensive technical service solutions to the Energy Sector. The Department operates from Petrotec Services and Technology Centre (STC) based in Ras Laffan's West Side Support Area and is composed of three main units, with the following agencies:

### **Agencies**

<b>1. Hydraulics</b>	
PARKER	Fluid Connector Technology
ALFAGOMAA	Hoses for Industrial Applications
AMNITEC	Stainless Steel and PTFE Hoses
BENCHMARK	Wireline Masts and associated equipment
TIS	Hydraulic wireline equipment
MP FILTRI	Filtration and contamination monitoring products
<b>2. Rentals</b>	
SWIRE	Cargo Carrying Units ("CCUs")
SPECIALIST SERVICES	Modular buildings and packaging solutions
CARGOSTORE	DNV and ISO containers
INTERVENTION RENTALS	Drilling and well service-related rental equipment
<b>3. Onsite Services</b>	
LOKRING	Weld equivalent pipe and tube fittings, such as coupling, flanges, elbows and adapters which qualify ASME B31

#### e) New Countries and Markets

The Group is interested in expanding some of Petrotec's businesses into new markets in the GCC and, as at the date of this Listing Prospectus, is working in Kuwait and Oman, providing chemical cleaning and oil flushing expansion services.

The Group has two registered subsidiaries. Petrotec Kuwait and Al Mahhar Kuwait. to oversee its operations in Kuwait for its business in the Energy and Infrastructure Sectors respectively.

The Group has historically also completed projects as and when opportunities arose in Oman via its Portfolio Companies, Solarca and TSR. As at the date of this Listing Prospectus, the overwhelming majority of the Group's revenue is generated from Qatar.

#### f) Management

Petrotec's management consists of the following persons:

Name	Position	Listed on the Commercial Registration
Fahad Hussain I Al Fardan	Chairman, Manager	Yes
Salah Mohd I Al Jaidah	Vice Chairman, Manager	Yes
Clifford William Lasrado	Managing Director	Yes
Enzo Liberato Dellesite	Group Chief Executive Officer	No
Viswanath Perinkulam Krishnan	General Manager – Energy Sales	No
Neil Andrew Dey	General Manager – Energy Operations	No
Puzhukkal Sunil Kumar	General Manager – Finance	No

#### g) Full Time Employees

Petrotec had 348 full time employees as at 31 December 2021. Other than the dedicated operation and sales personnel, the rest of Petrotec's functions are centralised at the level of the Company.

#### h) Financial Information

Below is a table demonstrating certain standalone financial information of Petrotec as at and for the year ended 31 December 2021:

Petroleum Technology Company (Petrotec) W.L.L.	
As at and for the year ended 31 December 2021	
All figures below are in QAR million	
Revenue	454.0
Profit for the Year before tax	19.5
Total Assets	317.9
Total Liabilities	161.7
Total equity	156.2

Source: Management Information

#### 6.12.2.2. **Business History and Description of Team Services and Rentals W.L.L.**

##### **a) Overview**

Team Services and Rentals W.L.L. (formerly Ocean Team Qatar) was established in 2008 and is a wholly owned subsidiary of Petrotec.

TSR offers specialised oil care services including oil condition monitoring and oil analysis, oil replacement and lube oil filtration, oil replacement and high flow lube oil flushing, oil filtration for varnish, moisture and particle contamination for both on-shore and off-shore locations. In addition, TSR provides offshore chemical cleaning and mechanical cleaning of pressure vessel inspection.

The Group estimates that it is the market leader with a market share of approximately 60% for the services offered by TSR. It is estimated that there are two or three other operators in this service market segment.

##### **b) Location**

Ras Laffan, Qatar

##### **c) Key Customers**

TSR provides maintenance repair and overhaul services for upstream and downstream Energy Sector companies. In addition, TSR provides pre-commissioning services to large international EPIC contractors.

##### **d) Key Principals and Agencies**

TSR has partnered with Fluitec and Maersk H2S.

Fluitec provides innovative technologies in the lubricant and hydraulic space, providing oil enhancement and life extension of the oil in turbo-machinery fluid systems. Fluitec is the only B Corp Certified industrial lubricant company in the world, meaning that the business is meeting high standards of verified performance, accountability, and transparency on various factors. Fluitec has 25 years of experience in eliminating oil degradation and coming up with innovations that have become industry standards such as RULER, MPC, ESP, Boost VR+, Boost AO and Infinity TO Decon.

Maersk H2S offers rental of specialized H2S safety equipment and breathing apparatus. With an extensive equipment fleet based at Petrotec's Ras Laffan facility, Maersk H2S' rental services are offered to customers and contractors in the Energy Sector.

##### **e) Strategy**

TSR will continue to enhance the In Country Value ("ICV") of its oil analysis, oil flushing and oil filtration services. With significant new major projects coming in Qatar in the short to medium term, TSR plans to capitalize on the potential for pre-commissioning services.

##### **f) Management**

Name	Position	Listed on the Commercial Registration
Fahad Hussain I Al Fardan	Chairman, Manager	Yes
Salah Mohd I Al Jaidah	Vice Chairman, Manager	No
Clifford William Lasrado	Managing Director	Yes
Enzo Liberato Dellesite	Group Chief Executive Officer	No
Viswanath Perinkulam Krishnan	General Manager Energy Sales	No
Neil Andrew Dey	General Manager – Energy Operations	No
Puzhukkal Sunil Kumar	General Manager Finance	No

**g) Full Time Employees**

TSR had 22 full time employees as at 31 December 2021. Other than the dedicated operation and sales personnel, the rest of TSR's functions are centralised at the level of the Company.

**h) Financial Information**

Below is a table demonstrating certain financial information for TSR as at and for the year ended 31 December 2021:

Team Services and Rentals W.L.L.	
As at and for the year ended 31 December 2021	
All figures below are in QAR million	
Revenue	18.0
Profit for the year	4.1
Total Assets	33.6
Total Liabilities	3.8
Total Equity	29.8

Source: Management Information

### 6.12.2.3. **Business History and Description of Solarca Qatar W.L.L.**

#### **a) Overview**

Solarca was established in Qatar in 2009 and is a joint venture in Qatar with Solarca Spain, a renowned company providing industrial cleaning and maintenance services.

Solarca offers a wide range of chemical cleaning and maintenance services to clients in the Energy Sector in Qatar and Kuwait. Solarca works with a diverse number of equipment such as plate exchangers, train exchangers of crude oil, evaporators and condensers, gas supply lines, cooling oil and lubrication circuits and diesel oil circuits. Solarca also offers complete pre-commissioning services, which include, but are not limited to, hydrostatic pressure testing, pre-commissioning de-scaling of boilers and pre boilers and gas line de-scaling, blowing and drying.

Most importantly, Solarca has two innovative technologies:

- Solarca carries out chemical cleaning of tanks and deposits in columns with rotating ball sprays, without requiring entry of personnel into the confined space. Solarca's computerized equipment allows working with different chemical agents, such as organic or inorganic acids, alkalis and surfactants in order to leave surfaces de-scaled and passivated. The advantages that this technique offers are:
  1. maximum safety during the process;
  2. elimination of risk due to entry into confined spaces;
  3. decrease in the volume of chemical solution required;
  4. quicker and more efficient execution of the work; and
  5. breathable atmosphere measurers, autonomous equipment, and rescue teams are not required.
- Online furnace cleaning

Solarca applies its "on-line" cleaning technology to the radiation and convection areas of process furnaces. This method of cleaning offers the following advantages:

1. an innovative, effective, quick and safe technique;
2. applicable to any sort of furnace;
3. allows recovery of the unit's yield without shutting down the unit;
4. quick recovery of the cleaning costs. Solarca also carries out a process for the removal of oxide scales and construction debris by mechanical drag forces, employing the following methods:
  - conventional steam blowing;
  - silent steam blowing; and
  - air blowing.

The Group estimates that it is the market leader for the services offered by Solarca with an estimated market share of 55%-60%. It is estimated that there are two other key competitors.

#### **b) Location**

Ras Laffan, Qatar

#### **c) Key Customers**

Energy Sector companies in Qatar, as well as downstream industries and power plants.

**d) Key Principals and Agencies**

Solarca acts as the authorised representative in Qatar for Solarca Spain. Solarca Spain is a leading provider of chemical cleaning and steam/air blowing services.

**e) Strategy**

Solarca has started providing de-contamination services for process systems. Solarca has also acquired the necessary skills and equipment to undertake online cleaning of fin fan coolers. These services, along with Solarca's legacy business of chemical cleaning and steam /air blowing will now be made available to clients in Kuwait.

**f) Management**

Name	Position	Listed on the Commercial Registration
Fahad Hussain I Al Fardan	Chairman, Manager	Yes
Salah Mohd I Al Jaidah	Vice Chairman, Manager	Yes
Clifford William Lasrado	Managing Director	Yes
Enzo Liberato Dellesite	Group Chief Executive Officer	No
Viswanath Perinkulam Krishnan	General Manager Energy Sales	No
Neil Andrew Dey	General Manager – Energy Operations	No
Puzhukkal Sunil Kumar	General Manager Finance	No
Pedro Carmo	Operations Manager	No

**g) Full Time Employees**

Solarca had 15 full time employees as at 31 December 2021. Other than the dedicated operation and sales personnel, the rest of the functions are centralised at the level of the Company.

**h) Financial Information**

Below is a table demonstrating certain financial information of Solarca as at and for the year ended 31 December 2021:

Solarca Qatar W.L.L.	
As at and for the year ended 31 December 2021	
All figures below are in QAR million	
Revenue	11.1
Profit for the Year	1.9
Total Assets	11.5
Total Liabilities	5.3
Total Equity	6.2

Source: Management Information



6.12.2.4. **Business History and Description of Qatar Calibration Services Company (QCAL) W.L.L.**

**a) Overview**

QCAL was established in Qatar in 1998 and is a joint venture with Intertek of the UK. QCAL provides process equipment calibration, repair, rental and management services. QCAL offers a full inventory management service and also equipment rental.

QCAL's capabilities include repair services, maintenance of metering skids and analysers; in-situ calibration of flow meters using compact prover; calibration of a wide range of equipment (both in house and on-site) including test equipment, electrical, mechanical, pressure and temperature parameters, transmitters, flow and gas measurement, portable gas detectors, ultrasonic flaw detectors, three phase energy meters and equipment rental services.

QCAL is an ISO 17025 Certified Laboratory.

QCAL is estimated by the Group's Management to be the market leader with a market share of 55%-60% for its products and service offerings. As per the Group's Management, two other competitors operate in the business segment for QCAL.

**b) Location**

QCAL's facilities include a 250m<sup>2</sup> calibration laboratory in Ras Laffan in Qatar.

**c) Key Customers**

Upstream and downstream Energy Sector entities in Qatar as well as EPIC contractors, both international and local; power plant and shipping companies.

**d) Key Principals and Agencies**

QCAL is a joint venture with Intertek, a UK-based listed company. Intertek is an independent third-party certification body.

**e) Strategy**

QCAL's strategy is to continue providing additional services in conjunction with its joint venture partner Intertek, through investing in equipment and manpower.

QCAL opened a new Intertek oil and gas analysis laboratory, also in Ras Laffan, which has been operational since 1 October 2022.

**f) Management**

Name	Position	Listed on the Commercial Registration
Fahad Hussain I Al Fardan	Chairman, Manager	Yes
Salah Mohd I Al Jaidah	Vice Chairman, Manager	Yes
Clifford William Lasrado	Managing Director	Yes
Enzo Liberato Dellesite	Group Chief Executive Officer	No
Viswanath Perinkulam Krishnan	General Manager Sales	No
Neil Andrew Dey	General Manager, Operations	No
Puzhukkal Sunil Kumar	General Manager Finance	No

**g) Full Time Employees**

QCAL had 21 full time employees as at 31 December 2021. Other than the dedicated operation and sales personnel, the rest of the functions are centralised at the level of the Company.

**h) Financial Information**

Below is a table demonstrating certain financial information of QCAL as at and for the year ended 31 December 2021:

Qatar Calibration W.L.L.	
As at and for the year ended 31 December 2021	
All figures below are in QAR million	
Revenue	15.8
Profit for the Year	3.3
Total Assets	26.4
Total Liabilities	10.9
Total Equity	15.4

Source: Management Information

#### 6.12.2.5. Business History and Description of Gulf Turbo Services W.L.L.

##### a) Overview

GTS was established in 2006. GTS is a joint venture between Petrotec and MAN Energy Solutions SE, which services all MAN Energy Solutions products. GTS was established to provide technical service support for rotating equipment in Qatar. The established facility in Qatar represents MAN Energy Solutions SE local capabilities in Qatar, providing services such as repair, fabrication, field service, installation, commissioning, troubleshooting, warranty management and other related services for rotating equipment.

GTS has workshop facilities equipped with state of the art machinery and tool machines, including but not limited to the following:

• 20 Ton Balancing machine
• 3 Ton Balancing machine
• Up to 25,000 Kg Boring Mill
• 31 Ton Lathe Machine

These facilities provide for the repair, calibration and testing of equipment from MAN and other OEM for rotating equipment, including:

Rotating Equipment	
• Steam Turbine	• Blowers
• Gas Turbines	• Fans
• Gearboxes	• Rotors
• Compressors	• Turbochargers
• Expanders	• Skid accessories and control systems

GTS has a well-equipped technical field service team who work under the supervision of OEM supervisors. GTS has executed shutdown and refurbishment work in cooperation with many OEMs in Qatar. GTS carries out the following field activities:

• Erection, commissioning, inspection and maintenance
• Full maintenance services during plant shutdown / turnaround
• Mechanical hardware upgrades
• Re-rates and modernization
• Field Services on a non-call basis
• Field Service repair, troubleshoot and overhaul onsite
• Start-up
• Vibration Analysis and Diagnostics
• Spare parts management and warehousing contracts
• Routine preventive maintenance
• Lubrication job
• On-call Customer Support
• Supply of OEM Supervisors and Specialists

The Group estimates a market share of less than 10% for GTS with four other key competitors for the segment.

##### b) Location

Street 39, Salwa Industrial Area, Doha, Qatar

**c) Key Customers**

Large Energy Sector companies in Qatar.

**d) Key Principals and Agencies**

MAN Energy Services and other OEMs.

**e) Strategy**

GTS is the largest, best equipped and staffed turbomachinery workshop in Qatar. GTS will continue to invest in equipment and manpower to support all manufacturers of turbomachinery in Qatar.

**f) Management**

Name	Position	Listed on the Commercial Registration
Fahad Hussain I Al Fardan	Chairman, Manager	Yes
Salah Mohd I Al Jaidah	Vice Chairman, Manager	Yes
Clifford William Lasrado	Managing Director	Yes
Enzo Liberato Dellesite	Group Chief Executive Officer	No
Sven Dietrich Heinichen	General Manager	Yes

**g) Full Time Employees**

GTS had 48 full time employees as at 31 December 2021. Other than the dedicated operation and sales personnel, the rest of the functions are centralised at the level of the Company.

**h) Financial Information**

Below is a table demonstrating the financial information of GTS as at and for the year ended 31 December 2021:

Gulf Turbo Services W.L.L.	
As at and for the year ended 31 December 2021	
All figures below are in QAR million	
Revenue	43.3
Profit for the Year	3.2
Total Assets	38.2
Total Liabilities	21.4
Total Equity	16.8

Source: Management Information

6.12.2.6. **Business History and Description of Petroleum Technology for Mechanical Contracting Company W.L.L. ("Petrotec Kuwait")**

**a) Overview**

Petrotec Kuwait was established in 2018.

Petrotec Kuwait acts as a marketing company to provide the services of TSR and Solarca in Kuwait.

Petrotec Kuwait, with the support of TSR, offers specialised oil care services including oil condition monitoring and oil analysis, oil replacement and lube oil filtration, oil replacement and high flow lube oil flushing, oil filtration for varnish, moisture and particle contamination for both on-shore and off-shore locations. In addition, Petrotec Kuwait provides offshore chemical cleaning and mechanical cleaning of pressure vessel inspection.

In addition, Petrotec Kuwait, with Solarca's support, offers a wide range of chemical cleaning and maintenance services to clients in the Energy Sector. Petrotec Kuwait works with a wide range of equipment such as plate exchangers, train exchangers of crude oil, evaporators and condensers, gas supply lines, cooling oil and lubrication circuits and diesel oil circuits. Petrotec Kuwait also offers complete pre-commissioning services, which include, but are not limited to, hydrostatic pressure testing, pre-commissioning de-scaling of boilers and pre boilers and gas line de-scaling, blowing and drying.

**b) Location**

Qibla – Block 7 - Saleh Al-Mutawa Building, Kuwait City, Kuwait

**c) Key Principals and Agencies**

Petrotec Kuwait, in conjunction with TSR and Solarca, have partnered with Fluitec, Maersk H2S and Solarca Spain.

Fluitec provides innovative technologies in the lubricant and hydraulic space, providing oil enhancement and life extension of the oil in turbo-machinery fluid systems. Fluitec is the only B Corp Certified industrial lubricant company in the world, meaning that the business is meeting high standards of verified performance, accountability, and transparency on various factors. Fluitec has 25 years of experience in eliminating oil degradation and coming up with innovations that have become industry standards such as RULER, MPC, ESP, Boost VR+, Boost AO and Infinity TO Decon.

Maersk H2S offers rental of specialized H2S safety equipment and breathing apparatus. With an extensive equipment fleet based at Petrotec's Ras Laffan facility, Maersk H2S' rental services are offered to customers and contractors in the Energy Sector.

Solarca Spain is a leading provider of chemical cleaning and steam/air blowing services.

**d) Strategy**

The intention is to maximise the value of Petrotec Kuwait's existing businesses by continuing to innovate, offering differentiated, recognised and innovative products and services under multiple renowned OEMs.

**e) Management**

Name	Position	Listed on the Commercial Registration
Ahmed Mohammad Zaman Mohammad	Manager	Yes
Clifford William Lasrado	Managing Director	Yes

**f) Full Time Employees**

Petrotec Kuwait had no full-time employees as at 31 December 2021. Operations, sales personnel and other centralised functions are being provided at the level of the Company.

**g) Financial Information**

Below is a table demonstrating certain financial information of Petrotec Kuwait as at and for the year ended 31 December 2021:

Petrotec Kuwait serves as a counterparty to facilitate and support the operations of TSR and Solarca in Kuwait. The company reported no revenues in 2021 as there were no contracts signed during the year as the company records revenue based on the commissions earned on the contracts signed through Petrotec Kuwait or logistical/administrative support facilitated. As at the date of this Listing Prospectus, there are no plans to liquidate the company.

Petrotec Kuwait	
As at and for the year ended 31 December 2021	
All figures below are in QAR million	
Revenue	0.0
Losses For the Year	(0.3)
Total Assets	3.1
Total Liabilities	3.9
Total Equity	(0.7)

Source: Management Information

#### 6.12.2.7. Business History and Description of Qatar Welding and Fabrication Supplies W.L.L.

##### i) Overview

QFAB commenced operations in 1996. QFAB sells manufactured goods and provides services to contractors in the Infrastructure Sector.

QFAB represents premium construction and industrial OEMs in the Qatar market.

The OEM and products represented include:

OEM	Products
KOBELCO	Excavators
BULL	Backhoes
SUNWARD	Compact construction equipment
NTC	Compaction equipment
SHANTUI	Wheel loaders
ATMOS	Compressors
HIMOINSA	LED Tower lights
ENERPAC	Hydraulic tools
IR	Pneumatic tools
MILLER	Welding machines and consumables
KATO	Cranes
OLYMPUS	Non-destructive testing

QFAB is also one of the largest equipment access rental suppliers in Qatar.

QFAB has a fleet of over 300 pieces of access equipment including tower cranes, scissor lifts, mast climbers and spider cranes.

The Group estimates the following market share and position for some of QFAB's key products and services:

Products	Market share and positioning
Earthwork equipment (e.g., excavators, backhoes, compaction equipment etc.)	The Group estimates a market share of 20%-25% with more than five major competitors.
Rental services	The Group estimates an access platform market share of 20-25% and three competitors.
Industrial products (e.g., welding machines, hydraulic tools etc.)	The Group estimates a market share of 30%-35% for the product segment.

Source: Management Estimates

##### a) Location

Logistics Park – A, Manateq Economic Zone, Birket Al Awamer, Al-Wukair, Qatar

##### b) Key Customers

QFAB's main customers are major contracting companies in Qatar, carrying out infrastructure projects including new roads, ports, airport projects and also some of the stadia used for the FIFA World Cup Qatar 2022. QFAB also supports the fabrication sector in Qatar and provides after sales support.

##### c) Strategy

Continuing to acquire additional agencies, expanding its client base and maintaining excellent service standards by stocking of spares and training of personnel.

**d) Management**

Name	Position	Listed on the Commercial Registration
Fahad Hussain I Al Fardan	Chairman, Manager	Yes
Salah Mohd I Al Jaidah	Vice Chairman, Manager	Yes
Clifford William Lasrado	Managing Director	Yes
Enzo Liberato Dellesite	Group Chief Executive Officer	No
Samar Pal Bais	General Manager Construction	No
Puzhukkal Sunil Kumar	General Manager Finance	No

**e) Full Time Employees**

QFAB had 84 full time employees as at 31 December 2021. Other than the dedicated operation and sales personnel, the rest of QFAB's functions are centralised at the level of the Company.

**f) Financial Information**

Below is a table demonstrating certain financial information of QFAB as at and for the year ended 31 December 2021:

Qatar Welding and Fabrication Supplies W.L.L.	
As at and for the year ended 31 December 2021	
All figures below are in QAR million	
Revenue	70.1
Profit for the Year	4.8
Total Assets	161.7
Total Liabilities	68.2
Total Equity	93.5

Source: Management Information



## 6.12.2.8. Business History and Description of European Equipment Company W.L.L.

### a) Overview

EEC was established in Qatar in 2008.

EEC provides sales and servicing for the German-based Wirtgen Group's road construction equipment in Qatar. Its activities and OEMs represented include:

<b>WIRTGEN</b>	Milling machines, surface miners and slip form pavers.
<b>VOGELE</b>	Pavers and mobile feeders
<b>HAMM</b>	Soil and asphalt compactors
<b>KLEEMAN</b>	Crushers and screens
<b>BENNINGHOVEN</b>	Ashphalt plants

The Group estimates the following market share and position for some of EEC's key products and services:

Products	Market share and positioning
Road paving equipment	The company is estimated to be a market leader with 70%-80% market share. Three other major players are estimated to be operating in the segment.
Compaction equipment	The company is estimated to hold 40%-45% market share with more than five players operating in the segment.
Crushers	The company is estimated to hold a market share of approximately 40%.

Source: Management Estimates

### b) Location

Wukair, Qatar

### c) Key Customers

Major road construction companies.

### d) Key Principals and Agencies

Wirtgen Group.

### e) Strategy

To maintain substantial market share in the asphalt and road equipment market, by providing quality products, stocking and services.

### f) Management

Name	Position	Listed on the Commercial Registration
Fahad Hussain I Al Fardan	Chairman, Manager	Yes
Salah Mohd I Al Jaidah	Vice Chairman, Manager	No
Clifford William Lasrado	Managing Director	No
Enzo Liberato Dellesite	Group Chief Executive Officer	No
Samar Pal Bais	General Manager Infrastructure	No
Puzhukkal Sunil Kumar	General Manager Finance	No

### g) Full Time Employees

EEC had no full-time employees as at 31 December 2021. Operations, sales personnel and other centralised functions are being provided at the level of QFAB and the Company.

#### **h) Financial Information**

Below is a table demonstrating certain financial information of EEC as at and for the year ended 31 December 2021:

<b>European Equipment Company W.L.L.</b>	
As at and for the year ended 31 December 2021	
All figures below are in QAR million	
Revenue	28.0
Loss for the Year	(2.3)
Total Assets	31.3
Total Liabilities	14.5
Total Equity	16.8

Source: Management Information

#### 6.12.2.9. **Business History and Description of Koop Water Management Middle East W.L.L.**

##### **a) Overview**

KOOP was established in 2013. KOOP acts as a sub-contractor responsible for dewatering construction sites in Qatar. KOOP works in a very specialized field and its operations include (a) design, costing and quotations; (b) sales; (c) operations; and (d) services and repairs.

KOOP's Dutch joint venture partner, Swartwitpens BV, provides KOOP with technical support as necessary.

KOOP is estimated to hold between 30% to 35% of the market share for dewatering services in Qatar, with three other major competitors estimated to operate in Qatar alongside KOOP.

##### **b) Location**

Wukair, Qatar

##### **c) Key Customers**

Major Infrastructure Sector companies.

##### **d) Key Suppliers**

KOOP uses pumps and generators from various major equipment suppliers as part of its normal operations.

##### **e) Strategy**

To provide unique, comprehensive and cost effective solutions to the dewatering industry in Qatar.

##### **f) Management**

<b>Name</b>	<b>Position</b>	<b>Listed on the Commercial Registration</b>
Fahad Hussain I Al Fardan	Chairman, Manager	Yes
Jacobus Leonardus Maria Voorham	Manager	Yes
Salah Mohd I Al Jaidah	Vice Chairman, Manager	No
Clifford William Lasrado	Managing Director	Yes
Enzo Liberato Dellesite	Group Chief Executive Officer	No
Samar Pal Bais	General Infrastructure Manager	No

##### **g) Full Time Employees**

KOOP had 74 full-time employees as at 31 December 2021. Operations, sales personnel and other centralised functions are being provided at the level of the Company.

##### **h) Financial Information**

Below is a table demonstrating certain financial information of KOOP as at and for the year ended 31 December 2021:

Koop Water Management Middle East W.L.L.	
As at and for the year 31 December 2021	
All figures below are in QAR million	
Revenue	30.6
Profit for the Year	6.4
Total Assets	41.8
Total Liabilities	18.6
Total Equity	23.1

Source: Management Information

6.12.2.10. **Business History and Description of Al Mahhar Al Kuwaitiyya for Light and Heavy Equipment and Machines W.L.L. (“Al Mahhar Kuwait”)**

**a) Overview**

Al Mahhar Kuwait was established in Kuwait in 2019.

Al Mahhar Kuwait provides sales and, in certain cases, rental and other services to major companies operating in the Infrastructure Sector in Kuwait on behalf of certain OEMs (please see Section d) below).

**b) Location**

Ali Almulla Tower, Abdullah Al Mubarak Street, Kuwait City, Kuwait

**c) Key Customers**

Major companies operating in the Infrastructure Sector.

**d) Key Principals and Agencies**

Al Mahhar Kuwait provides sales and servicing for the German-based Wirtgen Group's road construction equipment in Kuwait. Its activities and OEMs represented include:

<b>OEM</b>	<b>Products</b>
<b>WIRTGEN</b>	Milling machines, surface miners and slip form pavers.
<b>VOGELE</b>	Pavers and mobile feeders
<b>HAMM</b>	Soil and asphalt compactors
<b>KLEEMAN</b>	Crushers and screens
<b>BENNINGHOVEN</b>	Asphalt plants

Al Mahhar Kuwait also represents premium construction and industrial OEMs in the Kuwait market.

The OEMs represented include:

<b>OEM</b>	<b>Products</b>
<b>KOBELCO</b>	Excavators
<b>BULL</b>	Backhoes
<b>SUNWARD</b>	Compact construction equipment
<b>NTC</b>	Compaction equipment
<b>SHANTUI</b>	Wheel loaders
<b>ATMOS</b>	Compressors
<b>HIMOINSA</b>	LED Tower lights

**e) Strategy**

To become a leading supplier to the Infrastructure Sector in Kuwait by acquiring additional agencies, stocking equipment and expanding relevant aftersales services.

**f) Management**

Name	Position	Listed on the Commercial Registration
Ahmed Mohammad Zaman Mohammad	Manager	Yes
Clifford William Lasrado	Managing Director	Yes
Samar Bal Pais	General Manager - Infrastructure	No

**g) Full Time Employees**

Al Mahhar Kuwait had 12 full-time employees as at 31 December 2021. Operations, sales personnel and other centralised functions are being provided at the level of QFAB and the Company.

**h) Financial Information**

Below is a table demonstrating certain financial information of Al Mahhar Kuwait as at and for the year ended 31 December 2021.

Established in 2019, the company has been loss making since establishment due to market slowdown as a result of COVID-19 after its incorporation (lockdowns were particularly stringent in Kuwait). The company reported accumulated losses of QAR 11.3 million as at 31 December 2021.

Al Mahhar Kuwait	
As at and for the year ended 31 December 2021	
All figures below are in QAR million	
Revenue	12.1
Loss for the Year	(5.4)
Total Assets	19.8
Total Liabilities	28.8
Total Equity	(9.0)

Source: Management Information

## 7. VALUATION METHODOLOGY

*The valuation was prepared in accordance with the Rules for Independent Auditors and Financial Evaluators of Listed Companies, as well as the QFMA Listing Rules, and it should not be used for any other purpose. It was not prepared for Investors to rely on or use to make investment decisions. It is the responsibility of potential Investors in the Company to make their own assessment of the valuation of the Company, whether they should invest in the Company and whether they consider that the listing price of the Shares accurately reflects the value of the Company. The day-to-day trading price of the Company's Shares after the Listing may be greater or less than the initial listing price of the Shares and may or may not necessarily accurately reflect the underlying value of the Company. In particular, potential Investors must read and understand this Listing Prospectus in its entirety, including the section titled "Risk Factors".*

#	Description	Explanation		
7.1	<b>Name and experience of the financial evaluator</b>	Name: PricewaterhouseCoopers – Qatar LLC (“ <b>PwC</b> ”) Experience: PwC’s experience spans over 40+ years working with some of Qatar’s most prestigious businesses and organizations. It has over 300 professional staff based in Qatar, headed by over 35 partners and directors. PwC has worked closely with the QFMA in the past in relation to the listing of other Qatari entities on the QSE, including Baladna (Q.P.S.C.) and Qatar Aluminium Manufacturing Company Q.P.S.C. (acting for both in their capacity of financial evaluator). PwC has extensive experience assisting clients in Qatar on valuations which span across multiple industries including energy, contracting, logistics, healthcare and others.		
7.2	<b>Purpose of the evaluation</b>	Direct listing on the QSEVM		
7.3	<b>Globally accepted evaluation methods</b>	<b>Method</b>	<b>Explanation</b>	<b>Suitability</b>
		DCF	This technique focuses on the expected cash flow of the business. In applying this approach, the free cash flows are calculated for a finite number of years. Free cash flows are defined, for the purpose of this approach, as the net amounts of cash generated from the operations of the business less the amounts needed for investing in fixed assets or working capital to ensure that the future profitability or operations of the business are not impaired. The free cash flows and the terminal value (the value of the business at the end of the estimation period) are then discounted back to the present value at a discount rate that reflects the risk (degree of uncertainty) that those benefits may not be realized, to arrive at an indication of value of the enterprise. Debt is reduced and redundant assets are then added to the net present value to arrive at the final valuation figure.	This DCF methodology considers projected future income (including gross contribution growth, cost saving initiatives, profitability, etc.).  An appropriate discount rate is applied to the expected returns to shareholders to determine the value of the company.

			<p>The free cash flows to the equity holders are discounted over the forecast period (including a terminal value) by an appropriate Cost of Equity ("COE") to arrive at an estimate of the Equity Value ("EqV") of the business of the company. From this EqV, fair value of investments, deposits and loans ("Investment operations") are adjusted to arrive at the equity value of the business as of the valuation date.</p>	
		Residual Income ("RI")	<p>The equity value of the company is computed as the present value of excess returns (residual income) that the company expects to make in the future. The residual income is computed as the net income attributable to shareholders less the capital charge. Capital charge is computed by multiplying the cost of equity with the minimum capital required to run the business and the expected average return (i.e., average investment yield) multiplied by the surplus capital.</p>	<p>This RI methodology takes into account projected future income (including gross contribution growth, cost saving initiatives, profitability, etc.) as well as the projected solvency (risk capital and eligible capital).</p> <p>An appropriate discount rate is applied to the expected returns to shareholders to determine the value of the company.</p>
		Market Approach	<p>The market approach is an amalgamation of the Guideline Public Company method ("GPCM") and the Guideline Transaction methods ("GTM"). The GPCM focuses on comparing the subject entity to selected similar (or "guideline") publicly traded companies. Under this method, valuation multiples are:</p> <ul style="list-style-type: none"> <li>• Derived from the operating data of selected guideline companies;</li> <li>• Valuated and adjusted based on the strengths and weaknesses of the relevant business relative to the selected guideline businesses; and</li> <li>• Applied to the operating</li> </ul>	<p>Useful as a supplementary valuation methodology or as a cross-check to the DCF/RI valuation. It may also be applied as the primary valuation methodology for less material uses trading multiple of liquid companies operating in the same region and industry and where no significant growth is projected and should reflect</p>



			<p>data of the relevant business to arrive at an indication of the value.</p> <p>In the GTM, consideration is given to prices paid in recent transactions that have occurred in the relevant company's industry or in related industries. In arriving at the value through this we have considered latest market multiples (P/BV, and P/E) to reflect the recent trends. The multiple is applied to the relevant book value and earnings of the company as at the valuation date. We have considered a select list of energy and infrastructure companies listed and primarily operating in the GCC as Comparable Companies ("CoCos").</p>	market sentiments / outlook).
		Net Assets Approach	<p>The net asset approach (NAV approach) measures the value of the entity based on the realizable value of its net assets. The NAV approach therefore provides value of a business based on the sum of the fair values of the individual assets and liabilities of a company as at the valuation date.</p>	Appropriate when a business is not a going concern or when it is not operational (e.g. holding company).
7.4	<b>The Company's strengths, weaknesses, opportunities, and challenges</b>	<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>Established brand presence of over 30+ years in Qatar.</li> <li>Strong market reputation for the quality and support provided to OEMs and customers.</li> <li>State of the art facilities to service a wide range of client needs in line with the highest standards.</li> <li>Strong focus on QHSE standards in conformity with Energy Sector industry requirements.</li> <li>Highly experienced executive management with track record.</li> <li>Motivated staff recognised by the Great Places to Work Institute.</li> </ul> <p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>High customer concentration in the Energy Sector due to industry dynamics.</li> <li>Dependent on imports primarily from Europe for sale of equipment.</li> <li>High fixed costs associated with services and rentals.</li> </ul> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>North Field expansion leading to a growth in industry demand.</li> <li>Geographical expansion to other regions in the GCC such as Kuwait, Oman etc.</li> <li>Green field projects such as NFPS compression, QAFCO 7, RLPC, MM/BH field development, RUYA FEED provide an opportunity to increase the install base leading to significant revenue growth.</li> </ul> <p><b>Threats:</b></p> <ul style="list-style-type: none"> <li>Downturn in Energy or Infrastructure sector leading to subdued demand.</li> <li>Supply chain shocks leading to non-fulfilment of orders.</li> </ul>		

		<ul style="list-style-type: none"> <li>▪ Lack of availability of locally trained staff to respond to unforeseen opportunities.</li> </ul>
7.5	<b>The Company's competitive advantages and its market share locally and regionally</b>	<p><b>Competitive advantage</b></p> <ul style="list-style-type: none"> <li>▪ Established brand presence of over 30+ years in Qatar.</li> <li>▪ Agreements with leading agencies and vendors for the Energy and Infrastructure Sectors.</li> <li>▪ State of the art facilities to service a wide range of client needs in line with the highest standards.</li> <li>▪ Highly experienced executive management team with focus on investment in workforce capabilities.</li> </ul> <p>The Company is viewed among the top 3 in most of its business segments. It has a leading presence in fluid system solutions, combustion solutions and emissions control, wellbore cleanout tools, inflatable technology, industrial UPS, explosion proof junction boxes manufacturer, vibration/condition/machinery monitoring system and other segments.</p>
7.6	<b>Principles upon which the study is based in relation to growth rates, discount rates and selection approach of comparable companies</b>	<p>Terminal value is estimated based on the Gordon Growth Model whereby the terminal growth rate is assumed to be in line with the long-term inflation estimates for Qatar.</p> <p>The discount rates are based on CAPM, which is generally the accepted method wherein the metrics to determine the cost of equity are based on observable market inputs for risk free rate (US risk free rate, market risk premium, whilst the beta is based on comparable company analysis).</p> <p>As a part of the market valuation approach, listed companies whose operations are considered comparable to those of the individual Portfolio Companies within the Group were considered. The evolution of the multiples of the comparable companies over the 3 years preceding the valuation date was analysed. Comparable companies whose multiples exhibited high volatility were excluded from the analysis as the multiples at the valuation date may not have been representative.</p> <p>The following benchmarking exercises were also performed to shortlist the peers which are closely comparable to the Portfolio Companies.</p> <ul style="list-style-type: none"> <li>• Operational benchmarking, including business model value chain, geographic exposure and degree of international operations.</li> <li>• Financial benchmarking considering key financial metrics, such as revenue growth, gross profit margin and EBITDA margin.</li> </ul>

## **8. RISK FACTORS**

Prior to investing in the Shares, prospective Investors should carefully consider the risk factors relating to the Group's business and the Energy and Infrastructure Sectors in Qatar, together with all other information contained in this Listing Prospectus. The Company's Board of Directors believes that the following risks are the principal risks inherent to the Group and its business.

However, these risks and uncertainties are not the only issues that the Group faces; additional risks and uncertainties not presently known to the Group or that it currently believes not to be material may also have an adverse effect on the Group's financial condition or business success. If any combination of these risks occur, the Group's business, financial condition, cash flows and results of operations could be adversely affected and, consequently, the value of the Shares. Additionally, this Listing Prospectus contains forward-looking statements that are also subject to risks and uncertainties. The Group's actual results could differ from those anticipated in these forward-looking statements.

The risks listed below are to an extent interrelated. The occurrence of one risk may trigger other risks to materialise. For example, if there is a substantial downturn in the Qatari economy, the Group could incur significant operational losses and could, in turn, experience an increased need for liquidity and, as a result, become over-leveraged.

### **8.1. Risks pertaining to the market in which the Group operates**

#### **8.1.1. Political concerns in the broader MENA region**

The MENA region as a whole has long been, and is currently, subject to a number of geopolitical and security risks. In particular, with effect from the first half of 2011, a number of countries and territories in the MENA region have experienced significant civil unrest.

The Group only operates in Qatar, Oman and Kuwait, which have not seen the civil unrest or disorder experienced elsewhere in MENA, although between mid-2017 and early 2021 a diplomatic rift within the region resulted in the closure of airspace, land, and marine borders with Qatar which impacted economic and financial conditions in the country. While the diplomatic rift was successfully resolved by the Al-Ula Declaration on 5 January 2021, a resumption of, or development of new, intra-GCC rifts cannot be predicted with any certainty, and if materialised may result in an adverse impact to the Group's prospects or business. By contrast, the diplomatic rift fostered a culture of entrepreneurial spirit and self-reliance within Qatar and allowed it to forge new international partnerships which have created new economic opportunities.

#### **8.1.2. Economic dependence on oil and gas revenues**

The Group's performance and future prospects are strongly linked to the economic climate in the primary markets in which it operates, whether directly or indirectly. As at the date of this Listing Prospectus, the Group operates primarily within the Qatari market, which depends on natural gas and oil revenues to facilitate the development of other sectors of the economy and its national infrastructure. According to data published

by the QCB in its Forty Fourth Annual Report 2020, the oil and gas sector contributed (on a real basis) nearly 40% of Qatar's GDP in the last four years on which QCB has reported.<sup>13</sup>

Any adverse movement in the price of oil and gas, or any restrictions which limit the ability of Qatar to export its oil and gas products freely, would reduce revenues flowing to the State and may impede its ability to implement its development strategies. Similarly, adverse impacts on Qatar's ability to produce, market or export oil and gas products may in turn adversely impact the demand for, or the risks associated with, the Group's products and services.

In particular, Qatar is one of the largest liquefied natural gas ("LNG") exporters in the world. Volatility in the LNG price, the prices achieved, and the volume of LNG sold, together or individually, have a significant impact on Qatar's national budget. The budget available and its allocation has an impact on the Qatari economy as a whole and, depending on budgetary decisions made, there may be a direct or indirect effect on the Group's business or prospects.

In early 2022, particularly following the Russian Federation's invasion of Ukraine, global oil prices spiked, briefly peaking at approximately USD 140 per barrel in early March 2022. In the short term, high energy prices may have favourable impact on the general economic climate in Qatar. However, in the longer term, higher energy costs may accelerate the development and deployment of renewable energy. This in turn may reduce demand for oil and gas, reducing their prices and as a result lowering incomes for oil and gas producers such as Qatar. This may have an impact on various sectors and businesses within Qatar, which may have an adverse effect on the Group.

Qatar has implemented a diversification strategy to reduce the State's dependence on the oil and gas sector.

### **8.1.3. Risks related to reliance on certain markets**

The Group's performance and future prospects are strongly linked to the economic climate in the primary markets in which it operates — directly or indirectly. These markets are Qatar and Kuwait, which are largely dependent on the Energy Sector. As indicated above, the State of Qatar is one of the largest liquefied natural gas ("LNG") exporters in the world. Volatility in the LNG price, the prices achieved and the volume of LNG sold, together or individually, have a significant impact on the Qatar's budget. The budget available and its allocation has an impact on the Qatari economy as a whole and on specific sectors, including the oil and gas sector directly.

Furthermore, the primary markets in which the Group operates are emerging markets. These markets are characterized by relatively high volatility across numerous macroeconomic measures, when compared to developed markets, which may impact the performance of the Group in such markets and make it difficult to predict such

performance. As at the date of this Listing Prospectus, the Group does not intend to operate outside of emerging markets.

If the Company is unable to address the issues arising from operating in emerging markets, this could have a material adverse effect on the Group's business, cash flow, financial condition, results of operations, and future prospects.

#### **8.1.4. Risk of saturation of market and inability to grow**

A primary assumption of management in relation to the future development of the Group is that the Portfolio Companies will, post-Listing, be able to develop and grow their respective business. However, there inevitably can be no assurance that such development and growth will occur. Since the value of the Group is principally derived from the financial results of the Portfolio Companies, the inability of the Portfolio Companies to develop new business is likely to have an effect on the value of the Shares and the ability of the Company to pay dividends.

#### **8.1.5. Currency risk**

The Group operates primarily in Qatar, where the local currency is pegged to the US Dollar, and the Group's transactions are primarily in Qatari Riyals as well as in other major international currencies. The Group is exposed to currency exchange rate risk on receivables and payables that are denominated in other currencies. Any adverse movement in exchange rates could have a material adverse effect on the Group's business, cash flow, financial condition, results of operations, and future prospects.

#### **8.1.6. Risks relating to reliance on large scale entertainment events**

FIFA World Cup 2022 ("WC 2022") was held in Qatar between November and December 2022. The Government of Qatar allocated significant capital spending towards projects related to WC 2022. These included a metro rail network, several stadiums, two new cities, expanded road networks, and several other large and small projects. Like the 2006 Asian Games, WC 2022 contributed significantly to the economic development in Qatar across a broad range of sectors. In turn, the Company benefited from the inflow of business and expatriates brought on by the WC 2022. The completion of infrastructure and other projects related to WC 2022 may potentially result in an outflow of expatriates and business. Unless significant new development projects arise in the coming years, the reduction in economic activity associated with infrastructure development and other projects could result in a smaller market in Qatar for the Company's services, which could have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

The twenty-fourth edition of the Asian Games to be held in Qatar in 2030 and the first Horticulture Expo to be held in MENA, Expo 2023 Doha, may continue attracting expatriates and business into Qatar post WC 2022. That being said, it is not possible to predict if the Company will be able to sustain or grow its business post completion of WC 2022 and there may be a risk that this could be a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects Unless

significant new development projects arise in the coming years, the reduction in economic activity associated with infrastructure development and other projects could result in a smaller market in Qatar for the Group's products and services. This, in turn, could have a material adverse effect on the Group's business, cash flow, financial condition, results of operations, and future prospects.

#### **8.1.7. Risks related to COVID-19 and other epidemics or pandemics**

At the end of 2019, an outbreak of Coronavirus disease ("COVID-19") began. COVID-19 was a contagious disease caused by severe acute respiratory syndrome coronavirus 2 ("SARS-CoV-2"). COVID-19 resulted in governments worldwide, including the government of Qatar, enacting emergency measures to combat the spread of the virus, including travel restrictions, government-imposed shelter-in-place orders, quarantine periods, social distancing, and restrictions on large gatherings. These measures were in place between 2020 to 2022, moderating in certain periods due to periods of decreased caseloads and as vaccines became more widely available in Qatar and vaccination rates increased.

It is not possible to predict if similar epidemics or pandemics, including additional variants of COVID-19, might break out in the future and whether they will have increased severity or vaccine resistance. While the impacts of COVID-19 on the Group's business in 2020 and 2021 may not have been as material as observed in other industries (*see Section 21: Management discussion and analysis* for further discussion), if similar epidemics, pandemics or additional COVID-19 virus variants materialise, vaccination rates decline or vaccine protection is not durable or for other unforeseen factors the Government of Qatar elects to renew or implement new public health restrictions (including international travel restrictions, lockdowns or diminution or cessation of business operations), this may have an adverse impact on the Group's business or prospects.

### **8.2. Regulatory risks**

#### **8.2.1. General**

In order to carry out and expand its business, the Group Members need to maintain or obtain a variety of licenses, permits, accreditations, approvals and consents from various regulatory, legal, administrative and other authorities and agencies.

The processes for obtaining these licenses, permits, accreditations, approvals and consents are often lengthy, complex, unpredictable and costly.

Each Group Member's ability to achieve its strategic objectives could be impaired if it is unable to maintain or obtain required licences, permits, accreditations, filing requirements, approvals and consents having an adverse impact on the Group Members' financial position and/or market value of the Shares.

The activities of the Company are regulated by Qatari laws and regulations, and, following the Listing, the rules and regulations of the QFMA and the QSE, notably the QFMA Corporate Governance Code and the QSE Rulebook. Failure to comply with such

laws or regulations may result in penalties or fines and may have a material adverse effect on business activities.

#### **8.2.2. Qatar's Commercial Law and proposed bankruptcy filing provisions**

Investors should be aware that the Commercial Law addresses commercial affairs, competition, commercial obligations, and contracts. The Commercial Law also provides comprehensive provisions addressing bankruptcy matters, permitting creditors to file claims against the majority of corporate entities, except for certain professional companies and companies that are at least majority owned by the State.

To the knowledge of the Group, this new insolvency regime remains untested to date, and it is uncertain how it would be implemented by the courts of Qatar. There can also be no assurance that a Qatari court would compel a bankruptcy administrator to perform any of the Group Members' obligations during an administration period.

The Commercial Law also enables Qatari courts to defer adjudication of a company's bankruptcy if the court decides that it is possible to improve that company's financial position during a period specified by the court or if judged to be in the interest of the national economy. In the event of an insolvency situation to be determined under Qatari law, shareholders and other equity holders of a company generally rank last behind creditors of the company concerned.

#### **8.2.3. Risk related to implementation of Value Added Tax in Qatar**

All GCC member states, including Qatar, are party to the Common VAT Agreement of the States of the Gulf Cooperation Council (the "**Framework Agreement**"). This treaty establishes a common framework amongst GCC member states as to the implementation and setting of rates of value added tax ("**VAT**"). However, individual GCC member states are yet to implement the framework through the issuance of domestic legislation.

As of the date of this Listing Prospectus, Qatar has not implemented legislation to give effect to the Framework Agreement and there is no VAT in Qatar and there is no publicly available guidance as to when Qatar may implement it. The planned implementation of VAT may have an impact on the Group's operations. It should be noted that whilst the GCC member states that have implemented VAT to date in relation to the Framework Agreement originally did so at the standard rate of 5%, Saudi Arabia raised VAT to 15% in 2020 and Bahrain raised VAT to 10% in 2022. If VAT is levied on the Group's products and services, this could have an adverse impact on its revenues or prospects.

#### **8.2.4. Risk associated with new international corporate minimum income tax**

Based on the prevailing tax regulations and enforcement thereof for listed companies on the Qatar Stock Exchange, the Company's profits would be exempt from corporate income tax following the Listing (notwithstanding the annual contribution towards the Qatar Social and Sports Fund). However, there can be no assurance that the State of Qatar will not in the future introduce additional taxes, charges, or levies on the Company

or that the current tax laws and regulations in Qatar will not be amended. In addition, while the Company benefits from a full exemption from corporation tax on its income, this exemption may be withdrawn due to the OECD BEPS 2.0, Pillar 2 programme and Qatar's support thereof, or otherwise. If any changes in tax laws occur, this could have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

### **8.3. Risks specific to the operations of the Group**

#### **8.3.1. Business strategy risk**

The Company has established a business strategy, the details of which are set out in Section 6 of this Listing Prospectus. If the Company is unable to successfully implement its strategy, or if the Company is unable to adjust its strategy to react to changes in the markets in which it operates, this could potentially have a material adverse effect on the Group's business, cash flow, financial condition, results of operations, and future prospects.

#### **8.3.2. New business development and products risk**

If the Group in the future develops new products or services, or enters into new or expanded sectors, there is a risk that there may be no or inadequate demand for those products or services, that the profitability or other financial expectations associated with such products or services do not materialise and that costs associated with the development, marketing, offering, provision, and claims or disputes associated with such products or services cause losses to the Group.

#### **8.3.3. Risk of turnover of key employees / managers**

The Group has benefitted from stability in its senior management, many of whom have been with the Group for more than 15 years, but there can be no assurance that it will always be able to retain all members of its senior management team and other key staff or replace those people within an adequate timeframe. There might be detrimental effects to the Group's business resulting from the loss or dismissal of key personnel and there is no guarantee that it will be able to attract and retain key personnel that will help it to achieve its business objectives. Should the Group not be able to retain or replace qualified key personnel, this could lead to the Group being unable to perform at its current levels, which in turn could have a material adverse effect on the Group's business, cash flow, financial condition, results of operations, and future prospects.

#### **8.3.4. Intellectual property risks**

In the conduct of its business, the Group may rely on a combination of contractual rights with third parties and copyright, trademark, trade name, patent and other intellectual property rights laws to establish and protect its intellectual property. The Group may not be able to obtain adequate protection for all of its intellectual property in all relevant territories, and third parties may infringe on or misappropriate the Group's intellectual property. The Group may have to litigate to enforce and protect its copyrights,



trademarks, trade names, patents, trade secrets and know-how or to determine their scope, validity or enforceability. In that event, the Group may be required to incur significant costs, and the Group's efforts may not be successful. The inability to secure or protect intellectual property could have a material adverse effect on the Group's business, cash flow, financial condition, results of operations, and future prospects.

#### **8.3.5. Risks related to the Group's management and information systems**

The Group's information technology and accounting systems are designed to enable the Group to use its resources as efficiently as possible and monitor and control all aspects of the Group's operations. Although proper controls are in place to mitigate information technology and accounting system risks, any unlikely failure or breakdown in these systems could interrupt the Group's normal business operations and result in a significant slowdown in operational and management efficiency for the duration of such failure or breakdown or thereafter. Further, the Group cannot guarantee that the information technology and accounting systems currently employed by the Company and its Portfolio Companies will continue to be adequate or appropriate (in whole or in part) for any future operations, or that they will not need replacement, amendment or upgrading, any of which could have a material adverse effect on the Group's businesses, financial condition and results of operations. Notwithstanding the above, the Board of Directors believes that the Group's financial reporting systems are sufficient to ensure compliance with the requirements of the QFMA and the QSE as a listed company.

#### **8.3.6. Customer concentration risk**

In FY 2021 and FY 2020, a substantial portion of the Group's revenues were derived from Energy Sector customers. If the Group is unable to renew agreements, or otherwise continue to do business with these customers, this may result in an adverse impact on the Group's revenues and financial performance.

#### **8.3.7. Portfolio Company concentration risk**

Petrotec has historically been the best performing entity of the Portfolio Companies. Given the significant historical impact of Petrotec's revenues, if Petrotec is unable to continue delivering strong performance, this may result in an adverse impact on the Company's revenues and financial performance.

#### **8.3.8. Loss of key customers and/or suppliers risks**

The Portfolio Companies have, over several years in operation, built strategic relationships with various customers and suppliers. Should these relationships breakdown, cease to exist or if there is any material modification to the contractual terms under which a Portfolio Company provides or receives products or services which are not favourable to it, this could have a material adverse effect on that Portfolio Company's business, financial condition, results of operations or prospects.

#### **8.3.9. Risks that may lead to developments in technology could result in a Portfolio Company's operations becoming uncompetitive**

Technologies and processes are being continuously developed in the Energy Sector worldwide. Significant developments in technology could result in existing technologies and processes utilised by any of the Portfolio Companies becoming uncompetitive, adversely impacting the competitiveness of the relevant Portfolio Company, which may have a material adverse effect on that Portfolio Company's business, financial condition, results of operations or prospects.

#### **8.3.10. Risks of insufficient insurance coverage for the Group**

The Group may be affected by a number of risks, including terrorist acts and war related events for which full insurance cover is either not available or not available on commercially reasonable terms. In addition, the severity and frequency of various other events, such as accidents and other mishaps, business interruptions or potential damage to its facilities, property and equipment caused by inclement weather, human error, pollution, labour disputes and natural catastrophes, may result in losses or expose a Portfolio Company to liabilities in excess of its insurance coverage or significantly impair its reputation. The Portfolio Companies cannot assure investors that their respective insurance coverage will be sufficient to cover losses arising from any, or all of such events, or that they will be able to renew existing insurance cover on commercially reasonable terms.

Should an incident occur in relation to which a Portfolio Company has no insurance coverage or inadequate insurance coverage, the particular Portfolio Company could lose the capital invested in, and anticipated future revenues relating to, any property that is damaged or destroyed and, in certain cases, the particular Portfolio Company may remain liable for financial obligations related to the impacted property. Similarly, in the event that any assessments are made against a Portfolio Company in excess of any related insurance coverage that it may maintain, its assets could be subject to attachment, confiscation or restraint under various judicial procedures. Any of these occurrences could have a material adverse effect on the particular Portfolio Company's business, financial condition, results of operations or prospects. In addition, certain of the Portfolio Company's financings (if any) require assignments of insurance proceeds in favour of the relevant lenders. Thus, any claim that the relevant Portfolio Company may have in respect of such insurance proceeds will be a residual claim for the proceeds not taken by such lenders.

The Group maintains insurance policies where practicable, covering both assets and employees in line with general business practices in Qatar, with policy specifications and insured limits which are believed to be reasonable. There are, however, certain types of losses, such as wars, product recall, avian flu, and nationalization that generally are not insured because they are either uninsurable or not economically insurable and the Group's properties could suffer physical damage from fire or other causes, resulting in losses that may not be fully compensated by insurance. Should an uninsured loss or a loss in excess of insured limits occur or should the Group's insurers fail to fulfil obligations for the sum insured, the Group could be subjected to irrecoverable costs to rectify the loss, pay compensation and/or lose capital invested in the affected property, as well as lose anticipated future revenue from that property. The Group would also

remain liable for any debt or mortgage, indebtedness or other financial obligations.

#### **8.3.11. Competition risks**

The business in which each Portfolio Company engages is competitive and most of the Portfolio Companies' revenues are derived from projects which are awarded as a result of competitive bidding processes. However, an invitation to bid is often conditional upon prior experience, technical capability and financial strength. Each of the Portfolio Companies competes with local, regional and international companies. The Group believes that, at present, it is one of the leading providers of services for the Energy and Infrastructure Sectors in Qatar. There can be no assurance, however, that the Group will continue to compete successfully with its existing competitors, or with any new competitors. The highly competitive nature of the Energy and Infrastructure Sectors requires each Portfolio Company to charge competitive market rates for its services which result in narrow operating margins. Any degradation in operating margins could have a material adverse impact on the financial condition of the Group.

#### **8.3.12. Performance risks**

While the Group has a robust order book of on-going projects/contracts under execution, the success and profitability of each Portfolio Company primarily depends on its ability to successfully execute these contracts. Any shortfall in project execution will adversely impact the Group's financial performance, reputation and future prospects. Failure to complete contractual work within the designated time schedule could potentially lead to monetary penalties or compensation to the client and could be due to various factors including some over which a Portfolio Company does not have any control. Each Portfolio Company has a track record of completing projects within budget while maintaining quality and best practices relating to its services. It is focused on maintaining and developing its expertise, resources and technical skills to ensure that it is fully equipped to meet all its future commitments. Each Portfolio Company's project management teams have extensive experience and use sophisticated tools in managing complex projects. Dedicated units ensure efficient mobilization of manpower and technical resources, and the top management of the Group is closely involved in project monitoring.

#### **8.3.13. Risks related to the cancellation or significant delay of projects and contracts**

The Portfolio Companies have, over several years in operation, built strategic relationships with various customers and suppliers. Should these relationships breakdown, cease to exist or if there is any material modification to the contractual terms under which a Portfolio Company provides or receives products or services which are not favourable to it, this could have a material adverse effect on that Portfolio Company's business, financial condition, results of operations or prospects. The Portfolio Companies do not envisage any major cancellation or significant delay of their on-going contracts as its clients are predominantly government organizations and reputed public and private organizations in Qatar.

#### **8.3.14. Risks related to unanticipated costs related to compliance with health and safety**

## **laws**

Certain Portfolio Companies are required to comply with health and safety standards in accordance with applicable laws and regulations in Qatar. The relevant Portfolio Companies provide their workforces with occupational health and safety training and believe that their safety standards and procedures are adequate; however, accidents at sites or facilities may occur as a result of unexpected circumstances. If any of such circumstances were to occur, they could result in personal injury, business interruption, possible legal liability, and damage to the Group's business reputation and corporate image and, in severe cases, fatalities. Therefore, no assurance can be given that in the future the Portfolio Companies will not become subject to potential health and safety liability affecting the Group's business, financial condition, and results of operations or prospects.

### **8.3.15. Risks that could subject Portfolio Companies to liabilities as a result of any violation of the environmental and safety standards**

The operation of each Portfolio Company is subject to a range of environmental laws and regulations in Qatar. Compliance with such laws and regulations can be costly and each of the Portfolio Companies currently incurs costs, and will continue to incur costs, to comply with such requirements. Although the Portfolio Companies have initiated and maintained various safety and monitoring procedures at each production site, should they fail to comply with such laws and regulations, they may be liable for significant penalties, even where such failure to comply is caused by, or attributable to, a third party. In addition, the contravention of any such environmental law or regulations could result in the potential damage or harm to, destruction or death (as the case may be) of, properties, production facilities, people and/or the environment. Any occurrence of environmental damage may result in a disruption of a Portfolio Company's services or cause reputational harm and significant liability could be imposed on the particular Portfolio Company for damages, clean-up costs or penalties, which may have a material adverse effect on that Portfolio Company's business, financial condition, results of operations or prospects. In addition, there is no assurance that governmental authorities in Qatar will not enforce existing environmental laws and regulations more strictly than they have currently done or in the future impose stricter environmental standards, or higher levels of fines and penalties for violations, than those which are in effect at present. Accordingly, each Portfolio Company is unable to estimate the future financial impact of compliance with or the cost of a violation of any applicable environmental laws or regulations. The occurrence of any of these events may cause disruption to a Portfolio Company's projects and operations and result in additional costs to that Portfolio Company, which may have a material adverse effect on that Portfolio Company's business, financial condition, results of operations or prospects.

### **8.3.16. Group credit risks**

The Group is exposed to credit risk on its bank balances, trade and other receivables, notes receivables, amounts due from related parties, commission receivable and deposits. There is a risk that counterparties to the Group's receivables will fail to discharge an obligation and cause the Group to incur a financial loss, which could have

a material adverse effect on the Group's business, cash flow, financial condition, results of operations, and future prospects.

#### **8.3.17. Group supplier risks**

The Group is dependent on its suppliers, including OEMs, to supply it with high quality products in a consistent and timely manner. Although the Group has not previously experienced delays or quality issues with its suppliers, any such delays, defaults or quality issues in the future could have a material adverse effect on the Group's business, cash flow, financial condition, results of operations, and future prospects, including as a result of the Group's customers terminating contracts or invoking any contractual rights they might possess to claim damages and/or other remedies.

#### **8.3.18. Group logistical risks**

As most of the products sold by the Group are imported from suppliers outside Qatar, the Group is reliant on effective transportation and logistical solutions to enable it to receive the products it requires to fulfil its contracts with customers in a timely manner. The Group adopts several measures to mitigate the risks associated with its logistical arrangements; however, it cannot control any disruption caused by third parties or unexpected events. There is a risk that logistical disruption could cause the Group to be delayed in performing its contractual obligations towards customers, which could have a material adverse effect on the Group's business, cash flow, financial condition, results of operations, and future prospects.

#### **8.3.19. Risks related to the loss of standards certifications**

Many of the Group's customers require it to possess certain standards and quality certifications that are relevant to the industries in which the Group operates. These include ISO 9001, ISO 14001, ISO 45001 and ISO 17025, which the Group currently holds as at the date of this Listing Prospectus. Maintaining these certifications is crucial to allow the Group to win new contracts from its existing customers and to win new customers. Whilst the Group has systems in place to ensure that quality control and health and safety matters are strictly managed, there is a risk that existing certifications will not be maintained or that new certifications required by customers will not be obtained.

#### **8.3.20. Risks related to specific contracts entered into by the Group**

##### **8.3.20.1. Risk related to financing agreements**

Several Portfolio Companies have entered into facility agreements with different banks for various purposes such as meeting working capital requirements, covering guarantee issuances, and covering administrative costs associated with delays in receivables. Therefore, the termination of any of those agreements will likely risk the Group's ability to perform its operations and also fund further projects. Accordingly, the Group's future growth will likely be impacted upon termination of any of those agreements. Additionally, the Group's finances will be potentially affected should the termination of any of those

facility agreements occur.

8.3.20.2. **Risks related to dependency on lease agreements with governmental entities**

All of the Group's industrial facilities are located on land leased from governmental or quasi-governmental entities, including the MME, a State-owned energy company and Manateq. There can be no assurance that the lease agreements will be renewed upon expiry or, if renewed, that such renewals will be on similar terms. Furthermore, there is no guarantee that the lease agreements will not be terminated as a result of breach by any member of the Group of its obligations or as a result of expropriation. Any of the foregoing events could have a material adverse effect on the Group's business, cash flow, financial condition, results of operations, and future prospects.

8.3.20.3. **Risks related to an agreement entered into between Petrotec and Qatari State-owned company**

Petrotec entered into a supply and services agreement with a Qatari State-owned company (referred to as "**Counterparty**" in this section) relating to the stocking and supply of wellhead and subsea dumphlooder equipment and services for offshore wells, on a call-off basis with an estimated value of USD 19,011,000. The agreement poses multiple risks. It includes broad uncapped indemnities and a right to terminate for convenience in favour of the Counterparty. In addition, Petrotec is obliged to provide an on-demand performance bank guarantee amounting to 5% of the agreement consideration.

Termination of the agreement for convenience, a claim under the bank guarantee (whether for the entirety of the guarantee's amount or part of it) or pursuant to the uncapped indemnity provisions could each have a material adverse effect on Petrotec's business, cash flow, financial condition, results of operations and future prospects.

8.3.20.4. **Risks related to an agreement entered into between Petrotec and a Qatari State-owned company**

Petrotec has entered into an agreement with a Qatari State-owned company (referred to as "**Counterparty**" in this section) relating to the provision of zonal isolation solutions, equipment and associated services on a call-off basis for the value of QAR 50,772,612. The agreement poses multiple risks. It contains a right to terminate for convenience and uncapped indemnities in favour of the Counterparty. Further, the Counterparty may levy liquidated damages for performance delay for an amount of up to 10% of the value of goods ordered. Finally, Petrotec is obliged to provide an on-demand performance bank guarantee amounting to QAR 2,538,630 or equivalent to 5% of the consideration value where amended.

Termination of the agreement for convenience, a claim under bank guarantee (whether for the entirety of the guarantee's amount or part of it), for liquidated damages or under the uncapped indemnity provisions could each have a material adverse effect on Petrotec's business, cash flow, financial condition, results of operations and future prospects.

8.3.20.5. **Risks related to an agreement entered into between Petrotec and a Qatari State-owned company**

Petrotec entered into an agreement with a Qatari State-owned company (referred to as “**Counterparty**” in this section) for the repair of flowserve downhole submersible pumps and motors on a repair and return basis for the maximum consideration of USD 8,045,000. The agreement poses multiple risks. It contains a right to terminate and suspend the agreement for convenience, a broad uncapped indemnity in respect of damage or loss occurring to the subject-matter of the agreement and a right to levy liquidated damages for performance delay, each in favour of the Counterparty. Further, Petrotec is obliged to provide an on-demand performance bank guarantee amounting to USD 402,250.

Termination of the agreement for convenience, a claim under the bank guarantee (whether for the entirety of the guarantee’s amount or part of it), for liquidated damages or pursuant to the uncapped indemnity provisions could each have a material adverse effect on Petrotec’s business, cash flow, financial condition, results of operations and future prospects.

8.3.20.6. **Risks related to an agreement entered into between Petrotec and a Qatari gas company**

Petrotec has entered into an agreement with a Qatari gas company (referred to as “**Counterparty**” in this section) for the upgrade of low voltage protection systems from Clink 1 to Clink 2 for an estimated consideration value of QAR 25,545,110. The agreement poses various risks. It includes a right to terminate the agreement for convenience, a broad uncapped indemnity and right to levy liquidated damages for performance delay, each in favour of the Counterparty. Further, Petrotec is obliged to provide an on-demand performance bank guarantee amounting to QAR 2,554,511.

Termination of the agreement for convenience, a claim under the bank guarantee (whether for the entirety of the guarantee’s amount or part of it), for liquidated damages or pursuant to the uncapped indemnity provisions could each have a material adverse effect on Petrotec’s business, cash flow, financial condition, results of operations and future prospects.

8.3.20.7. **Risks related to an agreement entered into between Petrotec and a Qatari gas company**

Petrotec has entered into an agreement with a Qatari gas company (referred to as “**Counterparty**” in this section) for services relating to upgrading existing capacitor banks for Gutor make-ups for an estimated consideration value of QAR 21,657,941. The agreement poses various risks. It includes a right to terminate the agreement for convenience, a broad uncapped indemnity and right to levy liquidated damages for performance delay, each in favour of the Counterparty. Further, Petrotec is obliged to provide an on-demand performance bank guarantee amounting to QAR 2,165,794.

Termination of the agreement for convenience, a claim under the bank guarantee

(whether for the entirety of the guarantee's amount or part of it), for liquidated damages or pursuant to the uncapped indemnity provisions could each have a material adverse effect on Petrotec's business, cash flow, financial condition, results of operations and future prospects.

**8.3.20.8. Risks related to an agreement entered into between Petrotec and a Qatari gas company**

Petrotec has entered into an agreement with a Qatari gas company (referred to as "**Counterparty**" in this section) for EPIC services in relation to the provision of Rotork and Gutor services on a call-off basis for an estimated consideration value of USD 5,910,168. The agreement poses multiple risks. It includes a right to terminate and a broad uncapped indemnity, each in favour of the Counterparty.

Termination of the agreement for convenience or a claim under the uncapped indemnity provision could have a material adverse effect on Petrotec's business, cash flow, financial condition, results of operations and future prospects.

**8.3.20.9. Risks related to an agreement entered into between Petrotec and a Qatari State-owned company**

Petrotec has a price agreement with a Qatari State-owned company (referred to as "**Counterparty**" in this section) for the supply of dresser masoneilan actuator control valve spares for USD 3,288,041. The agreement poses multiple risks. It includes a right to terminate the agreement for convenience, a broad uncapped indemnity and right to levy liquidated damages for performance delay, each in favour of the Counterparty. In addition, Petrotec is obliged to provide an on-demand performance bank guarantee.

Termination of the agreement for convenience, a claim under the bank guarantee (whether for the entirety of the guarantee's amount or part of it), for liquidated damages or pursuant to the uncapped indemnity provisions could each have a material adverse effect on Petrotec's business, cash flow, financial condition, results of operations and future prospects.

**8.3.20.10. Risks related to an agreement entered into between Petrotec and a Qatari State-owned company**

Petrotec has a price agreement with a Qatari State-owned company (referred to as "**Counterparty**" in this section) for the supply of consolidated dresser safety relief valve spares for USD 2,466,100. The agreement poses multiple risks. It includes a right to terminate the agreement for convenience, a broad uncapped indemnity and right to levy liquidated damages for performance delay, each in favour of the Counterparty. Further, Petrotec is obliged to provide an on-demand performance bank guarantee amounting to 5% of the agreement consideration.

Termination of the agreement for convenience, a claim under the bank guarantee (whether for the entirety of the guarantee's amount or part of it), for liquidated damages or pursuant to the uncapped indemnity provisions could each have a material adverse



effect on Petrotec's business, cash flow, financial condition, results of operations and future prospects.

**8.3.20.11. Risks related to agreements entered into between QCAL and a Qatari State-owned company**

QCAL entered into a series of agreements with a Qatari State-owned company (referred to as "**Counterparty**" in this section) pursuant to which QCAL will perform calibration services of equipment on a call-off basis for an estimated consideration exceeding QAR 14,000,000. The agreement poses multiple risks. It includes a right to terminate the agreement for convenience, a broad uncapped indemnity and right to levy liquidated damages for performance delay at a daily rate of 0.25% of the total ROI price capped at a maximum of 10%, each in favour of the Counterparty. Further, QCAL is obliged to provide an on-demand performance bank guarantee amounting to 10% of the price payable under the relevant agreement.

Termination of the agreement for convenience, a claim under the bank guarantee (whether for the entirety of the guarantee's amount or part of it), for liquidated damages or pursuant to the uncapped indemnity provisions could each have a material adverse effect on QCAL's business, cash flow, financial condition, results of operations and future prospects.

**8.3.20.12. Risks related to the agreement entered into between QCAL and a Qatari gas company**

QCAL entered into an agreement with a Qatari gas company (referred to as "**Counterparty**" in this section) pursuant to which QCAL will perform calibration and recertification services for flow meters on a call-off basis for an estimated consideration of EUR 12,068,640. The agreement poses multiple risks. It includes a right to terminate the agreement for convenience, a broad uncapped indemnity and right to levy liquidated damages for performance delay, each in favour of the Counterparty. Finally, QCAL is obliged to provide an on-demand performance bank guarantee amounting to 10% of the price payable under the agreement.

Termination of the agreement for convenience, a claim under the bank guarantee (whether for the entirety of the guarantee's amount or part of it), for liquidated damages or pursuant to the uncapped indemnity provisions could each have a material adverse effect on QCAL's business, cash flow, financial condition, results of operations and future prospects.

**8.3.20.13. Risk related to the agreement entered into between QCAL and a Qatari gas company**

QCAL entered into an agreement with a Qatari gas company (referred to as "**Counterparty**" in this section) pursuant to which QCAL will perform calibration and recertification services for fiscal metering devices on a call-off basis for an estimated consideration of QAR 8,757,177. The agreement poses multiple risks. It includes a right to terminate the agreement for convenience, a broad uncapped indemnity and right to levy liquidated damages for performance delay capped at 10% of the price payable under the agreement, each in favour of the Counterparty. Finally, QCAL is obliged to

provide an on-demand performance bank guarantee amounting to 10% of the price payable under the agreement.

Termination of the agreement for convenience, a claim under the bank guarantee (whether for the entirety of the guarantee's amount or part of it), for liquidated damages or pursuant to the uncapped indemnity provisions could each have a material adverse effect on QCAL's business, cash flow, financial condition, results of operations and future prospects.

#### **8.4. Risks related to Inflation**

Elevated inflation rate in the US on account of supply side constraints and accumulated stimulus over the years and in the rest of the world on account of USD strength, fuel and food shortages due to the Russia – Ukraine conflict and relating sanctions, is a significant development over the last period of 6 months. As the underlying factors can only be corrected over an extended period of time, the elevated inflation may lead to sustained cost-driven stagflation. The impact for all businesses in general could be higher cost of production/services, higher prices, and demand contraction. Whilst higher prices may result in higher Company revenues due to an increase in the value of its underlying assets, there is nevertheless a risk that demand contraction and increased operating costs may lead to compensating margin pressures.

#### **8.5. Specific Risks relating to the Shares**

##### **8.5.1. The Shares may not be a suitable investment for all Investors**

Each potential Investor must determine the suitability of an investment in light of their own circumstances. In particular, each potential Investor should:

- a. Have sufficient knowledge and experience to make a meaningful evaluation of the Shares, the merits and risks of investing in the Shares and the information contained in this Listing Prospectus or any applicable supplement;
- b. Have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of their own particular financial situation, an investment in the Shares and the impact the Shares will have on their overall investment portfolio;
- c. Have sufficient financial resources and liquidity to bear all of the risks of an investment in the Shares; and
- d. Be able to evaluate (either individually or with the help of a financial advisor) possible scenarios for economic and other factors that may affect their investment and ability to bear the applicable risks.

##### **8.5.2. Price volatility**

The market price of the Shares may be volatile and change significantly within a relatively short time period, which could cause the value of an Investor's investment to decline.

However, the valuation of the Company is based on Board-approved business plans and adjusted for foreseeable risks.

#### **8.5.3. Newly established Venture Market and related illiquidity**

The Company will be the second member admitted to listing on the QSEVM as of the date of this Listing Prospectus. There is a risk that public and investor awareness of the QSEVM is low, and that the investors may be cautious in their approach towards a relatively untested junior market.

Generally, shares listed on a junior growth exchange such as the QSEVM are also viewed as a riskier investment given the higher risks associated with investments in smaller companies, the usual absence of a long-term trading history and the fact that the admission requirements are less onerous than those for a main market listing.

A public market for the Shares does not currently exist and there can be no assurance that an active, liquid trading market will develop or be sustained following the Listing.

If an active, liquid trading market for the Shares does not develop or, if developed, is not sustained after the Listing, the liquidity and market price of the Shares could be adversely affected.

Despite being only the second admission to the QSEVM and there being no current liquid market for its Shares, the Board of Directors believe that the Company's track record of high growth and increased profitability would be well-placed to support the Listing. The Group's historical and expected continued growth is a testament to the Group's attractive market position and ability to grow organically.

#### **8.5.4. Risk of substantial future sales of Shares by Founders and adverse impact on the share price**

The Founders, having sold 10% of the Shares pre-listing to the principal shareholders as listed in *Section 11.3.2*, will be entitled to sell up to an additional amount of Shares post-Listing under and in accordance with the QFMA Listing Rules and any guidelines, instructions, waivers, resolutions and exemptions issued by the QFMA from time to time, in this respect. The remaining Company shares which are held by the Founders, will be locked in for a period of 1 year ("**First Lock In Period**") starting from the date of Listing. During the second year post-Listing, the Founders and major shareholders will need to retain, jointly a certain amount of the total issued share capital of the Company ("**Second Lock In Period**") subject to and in accordance with the QFMA Listing Rules and any guidelines, instructions, waivers, resolutions and exemptions issued by the QFMA from time to time, in this respect. Sales of substantial amounts of the Shares on the QSE following the end of the First Lock In Period or the Second Lock In Period, or the perception that these sales will occur, could adversely affect the market price of the Shares. The sale of a substantial number of Shares by the Founders or generally by any other significant shareholder could have an adverse effect on the market for the Shares and result in a lower market price for the Shares.

#### **8.5.5. Risks relating to control and limitations on ownership**

As at the date of this Listing Prospectus, the majority of the Shares of the Company are owned by the Founders. Upon Listing, the Founders might maintain control over Board decisions or at least influence Board decisions (including dividend policy, expansion plans, budget approval, the timing and amount of dividend payments (if any) and other material issues of the Company) and significant control over Shareholder decisions that require a majority decision of the Shareholders. Consequently, the Founders might retain a significant degree of control over the Company, Portfolio Companies and their operations. The Founders might, therefore, be able to influence all matters requiring Shareholder or Board approval. As a result, the Founders could exercise their control over the Company in a manner that may not be in the best interests of other Shareholders or that could have a material adverse effect on the Group's businesses, financial condition, results of operations or prospects. Furthermore, any change in the business strategy and/or policy towards the Group by the Founders could result in the interests of the Founders and the interests of other Shareholders no longer being aligned. Any such divergence of interests could adversely affect the market price of the Shares.

#### **8.6. Unidentified or unanticipated risks**

##### **8.6.1. Unanticipated litigation risk**

Companies are regularly subject to litigation, arbitration and other claims and allegations. Legal disputes with third parties, including all kinds of customers and suppliers, could result in adverse publicity and reputational harm, lead to increased regulatory supervision, affect the Group's ability to attract and retain customers, maintain its access to the capital markets, result in cease-and-desist orders, claims, enforcement actions, fines and civil and criminal penalties, other disciplinary action, or have other material adverse effects on the Group in ways that are not predictable. Extraordinary legal disputes may result in the Group having to pay higher than envisaged compensation, and this could have a material adverse effect on the Group's business, cash flow, financial condition, results of operations, and future prospects.

##### **8.6.2. Liquidity risks**

Various events, including a delay in the realization of receivables or a sudden and sizable liability, could lead the Company to face short-term liquidity issues. These liquidity issues could lead to increases in the Company's financial expenses or otherwise hinder its business operations. If significant amounts of liquidity are required on short notice in excess of expected cash requirements, it may be difficult to sell less liquid assets in a timely manner. If the Company were forced to sell certain assets, it may be unable to sell them for the prices at which they were purchased and may be forced to sell them at significantly lower prices. These liquidity risks could affect the Company's ability to release capital to pay dividends to the Company and its shareholders. Any unexpected increases in liquidity requirements to which the Company is subject may increase its capital requirements. Sudden liquidity difficulties and any or all of the specific risks above could have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

### **8.6.3. Risk Related to Employment**

The Labour Law gives priority of employment to Qatari workers as part of the national strategy for developing a competent Qatari workforce through education and training. The proportion of Qatari workers in each company is subject to the discretion of MOL, which has authority for granting approvals and issuing work permits for hiring of non-Qatari workers. A change in legislation or in the application of existing legislation may impact the Group's recruitment strategy. If the Group is legally required to employ a higher proportion of Qatari nationals, the cost of training, employing and professionally developing such individuals is likely to be significantly higher than the cost currently incurred by the Group in this regard.

In mitigation, the Company has adopted and implemented appropriate risk management policies and procedures and reports to a Board which has extensive experience in managing its businesses. The Group will seek to comply with all legal requirements relating to Qatarization in a manner that does not compromise the products or services offered or delivered and that limits the risks to the Group.

### **8.6.4. Pensions and end of service gratuities risks**

As is common in the Middle East and the emerging markets in which the Group operates, the Group does not operate a Group pension plan or make contributions into pension schemes for its employees. However, the Group makes appropriate provisions in its financial accounts for statutory payments under all applicable laws relating to end of service gratuities. However, there can be no guarantee that the actual amount owed to an employee after the end of their employment with the Group will not exceed the amount provided for, or that legislative or regulatory changes in the markets in which the Group operates will not introduce additional benefits currently not provided for. The above risks, if they were to materialise, could have a material adverse effect on the Group's businesses, financial condition and results of operations.

## 9. QATAR'S ECONOMIC ENVIRONMENT

### Country Profile

Qatar is an independent state in the Southern Arabian Gulf. Qatar shares a land border and maritime boundaries with Saudi Arabia and maritime boundaries with Bahrain, the UAE, and Iran. Qatar covers an area of 11,493 square kilometres. Doha is the capital city of Qatar, the seat of government and Qatar's cultural, commercial and financial centre. It includes the country's main seaport and international airport and has an advanced road system linking it with the international road network. Based on Qatar's 2020 Census, Qatar had a total population of 2,846,118, indicating a 18.3 percent growth since the last census carried out in 2015 when Qatar had a total population of 2,404,776. A large portion of Qatar's population is comprised of non-Qatari nationals. According to QPSA, as at January 2023, Qatar's total population stood at 2,954,947.

Qatar, which gained independence from the United Kingdom on 3 September 1971, was ruled by His Highness Sheikh Hamad Bin Khalifa Al-Thani from 27 June 1995 until 25 June 2013, on which date he handed power over to his fourth son, and the current Emir of Qatar, His Highness Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani. During his reign, H.H. Sheikh Hamad implemented various initiatives designed to utilize Qatar's oil and gas resources in a responsible manner, thereby making rapid economic development and the construction of modern infrastructure possible in Qatar. During a period of rapid economic and social progress, Qatar has maintained its cultural and traditional values as an Arab and Islamic nation.

In terms of foreign relations and membership of international organisations, Qatar, together with Bahrain, Kuwait, Oman, Saudi Arabia and the UAE form the GCC. Furthermore, Qatar is a member of the Gas Exporting Countries Forum (which was established in 2008 and has its headquarters in Doha) and the United Nations. It is also a member of numerous international and multilateral organisations, including the IMF, the International Bank for Reconstruction and Development, the World Trade Organisation, the League of Arab States, The Organisation of the Islamic Conference, the Multinational Investment Guarantee Organisation, and UNESCO.

On 23 December 2008, representatives of 11 gas producing nations, including Qatar, Russia and Iran, signed an intergovernmental memorandum and charter formally establishing the Gas Exporter Countries Forum (the "GECF"), which chose Doha as the future headquarters for its permanent secretariat. The GECF Secretary General commenced his duties in Doha in February 2010 and the GECF Liaison Office, which facilitates the affairs of the GECF, is also based in Doha. Apart from the regular Ministerial meetings, the first GECF gas summit was held in Doha in December 2011. The GECF's objectives include exchanging information on a broad range of issues such as new technologies, investment programmes, relations with natural gas consuming countries, and environmental protection.

Qatar is an advocate for regional integration and is a member of the GCC, whose other members are Bahrain, Kuwait, the UAE, Oman and Saudi Arabia. In 2003, the GCC established a customs union under which Qatar applies a common customs tariff of 5.0 percent to most products, with a limited number of exceptions. In 2005, as part of the GCC, Qatar joined the Istanbul Cooperation Initiative, which is a North Atlantic Treaty Organisation ("NATO") initiative to

enhance regional security in the broader Middle East.

## **Legal System**

Over the last decade, Qatar's legal system has been significantly reformed by the enactment of various pieces of legislation intended to bring Qatari laws in line with international laws, standards and practices. Qatar's civil law addresses a wide range of matters including conflict of laws, contracts, rights and obligations, security, ownership, and torts. Qatar's commercial law addresses commercial affairs and entities, competition, commercial obligations and contracts, and commercial paper. The commercial law also addresses bankruptcy matters, permitting creditors to file claims against any corporate entity, except for certain professional companies and other companies that are at least majority owned by the Government. Finally, the Commercial Companies Law addresses the incorporation of companies, the ownership of shares, the liability of companies, equity holders and directors, capital contributions, payment of dividends, shareholder rights and obligations, and general principles of corporate governance. The Commercial Companies Law also introduced the concept of a single member limited liability company and is not dissimilar to the companies laws of more mature legal systems.

The Government has passed other significant legislation in recent years, including the Foreign Investment Law, the Central Bank Law, the Money Laundering Law, the Doha Securities Market Law (now the Qatar Stock Exchange Law) and the Qatar Financial Centre Law (the "**QFC Law**"), as well as competition, intellectual property, labour, data protection, arbitration, property, and environmental laws.

Following the establishment of the QFC in 2005, the QFC Law established a legal and regulatory regime to govern the QFC that is generally parallel to and separate from Qatari laws and the Qatari legal system, except for Qatari criminal law. The QFC has established its own rules and regulations applicable to, among others, financial services companies, and which cover topics such as employment, companies, anti-money laundering, contracts, and insolvency. In accordance with the rules and regulations of the QFC, the QFCRA regulates, authorises, and supervises banking, financial, and insurance related businesses carried on, in or from the QFC in accordance with legislative principles of an international standard, modelled closely on those used in London and other major financial centres. In addition, the Qatar International Court and Dispute Resolution Centre comprises the QFC Civil and Commercial Court, the Regulatory Tribunal and the Dispute Resolution Centre. The QFC Civil and Commercial Court deals with matters arising under the QFC Law. The QFC Regulatory Tribunal hears appeals against the decisions of the QFC Authority and other QFC institutions. The Dispute Resolution Centre offers international arbitration and mediation services.

Qatar is also strengthening the private sector by undertaking regulatory reforms aimed at improving Qatar's business climate and creating an environment that will support enterprise creation, private competition, and foreign direct investment, which includes taking steps such as liberalising the telecommunications sector and creating special economic free zones. In addition, Qatar has sought to increase the country's attractiveness to foreign direct investment by implementing laws that allow more foreign participation in the domestic economy. In addition to the Government establishing the QFC, the Foreign Investment Law and its implementing regulations (issued by resolution No. 44 of 2020) have introduced significant changes to the previous model regulating foreign direct investment. The restriction that had originally been

imposed on foreigners owning more than 49% of private Qatari companies' share capital (except in limited circumstances) has now been removed by the Foreign Investment Law, save that the Ministry of Commerce and Industry will now be required to approve any such shareholding. The Minister of Commerce and Industry will publish a list of activities in which foreign ownership above 49% will be permitted.

In 2018, a new income tax law (Qatar Law No. 24 of 2018) (the "Income Tax Law") replaced Law No. 21 of 2009 on Income Tax. The Income Tax Law became effective from 13 December 2018. Under the Income Tax Law (which is applicable outside the QFC), taxable income in any taxable year is now taxed at a flat tax rate of 10%, except for certain agreements relating to petrochemical industries that are taxed at a rate of 35%. The previous 7% withholding tax rate has been removed and a single withholding tax rate of 5% will now apply to payments made to non-residents for royalties and services that are performed in Qatar without a permanent establishment. However, Qatari companies which are 100% owned by Qataris do not pay income tax. The executive regulations to the Income Tax Law were issued in December 2019 through ministerial decision no. 39 of 2019.

### **Economic Overview**

Qatar is one of the most prosperous countries in the world, with GDP per capita of US\$66,838 in 2021, according to the World Bank and a population of 2.95 million as at January 2023, according to the QPSA.

For most of the past two decades, Qatar was one of the fastest growing economies of the world. Such growth was driven by the development of its important natural gas reserves, including the production and export of liquified natural gas ("LNG"). In particular, Qatar lifted a self-imposed moratorium on the development of the world's biggest natural gas field, the "North Field" in April 2017 after more than a decade. The North Field is shared with Iran and Qatar plans to raise its LNG production to 110mtpa in the near future. The planned expansion of the North Field production signals a new era of growth, which will further boost Qatar's leading global position.

Although Qatar is focused on ensuring optimal and sustainable development and commercialisation of the oil and gas sector, which continues to be the backbone of the economy, one of the cornerstones of Qatar's current economic policy is a commitment to diversify the overall economy so that Government revenues from the oil and gas sector are supplemented by an increased percentage of Government revenues from non-oil and gas-related activities. As set forth in the National Vision 2030, Qatar's long-term economic objectives include developing its infrastructure and strengthening its private sector. This was reflected in the 2021 budget, allocating a large share of the budget to education (QAR17.4bn) and health services (QAR16.5bn).

In recent years, Qatar has used its budget surpluses to diversify the economy through increased spending on infrastructure, social programmes, healthcare, and education, which have modernised Qatar's economy. Qatar's economic growth has also enabled it to diversify its economy through domestic and international investment into different classes of assets. This diversification will be important to Qatar's future as the growth rate of Qatar's revenue from the oil and gas sector is expected to stabilise, given the completion of several of Qatar's long-term hydrocarbon investment programmes.



In 2005, Qatar established the Qatar Investment Authority (the “QIA”) to propose and implement investments for Qatar’s growing financial reserves, both domestically and abroad. Through the QIA, Qatar has invested in private equity, the banking sector, real estate, publicly traded securities and alternative assets. With its growing portfolio of international and domestic long-term strategic investments, the QIA has continued to develop Qatar’s economic diversification strategy while contributing to the nation’s significant economic expansion. In December 2010, Qatar was awarded the right to host the Federation Internationale de Football Association (FIFA) 2022 World Cup, which provided opportunities for Qatar to invest in further developing its infrastructure and diversifying its economy.

The following tables illustrate certain key macro-economic data for Qatar:

	2018A	2019A	2020A	2021E	2022F	2023F
<b>GDP</b>						
Nominal GDP (US\$ m)	183,335	176,371	144,411	179,571	225,716	228,356
Nominal GDP (QR m)	667,339	641,991	525,657	653,638	821,604	831,214
Real GDP growth (%)	1.2	0.7	-3.6	1.5	3.4	2.5
<b>GDP Parameters</b>						
Gross national savings (% of GDP)	49.7	44.9	39.6	48.2	52.2	50.4
Volume of export of goods & services (% change)	4.8	0.2	-0.4	-2.0	3.6	-1.8
Volume of imports of goods & services (% change)	4.6	1.9	-8.9	1.5	3.4	2.5
<b>Population and income</b>						
Population (m)	2.8	2.8	2.7	2.6	2.7	2.6
GDP per head (US\$ at PPP)	91,679	91,023	91,541	95,274	96,605	101,026
	2018A	2019A	2020A	2021E	2022F	2023F
<b>Fiscal indicators (% of GDP)</b>						
Central government revenue	34.5	37.0	35.7	33.5	37.2	40.2
Central government expenditure	28.9	32.5	34.7	29.4	28.6	28.4
Central government primary net borrowing	7.1	6.3	3.4	5.9	9.9	13.2
General government gross debt	52.2	62.1	72.6	58.4	46.0	44.5
<b>Prices and financial indicators</b>						
Exchange rate QR:US\$ (end-period)	3.64	3.64	3.64	3.64	3.64	3.64
Exchange rate QR:€ (end-period)	4.17	4.09	4.47	4.12	-	-
Consumer prices (end-period; %)	0.3	-0.7	-2.7	2.3	3.5	3.2

Source: International Monetary Fund, Note: A - Actual, E – Estimate, F - Forecast

### Impact of Coronavirus (COVID-19)

The State of Qatar had a high rate of infection from COVID-19; however, the death rates were well contained compared to most other countries. When cases of COVID-19 infection appeared in neighbouring countries, Qatar issued a package of policies to contain the virus and its effect

on public health and a package of economic measures to mitigate its negative repercussions on the Qatari economy. In addition, the high specialization of the country in LNG (Qatar being the World's largest LNG exporter) and the limited interactions with its neighbours following reduced diplomatic ties, mitigated the impact of COVID-19 according to the World Bank.

More widely, the coronavirus pandemic has derailed global growth. According to the IMF latest projections, the Qatar economy was expected to recover by 3.4 percent in 2022. The economy was also expected to benefit from hosting the FIFA World Cup 2022, which was expected to lead to a boost in tourism and non-oil economic activity.

### **Qatar's Additional Economic Initiatives**

Qatar has undertaken various economic reforms in recent years. In terms of food security, it further developed local businesses to boost its food production. Qatar also established a residency plan and waived entry visa requirements for citizens of 80 countries. With regard to its logistics sector, Qatar inaugurated a new port along its Gulf coast which is intended to enable Qatar to become a regional transport hub. To diversify its industry and become more independent, Qatar initiated a government project aimed at fast-tracking the establishment of more manufacturing companies and factories in Qatar as well as projects focusing on the development of the tourism infrastructure across the country to ensure a favourable visitor experience.

Qatar was ranked number 77 among 190 economies in the ease of doing business, according to the 2020 World Bank annual ratings, which puts it in the top 20 improvers globally in the past year. The Global Competitiveness Report 2022 states that Qatar has improved its rank to 18<sup>th</sup> place out of 64 countries, being comprised of mostly affluent countries.

### **Inflation**

In 2016, Qatar experienced an overall annual inflation rate of 2.7 percent. Since then, the overall annual inflation rate has been 0.4 percent in 2017, 0.3 percent in 2018, -0.7 percent in 2019, -2.5 percent in 2020 and 2.3 percent in 2021 according to the World Bank. As per the latest update from the Qatar Central Bank, the inflation rate year-on-year reached 4.4% in Q1 2022 and 5.4% in Q2 2022. This development is in line with the global economic situation and inflationary pressures faced by countries globally.

### **Risks Relating to Qatar**

Qatar is located in a region that is subject to ongoing political and security concerns. Although Qatar enjoys domestic political stability and generally healthy international relations, as a country located in the MENA region, there is a risk that regional geopolitical instability could impact the country.

Since 2011, the MENA region has been experiencing (and in some cases, is still experiencing) unprecedented levels of political instability and civil unrest.

There can be no assurance that such political instability in the GCC/MENA region will not escalate in the future, affect stable countries such as Qatar or spread to additional countries in the MENA region. Such unrest may result in credit becoming more expensive for certain

countries in the region.

## 10. QATAR'S ENERGY AND INFRASTRUCTURE MARKET

### 10.1. Energy Sector in Qatar

The Energy Sector accounted for approximately 37%<sup>14</sup> of Qatar's GDP as at 31 December 2020 and 40%<sup>15</sup> as at 31 December 2021.

#### 10.1.1. Oil and Gas Reserves

Qatar's crude oil reserves of 25.2 bn barrels accounted for 1.5 percent of the global total at the end of 2020.

Qatar's gas reserves, totalling 871.1 trillion cubic feet ("cu ft") at the end of 2020, accounted for approximately 13.1 percent of global reserves and were the third-largest in the world after Russia and Iran, according to the BP Statistical Review of World Energy 2021. Qatar has also been the World's leading exporter of LNG since 2006, providing 107.1bn cubic metres of LNG exports in 2019, 22.1 percent of the global total. In 2020, Australia (106.2bn cubic metres) briefly became the World's largest LNG exporter.

QatarEnergy (which changed its name from Qatar Petroleum in October 2021) is a Qatar governmental entity that oversees all of Qatar's upstream and downstream oil and gas activity domestically and overseas.

#### 10.1.2. Oil Supply

In July 2017, QatarEnergy and Total Energies (a French company) launched the North Oil Company ("NOC") joint venture to operate Al Shaheen, a 300,000 bpd offshore oilfield for 25 years.

QatarEnergy is currently considering redeveloping its Bul Hanine, Maydan Mahzam, Idd El-Shargi North Dome and Al Shaheen oilfields.

Qatar has three crude oil refineries, at Mesaieed, Laffan Refinery 1 and Laffan Refinery 2 at Ras Laffan, with a combined capacity of 429,000 bpd, according to the BP Statistical Review of World Energy 2021.

Qatar has also resumed plans for a major petrochemical expansion. In June 2019, QatarEnergy signed an agreement with Chevron Phillips Chemical of the US to develop a 1.9m tpy ethane cracker and derivatives complex at Ras Laffan, scheduled for completion in 2024. Current petrochemicals capacity stands at approximately 16.2m tpy, produced through a series of joint ventures between QatarEnergy and its subsidiaries and international partners.

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<sup>14</sup> BNP Paribas, Economic Research

<sup>15</sup> Enerdata, Country energy report, Qatar, November 2021

<b>Qatar Oil Production</b>	<b>2020 (Actual)</b>	<b>2021 (Estimate)</b>
Oil Production ('000 bpd)	1,274	1,304

Source: U.S. Energy Information Administration, Crude Oil including Oil condensate

### **10.1.3. Gas Supply**

Qatar's LNG capacity at its Ras Laffan facility is currently 77m tpy.

In November 2019, QatarEnergy, via its Qatargas operating business, announced the North Field Expansion ("NFE") project to build and operate six new LNG trains on the world's largest gas reserve, which Qatar shares with Iran. The NFE aims to raise Qatar's LNG capacity, in two phases to 110m tpy by 2025 and to 126m tpy by 2027 according to Reuters.

The Barzan joint venture with ExxonMobil is expected to add a further 1.4bn cubic ft per day of gas and about 40,000 bpd of NGLs from 2022.

Qatar is also the world's largest supplier of Gas to Liquids ("GTL") (U.S. Energy Information Administration). Pearl GTL, a JV with Shell, has a capacity of 140,000 bpd. Oryx GTL, a joint venture between QatarEnergy and Sasol of South Africa has a capacity of 34,000 bpd.

### **10.1.4. Global industry outlook: energy demand and market trends**

According to the International Energy Agency and market analysts, oil demand is expected to continue growing until 2026 and plateau towards 2031. Demand will mainly be supported by non-OECD countries, especially in Asia. The Middle East is also expected to experience an important growth (1.5% over the period). This global growth trend also applies to Qatar's economy, although the Government plans to reduce fuel consumption, especially in public transportation, replacing it with electricity and building electric vehicle charging points.

While the gas industry, like the oil industry, expanded in 2021, it did not manage to offset the decrease caused by the COVID-19, however it was expected to reach pre-pandemic level in 2022. The demand for gas is strengthened by the increasing use of gas for power generation in lieu of coal, higher use from industrial sectors, and long-term use of natural gas as a transport fuel. This could however be degraded due to high-record prices, worsened by the conflict between Russia and Ukraine. According to market experts, the gas consumption demand will be particularly strong in the Middle East, as some countries are expected to reduce oil usage for power generation. In Qatar, analysts expect the growth to be supported by the rising population and 2030 National Vision projects, especially those related to power generation, petrochemicals, and transport sectors.

According to Deloitte's 2022 Oil and Gas industry outlook, key trends in the Energy

Sector include the following:

- Energy transition plans are boosted by the high-oil prices

Survey shows that oil and gas executives are more likely to strengthen their near-term energy transition with oil prices over \$60 per barrel, considering that such prices allow riskier investments in expensive green-energy solutions.

- Business model shift

Before the pandemic, the oilfield service industry achieved cost reduction plans and operational improvements. Considering the rise of decarbonization across industries, this constitutes an opportunity for traditional players to become leaner and greener, via new business models such as subscription-based revenue models, or low-carbon diversification.

- Emphasis on customer experience

Generational change along with the disruption created by the alternative energies are changing consumer preference from brand and price to convenience and experience. Energy retailers will have to transform their operations to capture this opportunity to move beyond fuel and develop their products and services to match the evolving demand.

## 10.2. Upcoming Projects in Qatar

In June 2022, QatarEnergy publicly announced that energy projects with a total value of USD 80 to 100 bn are to be delivered in the next seven years. The Company highlighted the importance of private companies for the delivery of those projects, especially for services and logistics.

The following is a summary of major energy and petrochemical projects that are currently ongoing in Qatar. The Group's Management believes these projects may generate business development opportunities for the Group in Qatar.

Project name	Description	Estimated size (USD)
QatarGas North Field Expansion ("NFE")	This will increase Liquefied Natural Gas ("LNG") production in Qatar from 77 Million Tons Per Annum ("MTPA") currently, to 126 MTPA by 2027.	Phases 1 & 2: \$50.0 bn Phase 1: \$28.75 bn
QatarGas North Field Production Sustainability ("NFPS")	This project is intended to sustain Qatargas' North Field production levels over the long run	\$29.0 bn
QatarEnergy offshore oilfield projects (Bul Hanine and Maydan Mahzam)	Redevelopment of the Bul Hanine and Maydan Mahzam offshore oil fields.	\$1.3 bn
QAFCO 7	This project will add a new ammonia plant to increase ammonia production in Mesaieed Industrial City.	\$1.0 bn

Ras Laffan Petrochemical Complex ("RLPC")	The objective of this project is to build a petrochemical complex that will include an ethane cracker with a capacity of more than 1.9 MTPA.	\$8.0 bn
Kahramaa Facility E Independent Water and Power Project ("IWPP")	This is a 2,300MW gas fired power project.	\$3.0 bn
North Oil Company ("NOC") Al Shaheen expansion (Gallaf project)	Al Shaheen is Qatar's largest offshore oilfield and accounts for about half of its crude oil production, said to be approximately 600,000 barrels per day. The expansion of this oilfield will lead to the construction of additional offshore platforms in order to maximize the recovery potential at this offshore oil field.	\$3.6 bn

Sources: QatarEnergy, Upstream Online, Management Estimates

### 10.3. Infrastructure Sector in Qatar

#### 10.3.1. Overview

Apart from the Energy Sector, the Infrastructure Sector is one of the most important industries in Qatar's economy. It constitutes the second source of non-hydrocarbon growth over the 2021-2023 period as per the QPSA's forecast. The industry is bolstered by the construction of the North Gas Field project along with the authorities' willingness to complete infrastructure projects.

Based on Company's management analysis, it focuses on the following target markets:

##### a. Oil, Gas and Petrochemicals

All projects related to the oil and gas and petrochemicals sector in Qatar. These projects relate to the expansion of the capacity of companies such as QatarEnergy, Qatargas and other energy companies in Qatar. Specifically, the Infrastructure Sector is focused on upgrading the construction works in energy companies' facilities in Qatar. There is substantial potential during the construction phase for all the forthcoming oil and gas projects in Qatar and potentially in Kuwait.

##### b. Industrial

The industrial sector in Qatar plays a substantial role in defining Qatar's socio-economic growth. Overall, the industrial sector contributes approximately 54% of Qatar's employment (QPSA).

All projects relate to processing facilities and other related industries in Qatar. These facilities are mostly privately owned facilities.

##### c. Building

This relates to all new development projects in residential areas, hotels, commercial complexes, and malls in Qatar. Such projects are usually carried out by privately owned real estate developers. Upon completion, these projects are generally subsequently left

to retail customers.

Major efforts took place in Qatar to develop the real estate sector and ensure enough residential units were available for the FIFA World Cup 2022 and will continue to be available for the future residential population in Qatar<sup>16</sup>.

Hamad International Airport (“HIA”) was projected to expand its capacity to over 55 million passengers ahead of the FIFA World Cup Qatar 2022, in two phases: the first phase to link the North Node to the new Central Concourse, increasing HIA’s annual handling capacity to over 55 million passengers by the end of 2022 and, as part of the second phase, subsequently expanding it to 65 million passengers annually<sup>17</sup>.

In January 2022, Ashghal completed improvement works for 27 schools across Qatar in order to enhance the schools’ performance and their environment through modifications, expansion, additional classrooms, and better safety (including upgrading firefighting systems). This is part of the Qatar Government’s strategy to upgrade both the educational and health sectors in Qatar<sup>18</sup>.

According to industry reports, Qatar’s healthcare industry is due to reach US\$ 12 billion by 2024. Medical tourism is expected to gain prominence in Qatar and take priority in the Government’s strategy to diversify the Qatar economy away from oil and gas. The private sector will play a bigger role in the delivery of healthcare infrastructure in the future in Qatar. This is part of Qatar’s Ministry of Public Health’s long-term plans to have 5,700 hospital beds by 2033.

#### **d. Power and Water**

Kahramaa (Qatar General Electricity and Water Corporation), a Qatari public shareholding company, is the sole entity in Qatar that plans and executes major projects in the power and water sectors in Qatar.

#### **e. Transport Infrastructure**

Transport Infrastructure includes roads, bridges, airports, and rail services.

Ashghal is the Public Work Authority of Qatar (“Ashghal”) established to design, deliver, and manage all infrastructure-related projects as well as public amenities of Qatar. Ashghal is responsible for the construction and maintenance of local roads, drainage systems, highways and public buildings such as mosques, schools, hospitals, airports, health centres, and parks.

Road projects in Qatar are primarily divided into two areas: 1) expressways and 2) local roads and drainage (LRD).

Expressway projects in Qatar were generally awarded and completed between 2014 and

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<sup>16</sup> Source: ValuStrat

<sup>17</sup> Source: Doha Hamad International Airport, Press release

<sup>18</sup> Source: Ashghal, Press release



2021, in preparation for the FIFA World Cup 2022 in Qatar. LRD projects are generally ongoing projects which are typically smaller in nature, in terms of the size of each project.

Qatar Rail and the Lusail Light Rail Transit projects have also contributed to this sector.

The Doha Metro rail network consists of three new passenger rail lines, that opened in phases in 2019 and 2020. A fourth new Blue Line is due to be completed by 2026.

In addition, a new Al Sharq Crossing road and bridge project in Doha and the Bahrain Causeway are two major projects that are being considered for future development by the Qatar Government<sup>19</sup>. There is also a plan for a new road link between Qatar and Saudi Arabia.

**f. Maritime infrastructure**

Doha ports recently emerged as one of Qatar's leading infrastructural programs, with an initial phase completed in November 2016 and full completion of the project planned for 2030. As per industry reports, the ports' capacity is expected to be seven times more productive, which will enable the industry to keep growing thanks to the absorption of a larger part of the labour pool in the Infrastructure Sector and a larger amount of construction materials and heavy machinery available for importation.

Two other ports, Mesaieed and Ras Laffan are expanding to increase their volume capacities. Both facilities' expansion plans are under QatarEnergy, which releases tenders relative to those projects regularly.

**g. Water and Sanitation infrastructure**

Projects aiming at securing water are still expanding. Following the 2017 diplomatic rift, Qatar invested in water-storage facilities for drinking water and irrigation activities. The project is due to complete in 2026 and includes a 650km pipeline connection between reservoirs and desalination plants, according to the projections of the QPSA.

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<sup>19</sup> Tunnel engineering consultants

## **11. MANAGEMENT, FOUNDERS, PRINCIPAL SHAREHOLDERS AND CORPORATE GOVERNANCE**

### **11.1. Overview**

The Company's principal decision making forum is the Board of Directors, which has overall responsibility for the management and strategy of the Company. The Board is empowered by the Articles to have unrestricted management powers over the Company on behalf of Shareholders, save as restricted by the Articles themselves, by operation of law or by a Shareholders' resolution. The Board has delegated the day-to-day management of the Company to the Managing Director or Chief Executive Officer and the Senior Executive Management.

The Company is committed to implementing and maintaining the highest standards of corporate governance in order to enhance transparency and investors' confidence in the Company and its practices.

### **11.2. General Assembly**

The General Assembly represents all of the Shareholders. Every Shareholder has the right to attend the General Assembly, either in person or by way of proxy, and has a number of votes equivalent to the number of Shares held. A meeting of the General Assembly is not valid unless 21 days' notice is given to all Shareholders who are entitled to attend, through an announcement in one Arabic language newspaper in general circulation in Qatar and on the website of the financial market and the website of the Company.

A meeting of the OGA is not valid unless (i) attended by a representative of the Companies' Affairs Department at the MOCI, (ii) attended by the Company's auditors and (iii) attended by Shareholders representing at least half of the total issued share capital of the Company. If a quorum is not achieved, the meeting may be adjourned to a place and time as determined by the Board no later than 15 days following the date of the first meeting and is valid, irrespective of whether a majority of the Company's share capital is represented.

Resolutions of the OGA are passed by a majority of votes on a show of hands unless a poll is demanded. An OGA must be convened at least once a year. An OGA may be called by the Board or by requisition of Shareholders holding at least 10% of the total issued share capital.

An EGA meeting may be convened by invitation of the Board of Directors or by requisition of Shareholders holding at least 25% of the Company's share capital. A meeting of the EGA is not valid unless it is attended by a number of Shareholders representing at least 75% of the total issued share capital of the Company. If this quorum is not achieved, the EGA shall be called for another meeting to be held within the 30 days following the date of the first meeting. The second meeting shall be deemed valid if shareholders representing 50% of the total issued share capital of the Company, attend it. If this quorum is not achieved in the second meeting, the assembly must be called for a third meeting to be held after the lapse of 30 days since the date is determined in the second meeting. The third meeting will be deemed valid regardless of the number of attendants. If the matters to be discussed at the EGA pertain to approving a resolution

concerning the dissolution, liquidation, transformation, acquisition or merger of the Company with another Company or the sale or disposal of the entire project for which the Company was established, the meeting will be considered valid only if it is attended by shareholders representing at least 75% of the total issued share capital of the Company. EGA decisions are taken by majority of attending or represented shareholders.

The EGA shall exclusively decide on the following matters, which remain reserved to it:

- the amendment of the Company's Articles;
- the increase or decrease of the Company's share capital;
- the extension of the Company's duration;
- the liquidation, dissolution, conversion, merger, acquisition of the Company, or the sale or disposal of the Company's business;
- the sale of the project for which the Company was created, or disposing of it in any manner; and
- any transaction or business or several related transactions or matters of business aiming to sell the Company's assets or making any further disposal of those assets, or the assets that the Company will acquire if the total value of either of the transaction or the businesses, transactions or series of related businesses is equal to a total of 51% or more of the Company's market value or the value of its net assets according to the latest financial statements announced, whichever is lower. For the purposes of this paragraph, the Company's assets include the assets of any subsidiary of the Company.

The EGA is not entitled to make amendments to the Articles which may increase the burden of the Shareholders or change the Company's nationality or transfer its location from the State to any other state. Any decision contrary to the above will be null and void.

### **11.3. Founders and Principal Shareholders**

Prior to the Listing, the Company had the following Founders and principal shareholders as per the Company's register of shareholders:

### 11.3.1. Founders

	Name	Nationality	Ownership	No. of Shares held pre-listing	Address
1.	Fahad Hussain I Al Fardan	Qatar	0.01%	20,700	Doha, Qatar
2.	Salah Mohd I Al Jaidah	Qatar	0.01%	20,700	Doha, Qatar
3.	Dibal Consultancy W.L.L.	Qatar	89.96%	186,217,200	Doha, Qatar
4.	Hussain Fahad H I Al Fardan	Qatar	0.01%	20,700	Doha, Qatar
5.	Khalifa Salah M I Al-Jaidah	Qatar	0.01%	20,700	Doha, Qatar
<b>Total</b>			<b>90%</b>		

Dibal Consultancy W.L.L. is a limited liability company established in Qatar and the owner of the majority of the Shares of the Company. As at the date of this Listing Prospectus, Dibal Consultancy W.L.L holds 89.96% of the total issued share capital of the Company. The ultimate ownership structure of Dibal Consultancy W.L.L is as follows:

	Name	Nationality	Ownership	Address
1.	Fahad Hussain I Al Fardan	Qatar	33.33%	Doha, Qatar
2.	Salah Mohd I Al Jaidah	Qatar	33.33%	Doha, Qatar
3.	Clifford William Lasrado	India	33.34%	Doha, Qatar

### 11.3.2. Principal Shareholders<sup>20</sup>

	Name	Nationality	No. of Shares held pre-Listing	Address
1.	Ali Hussain I H Al-Fardan	Qatar	2,070,000	Doha, Qatar
2.	Omer Hussain I H Al- Fardan	Qatar	1,035,000	Doha, Qatar
3.	Hussain Omer H I Al- Fardan	Qatar	1,035,000	Doha, Qatar
4.	Fardan Fahad H I Al -Fardan	Qatar	2,070,000	Doha, Qatar
5.	Sara Fahad H I Al-Fardan	Qatar	2,070,000	Doha, Qatar
6.	Maha Fahad H I Al-Fardan	Qatar	2,070,000	Doha, Qatar
7.	Manar Fahad H I Al-Fardan	Qatar	2,070,000	Doha, Qatar
8.	Mohammed Abdullatif M I Jaidah	Qatar	12,500	Doha, Qatar
9.	Qassim Abdlatif M I Jaidah	Qatar	12,500	Doha, Qatar
10.	Ameena Abdullatif M I Jaidah	Qatar	12,500	Doha, Qatar
11.	Salman Abdullatif M I Jaidah	Qatar	12,500	Doha, Qatar

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No Principal Shareholder on this list owns more than 1% of the total issued share capital of the Company as at the date of listing.

12.	Ali Tariq M I AlJaidah	Qatar	12,500	Doha, Qatar
13.	Ahmad Tariq M I AlJaidah	Qatar	12,500	Doha, Qatar
14.	Tariq Mohd I AlJaidah	Qatar	25,000	Doha, Qatar
15.	Maha Ibrahim M I Jaidah	Qatar	112,500	Doha, Qatar
16.	Mohamed Ibrahim M I Jaidah	Qatar	112,500	Doha, Qatar
17.	Shaikha Ibrahim M I Jaidah	Qatar	112,500	Doha, Qatar
18.	Ibrahim Mohamed I Jaidah	Qatar	625,000	Doha, Qatar
19.	Nada Mohd I Al-karrani	Qatar	100,000	Doha, Qatar
20.	Muneera Zeyad M I Al-Jaidah	Qatar	12,500	Doha, Qatar
21.	Mariam Zeyad M I Al-Jaidah	Qatar	12,500	Doha, Qatar
22.	Khaled Zeyad M I Al-Jaidah	Qatar	12,500	Doha, Qatar
23.	Zeyad Mohamed I Al-Jaidah	Qatar	25,000	Doha, Qatar
24.	Mohammed Salah M I Al-Jaidah	Qatar	1,661,666	Doha, Qatar
25.	Abdulla Salah M I Al-Jaidah	Qatar	1,661,666	Doha, Qatar
26.	Mai Salah M I Al-Jaidah	Qatar	1,661,668	Doha, Qatar
27.	Viswanath Perinkulam Krishnan	India	747,500	Doha, Qatar
28.	Puzhukkal Sunil Kumar	India	747,500	Doha, Qatar
29.	Neil Andrew Dey	United Kingdom	345,000	Doha, Qatar
30.	Samar Pal Bais	India	230,000	Doha, Qatar
<b>Total</b>			<b>20,700,000 (equivalent to 10% of the total issued share capital of the Company)</b>	

#### 11.4. Board of Directors

The Board is composed of five (5) Directors appointed by the Founders for a period of five (5) years starting from the date of conversion of the Company into a Qatari public shareholding company. Three (3) Directors are non-independent and two (2) Directors are independent. Except for the first Board that was appointed by the Founders by virtue of the Articles for a period of five (5) years, all other Directors are elected by the General Assembly of Shareholders for a three (3) years term renewable for a similar duration. The first Board's term expires in February 2028. In addition, for Board meetings to have a quorum, at least half of the members of the Board must be present. Decisions are taken by the Board by a vote of the majority present at the meeting, and, in case of deadlock, the Chairman has a casting vote.

Each Director must be (i) at least 21 years of age and possess full capacity; (ii) not have been convicted of a criminal offence, act of dishonesty, breach of trust or any of the crimes set out under Articles 334 and 335 of the Commercial Companies Law, or be prohibited from practicing any work in entities subject to the supervision of the QFMA under Article 35 paragraph 12 of Law No. (8) of 2012, or declared bankrupt unless they have been rehabilitated; (iii) hold at least 5% of the Shares in the Company (save for independent Directors, which are exempt from this requirement (iii)) and (iv) must deposit not less than 5% of the total number of Shares in the Company as guarantee shares, within sixty (60) days from the date of commencement of their membership, at one of the approved banks or the QCSD (save for independent Directors, which are exempt from this requirement (iv)). The deposited Shares may not be subject to transfer, lien or attachment until the balance sheet of the last financial year in which he was holding office is approved. If the Board member fails to provide the above guarantee, their membership to the Board will become void.

##### ***Board Powers***

The Board has broad powers to manage the Company in accordance with the Articles, including, without limitation, the power to secure financing, to grant security interests, to establish committees, and to delegate to committees some of the powers, authorities and discretion vested in the Board.

In addition, the Board is responsible for the overall strategic direction, supervision and control of the Company, through the review and approval of strategic policies and objectives. More particularly, the Board reviews and approves the annual budget, the business plan and all capital expenditures of the Company. It is also the Board's responsibility to ensure the implementation of a control framework of control covering internal audit, compliance, risk management (credit risk, liquidity risk, market risk and operational risk) and financial control.

The Board has delegated responsibility for day-to-day management to the Company's experienced Senior Executive Management team led by the Chief Executive Officer or Managing Director.

##### ***Current composition of the Board February 2023***

The Board was assembled in accordance with the QFMA Governance Code and the Company's Articles which state that at least one-third of the Board members must be independent, and that

the majority of the Board members must be non-executive members.

Name	Position	Independent/ Non-Independent	Executive/Non-Executive
Fahad Hussain I Al Fardan	Chairman	Non-Independent	Non-Executive
Salah Mohd I Al Jaidah	Vice Chairman	Non-Independent	Non-Executive
Clifford William Lasrado	Managing Director	Non-Independent	Executive
Ahmad Abdulla A Al-Abdulla	Director	Independent	Non-Executive
Mohamed Abdulrahman M. A. Fakhroo	Director	Independent	Non-Executive

Source: Management Information

### ***Mandatory declarations of the Board of Directors***

By issuing this Listing Prospectus, the Board of Directors declare:

1. Other than the postponement of certain contractual arrangements during the WC 2022, there has not been any interruption in the business of the Company or any of its Portfolio Companies which may have or has had a significant effect on the financial position in the last (12) months.
2. Other than what may be granted in the ordinary course of business, no commissions, discounts, brokerage fees, or any non-cash compensation have been granted by the Company or any of its subsidiaries within the last two (2) financial years immediately preceding the date of the application for the Listing.
3. There has not been any material adverse change in the financial and trading position of the Company or any of its subsidiaries in the last two (2) financial years immediately preceding the date of the application for the Listing, in addition to the period covered by the Independent Auditor's report up to and including the date of approval of this Listing Prospectus.
4. Other than what has been mentioned in Section 11.3.2 of this Listing Prospectus, the Board members or any of their relatives do not have any shares or interest of any kind in the Company or in any of its subsidiaries.
5. The Listing does not constitute a breach of the relevant laws and regulations of the State of Qatar.
6. The Listing does not constitute a breach of any material contracts or agreements entered into by the Company.
7. All material legal information concerning the Company has been disclosed in this Listing Prospectus.
8. Other than what has been mentioned in Section 19 (*Litigation*) of this Listing Prospectus, the Company and its subsidiaries are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material adverse effect on the business of the Company or its subsidiaries or each of their respective financial positions.
9. There is no intention to make any material amendment to the current object of the Company.

## 11.5. Biographies of the Board of Directors (“BOD”)

Member (BOD)	Curriculum Vitae
Fahad Hussain I Al Fardan	<ul style="list-style-type: none"> <li>Fahad is the Chairman of the Company. Fahad took over the reins of Alfardan Exchange more than 30 years ago after completion of his higher education in Switzerland.</li> <li>Along with being the President of Alfardan Exchange, Fahad Al-Fardan is the Board Director of Alfardan Group and its subsidiaries such as Alfardan Jewellery, Alfardan Properties, Alfardan Hospitality and Alfardan Automotive Operations. He is the President of Alfardan Investment and Alfardan Marine Services.</li> <li>Fahad Al-Fardan is a member of the Board of Directors at Epicure Investment Management which was established in 2019. In addition, Fahad served as the member of the Board of Directors for Doha Securities Market for six years and was founder and Board Member of Qatar Securities Company, having served as its Managing Director for 15 years. In 1996, he established Gulf Supplies and Commercial Services.</li> </ul>
Salah Mohd I Al Jaidah	<ul style="list-style-type: none"> <li>Salah is the Vice Chairman of the Company and holds a BA in Marketing and Finance from Texas Christian University. He also studied advanced management at Oxford Business School.</li> <li>Salah is also a member of the board of directors of Jaidah Brothers W.L.L. and the Vice Chairman of the Middle East and Chief Country Officer for Deutsche Bank AG (QFC) Branch.</li> <li>Salah previously held positions as Chief Executive Officer of Qatar Islamic Bank, General Manager of Doha Bank and Deputy General Manager and Chief Operating Officer of Commercial Bank of Qatar.</li> <li>Salah is a member on the committee of the Qatar British Association of Business 'Qabab'. He headed the Indo-Qatari Joint Business Council and is an ex-member of both the Qatar Chamber of Commerce and Industry and the Qatari Committee in the International Monetary Fund.</li> </ul>
Clifford William Lasrado	<ul style="list-style-type: none"> <li>Clifford founded Petrotec in 1989 and he is the Managing Director of the Company.</li> <li>Clifford holds a Bachelor of Science and Economics from the University of Alabama (1983) and a Masters in Business Administration from Georgia State University, J. Mack Robinson College of Business (1986).</li> <li>Clifford returned to Qatar in 1987 and initially worked with his father at Marine Trading &amp; Contracting prior to founding Petrotec.</li> </ul>
Ahmad Abdulla A Al-Abdulla	<ul style="list-style-type: none"> <li>Ahmad is a non-executive independent director of the Company.</li> <li>Ahmad holds a BSc in Electrical Engineering from the University</li> </ul>



	<p>of Miami and an MSc in Electrical Engineering from The George Washington University, DC.</p> <ul style="list-style-type: none"> <li>He has over 31 years of experience in the field of project management and real estate, currently holding the position of Managing Director for Grenada Lighting and he previously held the positions of Chief Procurement and Project Officer for Qatar Airways, Acting Group CEO for Barwa Real Estate WLL, Chief Technical Officer for Tanween W.L.L. and others.</li> </ul>
Mohamed Abdulrahman M. A. Fakhroo	<ul style="list-style-type: none"> <li>Mohamed is a non-executive independent director of the Company.</li> <li>He holds a BSc degree in Finance with a minor in accounting from UCB (affiliated to the American University of Beirut) and an Executive Masters in Business Administration from HEC Paris.</li> <li>Mohamed also serves as Chairman for RKH QITARAT LLC (Qatar), The Film House (Qatar), Kayan Real Estate (Kuwait), Agence Publics (Qatar), The Talent Factory (Qatar), as Vice Chairman for Jewar Real Estate and as a board member for Saridan Support Services, Hamad Group, Orion LLC (Qatar) Qatar German Medical Devices and Qatar Construction Co.</li> <li>He previously held positions as CEO with Tanween (Qatar), The First Investor (Qatar), Head of Business Development for Bank Al Khair (previously known as Unicorn Investment Bank) (Bahrain) and as Associate Regional Director for KPMG Qatar.</li> </ul>

Source: Management Information

#### 11.6. Senior Executive Management of the Company

Name	Position	Nationality	Curriculum Vitae
Enzo Liberato Dellesite	Group Chief Executive Officer	United Kingdom	<ul style="list-style-type: none"> <li>Enzo joined the Group in 2022.</li> <li>Enzo is a leader in commercial and operations management with over 25 years of experience in the oil, gas and petrochemical industry</li> <li>He has extensive experience working in the Middle East and Far East markets and holds a Higher National Certificate in Mechanical Engineering from the United Kingdom.</li> </ul>
Perinkulam Krishnan Viswanath	General Manager Energy Sales	India	<ul style="list-style-type: none"> <li>Viswanath joined the Group in 1992.</li> <li>Viswanath is responsible for the Group's overall business development and joint ventures.</li> <li>Prior to joining the Group, he worked with Mohsin Haider Darwish and Ingersoll Rand.</li> <li>Viswanath holds a BSc from Bangalore University and a postgraduate degree in Marketing and Sales Management.</li> </ul>
Neil Andrew Dey	General Manager Energy Operations	United Kingdom	<ul style="list-style-type: none"> <li>Neil joined the Group in 2010 and is responsible for the overall oil and gas operations business.</li> </ul>

			<ul style="list-style-type: none"> <li>Before joining the Group, Neil worked with Expro North Sea, Elmar NOV, Siemens and Arjo Wiggins.</li> <li>Neil holds a degree in Mechanical Engineering from Aberdeen Technical College.</li> </ul>
Samar Pal Bais	General Manager Infrastructure	India	<ul style="list-style-type: none"> <li>Samar joined the Group in 2010.</li> <li>Samar has overall responsibility for infrastructure within the Group.</li> <li>Prior to joining the Group, Samar worked with JCB, Terex, Caterpillar and Gammon India.</li> <li>Samar earned a Bachelor Degree in Mechanical Engineering from REC Jalandhar.</li> </ul>
Puzhukkal Sunil Kumar	General Manager - Finance	India	<ul style="list-style-type: none"> <li>Sunil joined the Group in 1997.</li> <li>Sunil is responsible for the corporate and business financial functions across the Group.</li> <li>Sunil also oversees human resources, administration and information technology sections.</li> <li>Before joining the Group, Sunil worked with Ernst &amp; Young and AF Ferguson.</li> <li>Sunil has a Bachelors Degree in Commerce and is a Chartered Accountant.</li> </ul>
Hamza Shehadeh Alnaimat	Head of Legal	Jordan	<ul style="list-style-type: none"> <li>Hamza joined the Group in 2021.</li> <li>Hamza is responsible for the legal functions across the Group.</li> <li>Before joining the Group, Hamza worked with Al Jaber Engineering for 10 years as a Senior Legal Counsel.</li> <li>Hamza earned a bachelors degree in Law and is a Certified Arbitrator.</li> </ul>
Ganesan Muthukumaran	Head of Quality, Health, Safety and Environment	India	<ul style="list-style-type: none"> <li>Muthu joined the Group in 2012.</li> <li>Muthu is responsible for the corporate and operational QHSE functions across the Group.</li> <li>Muthu is also responsible for technical submissions related to QHSE during tenders for the entire Group</li> <li>Before joining the Group, Muthu worked with Saudi Aramco and the ETA Ascon group of companies (Al Ghurair Group).</li> <li>Muthu holds a Bachelors Degree in engineering, is a lead auditor (QMS, EMS, OHSMS and API) and a certified trainer by IOSH UK.</li> </ul>

Source: Management Information

#### 11.7. Risk Management and Corporate Governance

The Company's Board is committed to the highest standards of risk management and corporate governance. Upon Listing, the Company will adhere to the QFMA Corporate Governance Code.

##### **Board Committees**

In accordance with the QFMA Corporate Governance Code, the Company established the following board committees:

**a) Nomination and Remuneration Committee**

The nomination and remuneration committee is composed of three (3) Board members. As part of good corporate governance, the nomination and remuneration committee recommends Board member appointments and nominations for re-elections in order to comply with the QFMA Corporate Governance Code and to separate the nomination process to promote transparency.

The nomination and remuneration committee also considers and makes recommendations on the remuneration policy relating to the Chairman, Directors and members of the Senior Executive Management team. The policy set by the nomination and remuneration committee must be approved by the Shareholders at the OGA, which also determines the precise remuneration and incentive payments (including bonuses) of the Chairman, Directors and members of the Senior Executive Management team.

**b) Audit and Risk Committee**

The audit and risk committee is composed of three (3) Board members and chaired by an independent director. The purpose of the audit and risk committee is to assist the Board in fulfilling its oversight responsibilities for the internal and external audit functions, risk management functions, compliance functions, financial reporting process, internal control systems and the Company's process for monitoring compliance with all relevant laws and regulations (including the QSE Rulebook and the QFMA Corporate Governance Code).

**11.8. Material Contracts**

The Portfolio Companies are party to several material contracts with unrelated third parties, as discussed below.

**11.8.1. Major Portfolio Company Material Contracts**

**11.8.1.1. Petrotec – Commercial Contracts with customers**

No.	Portfolio Company	Counterparty	Contract Purpose	Estimated Value	Potential Risks	On demand guarantee required
1.	Petrotec (Drilling)	A Qatari State-owned company	Stocking and supply of wellhead and subsea dumphlooder equipment and services for offshore wells, on a call-off basis	USD 19,011,000	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity and on-demand performance bank guarantee.	Yes

2.	Petrotec (Drilling)	A Qatari State-owned company	Supply of Churchill drilling tools and equipment.	Variable, on call-off basis.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity, performance bonds, and liquidated damages.	Yes
3.	Petrotec (Drilling)	A Qatari State-owned company	Provision of zonal isolation solutions, equipment and associated services on a call-off basis.	QAR 50,772,612	The agreement poses multiple risks relating to termination for convenience, uncapped indemnities, on-demand performance bond, and liquidated damages.	Yes
4.	Petrotec (Field Instruments)	A Qatari State-owned company	Supply of dresser masoneilan actuator control valve spares.	USD 3,288,041	The agreement poses multiple risks relating to, ability of counterparty to terminate for convenience, uncapped indemnities and liabilities, performance bonds, and liquidated damages.	Yes
5.	Petrotec (Field Instruments)	A Qatari State-owned company	Supply of consolidated dresser safety relief valve spares.	USD 2,466,100	The agreement poses multiple risks relating to, ability of counterparty to terminate for convenience, uncapped indemnities and liabilities, performance bonds, and liquidated damages.	Yes
6.	Petrotec (Instrumentation and Control)	A Qatari gas company	Provision of Bently Nevada support services.	USD 2,209,680	The agreement poses various risks relating to termination, uncapped indemnities, and liquidated damages.	No
7.	Petrotec (Instrumentation and Control)	A Qatari gas company	Annual maintenance and support services for Kelton solutions.	USD 649,453	The agreement poses multiple risks relating to termination and suspension for convenience, uncapped	Yes

					indemnities, performance bonds, liquidated damages and onerous insurance policy obligations.	
8.	Petrotec (Instrumentation and Control)	A Qatari gas company	Maintenance, support and administration of POIS/RTIS system services.	QAR 2,264,647	The agreement poses various risks relating to termination, uncapped indemnities, performance bonds, and liquidated damages.	Yes
9.	Petrotec (Instrumentation and Control)	A Qatari-subsidary of an IOC	Maintenance, support and administration of POIS/RTIS system services.	Variable, on call-off basis.	The agreement poses various risks relating to termination and uncapped indemnities.	No
10.	Petrotec (Instrumentation and Control)	A petrochemical production company based in Qatar	Annual maintenance and support services for Kelton solutions.	USD 449,315	The agreement poses multiple risks relating to termination for convenience, uncapped indemnities, performance bonds, and liquidated damages.	Yes
11.	Petrotec (Instrumentation and Control)	A petrochemical production company based in Qatar	Renewal and service support of software reliance program services (SRP) for all PI services.	Variable, on call-off basis.	The agreement poses various risks relating to termination, uncapped indemnities, performance bonds, and liquidated damages.	Yes
12.	Petrotec (Specialist Services)	A Qatari aluminium company	Maintenance and repair services for Alimak elevators.	QAR 945,000	The agreement poses a multiple risks relating to termination for convenience and uncapped indemnities.	No
13.	Petrotec (Specialist Services)	A Qatari chemicals company	Maintenance services for Maspero elevators.	QAR 1,456,000	The agreement poses various risks relating to termination, uncapped indemnities, performance bonds, and liquidated damages.	Yes
14.	Petrotec (Specialist Services)	A Qatari chemicals company	Maintenance services for Alimak elevators.	QAR 2,421,020	The agreement poses various risks relating to termination, uncapped	Yes

					indemnities, performance bonds, and liquidated damages.	
15.	Petrotec (Specialist Services)	A Qatari subsidiary of an international oil company	Maintenance services for electrical overhead cranes and hoists.	Variable, on call-off basis.	The agreement poses various risks relating to termination, uncapped indemnities, and liquidated damages.	No
16.	Petrotec (Seals Service)	A Qatari State-owned company	Repair of flowserve mechanical seals on repair and return agreement.	EUR 1,700,000	The agreement poses various risks relating to termination, uncapped indemnity, performance bonds and liquidated damages.	Yes
17.	Petrotec (Seals Service)	A Qatari State-owned company	Repair of flowserve dry gas seals on repair and return agreement.	EUR 1,500,000	The agreement poses multiple risks relating to termination for convenience, uncapped indemnities, performance bonds, and liquidated damages.	Yes
18.	Petrotec (Pump Sales)	A petrochemical production company based in Qatar	Supply of sihi sterling pump spare parts on a call-off basis	Variable, on call-off basis.	The agreement poses multiple risks relating to termination for convenience, performance bonds, and liquidated damages.	No
19.	Petrotec (Pump Sales)	A natural gas company based in Qatar	Supply of flowserve pump spares on a call-off basis.	Variable, on call-off basis.	The agreement poses multiple risks relating to liquidated damages for the value of 2% of the purchase order price for each day of delay and up to a maximum of 10% of the total purchase order price.	No
20.	Petrotec (Pump Sales)	A petrochemical production company based in Qatar	Supply of flowserve pump spare parts on a call-off basis.	Variable, on call-off basis.	The agreement poses multiple risks relating to termination for convenience, performance bonds, and liquidated damages. In	No

					addition, the agreement includes a price protection clause whereby the Counterparty is entitled to terminate the agreement in the event Petrotec does not lower its prices to meet the lower price offered by a third-party company.	
21.	Petrotec (HVAC)	A Qatari oil company	Provision of HVAC maintenance services.	Variable, on call-off basis.	The agreement poses various risks relating to termination, uncapped indemnities, and liquidated damages.	No
22.	Petrotec (Valves)	A Qatari oil company	Provision of valve maintenance and repair services.	Variable, on call-off basis.	The agreement poses various risks relating to termination, change of control, uncapped indemnities, performance bonds, and liquidated damages.	Yes
23.	Petrotec (Valves)	A Qatari oil company	Provision of control valve maintenance services.	Variable, on call-off basis.	The agreement poses various risks relating to termination, uncapped indemnities, performance bonds, and liquidated damages.	Yes
24.	Petrotec (Valves)	A Qatari subsidiary of an IOC	Provision of valve maintenance services.	Variable, on call-off basis.	The agreement poses risks relating to liquidated damages.	No
25.	Petrotec (Valves)	A Qatari petrochemical company	Provision of control valve servicing.	Variable, on call-off basis.	The agreement poses various risks relating to termination, uncapped indemnities, performance bonds, and liquidated damages.	Yes
26.	Petrotec (Swire CCU)	A Qatari oil company	The provision of instrument valve.	Variable, on call-off basis.	The agreement poses various risks relating to termination, change of control, uncapped indemnities,	Yes

					performance bonds, and liquidated damages.	
27.	Petrotec (Swire CCU)	A Qatari subsidiary of an IOC	The provision of cargo carrying unit rental services.	Variable, on call-off basis.	The agreement poses various risks relating to performance bonds and liquidated damages.	No
28.	Petrotec (Hydraulics)	A Qatari aluminium company	Provision and maintenance of hydraulic and pneumatic components.	QAR 2,862,516	The agreement poses various risks relating to termination, uncapped indemnities, performance bonds, and liquidated damages.	Yes
29.	Petrotec (Hydraulics)	A Qatari oil company	Provision and maintenance of hydraulic and pneumatic components.	Variable, on call-off basis.	The agreement poses various risks relating to termination, change of control, uncapped indemnities, performance bonds, and liquidated damages.	Yes
30.	Petrotec (Hydraulics)	A Qatari oil company	Provision of wellhead control panel maintenance services.	Variable, on call-off basis.	The agreement poses various risks relating to termination, change of control, uncapped indemnities, and liquidated damages.	No
31.	Petrotec (Electrical Services)	A Qatari gas company	EPIC services in relation to the provision of Rotork and Gutor services on a call-off basis.	USD 5,910,168	The agreement poses risks relating to termination and uncapped indemnities.	No
32.	Petrotec (Electrical Services)	A Qatari gas company	Upgrade of low voltage protection systems from Clink 1 to Clink 2.	QAR 25,545,110	The agreement poses various risks relating to termination, uncapped indemnities, performance bonds and liquidated damages.	Yes
33.	Petrotec (Electrical Services)	A Qatari gas company	Upgrading existing capacitor banks for Gutor make-ups.	QAR 21,657,941	The agreement poses various risks relating to termination, uncapped indemnities, performance bonds and	Yes



					liquidated damages.	
34.	Petrotec (Seals)	An Emirati, partially state-owned company	Refurbishment of mechanical dry gas seals services on a call-off basis.	Variable, on call-off basis.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity, performance bonds and onerous insurance obligations.	Yes
35.	Petrotec (Pump Workshop Service)	A Qatari State-owned company	Repair of flowserve downhole submersible pumps and motors on repair and return basis.	USD 8,045,000	The agreement poses multiple risks relating to termination, uncapped indemnities and liabilities, performance bonds, and liquidated damages.	Yes
36.	Petrotec (Miscellaneous)	A Qatari gas company	On a call-off basis for the supply of lube oil filtration services.	Variable, on call-off basis.	The agreement poses multiple risks relating to termination, uncapped indemnities and liabilities, performance bonds, and liquidated damages.	Yes
37.	Petrotec (Miscellaneous)	A Qatari State-owned company	lubrication oil system servicing for the value of on a remeasurement basis	QAR 747,570	The agreement poses risks relating to termination, and indemnities and liabilities. The agreement also includes a broad capped indemnity provision per each indemnifiable occurrence in respect of a wide range of damages and losses.	No

#### 11.8.1.2. Petrotec – Master Agency Agreements with OEMs

No.	Portfolio Company	Counterparty	Contract Type	Contract Purpose	Potential Risks
1.	Petrotec	A multinational chemicals company	Agency agreement.	Petrotec will act as non-exclusive agent for the Counterparty in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity provisions, and change of control.

2.	Petrotec	A multinational chemicals company	Distributorship agreement.	Petrotec will have non-exclusive rights to market and sell products on behalf of the Counterparty in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity provisions, and change of control.
3.	Petrotec	A multinational fire protection equipment company	Distributorship agreement.	Petrotec will be the sole distributor on behalf of the Counterparty in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience and uncapped indemnity provisions.
4.	Petrotec	A multinational wellbore solutions company	Agency agreement.	Petrotec will be the sole agent for the Counterparty's rental products in Qatar in exchange for a commission-based consideration.	The agreement poses a risk relating to termination for convenience, whereby the Counterparty may terminate the agreement at any time during its term.
5.	Petrotec	A multinational Swagelok equipment supplier company	Agency agreement.	Petrotec will solicit purchase orders in Qatar on behalf of the Counterparty in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience and change of control.
6.	Petrotec	A multinational power management solutions company	Franchised builder agreement.	Petrotec is authorised to use the Counterparty's components to assemble and sell the Counterparty's energy solutions in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity provisions, and change of control.
7.	Petrotec	A multinational power management solutions company	Agency agreement.	Petrotec will act as the agent of the Counterparty in Qatar in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience provisions and change of control.
8.	Petrotec	A multinational power management solutions company	Agency agreement.	Petrotec will act as the agent of the Counterparty in Qatar in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience provisions and change of control.
9.	Petrotec	A multinational pump and valve manufacturer	Distributorship agreement.	Petrotec will re-sell the Counterparty's products in Qatar in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience and uncapped indemnity provisions.
10.	Petrotec	A multinational pump and valve manufacturer	Distributorship and repair agreement.	Petrotec will re-sell the Counterparty's products in Qatar in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience and uncapped indemnity provisions.
11.	Petrotec	A multinational pump and valve manufacturer	Distributorship agreement.	Petrotec will re-sell the Counterparty's products in Qatar in exchange for commission-based consideration.	The agreement poses a risk relating to uncapped indemnity provisions in favour of the Counterparty.
12.	Petrotec	A multinational chemicals manufacturer	Distributorship agreement.	Petrotec will distribute and promote the Counterparty's products in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience provisions and change of control.
13.	Petrotec	A multinational UPS manufacturer company	Partner agreement.	Petrotec will promote, market and re-sell the Counterparty's UPS products in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity provisions, and change of control.

14.	Petrotec	A multinational oil and gas equipment manufacturer company	Agency agreement.	Petrotec will promote the sale of the Counterparty's products in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience and uncapped indemnity provisions.
15.	Petrotec	A multinational oil and gas equipment manufacturer company	Distributorship agreement.	Petrotec will market and re-sell the Counterparty's products in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity provisions, and change of control.
16.	Petrotec	A multinational oil and gas equipment manufacturer company	Distributorship agreement.	Petrotec will market and re-sell the Counterparty's products in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity provisions, and change of control.
17.	Petrotec	A multinational oil and gas equipment manufacturer company	Distributorship agreement.	Petrotec will market and re-sell the Counterparty's products in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity provisions, and change of control.
18.	Petrotec	A multinational oil and gas equipment manufacturer company	Distributorship agreement.	Petrotec will market and re-sell the Counterparty's products in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity provisions, and change of control.
19.	Petrotec	A multinational heat transfer solutions company	Distributorship agreement.	Petrotec will market and directly re-sell the Counterparty's products in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity provisions, and change of control.
20.	Petrotec	A multinational heat transfer solutions company	Product distribution agreement.	Petrotec will market and directly re-sell the Counterparty's products in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity provisions, and change of control.
21.	Petrotec	A multinational surface and subsea flow management solutions company	Sales representative agreement.	Petrotec will undertake business development, marketing, and sales activities for the Counterparty's products in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity provisions, and change of control.
22.	Petrotec	A multinational explosion hazard systems manufacturer	Distributorship agreement.	Petrotec will act as the Counterparty's trading partner for the sale of its products in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity provisions, and change of control.
23.	Petrotec	A multinational flow control and instrumentation solution manufacturer	Distributorship agreement.	Petrotec will market and distribute the Counterparty's products in exchange for a commission-based consideration.	The agreement poses a risk relating to termination for convenience.
24.	Petrotec	A multinational hoist and crane manufacturer	Distributorship agreement.	Petrotec will act as a partner and agent of the Counterparty in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity provisions, and change of control.

25.	Petrotec	An oilfield services company	Master services agreement.	Petrotec will act as exclusive supplier of the Counterparty's products in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience and uncapped indemnity provisions.
26.	Petrotec	A multinational technology company	Agency agreement.	Petrotec will act as a distributor of the Counterparty's products in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity provisions, and change of control.
27.	Petrotec	A multinational energy control and optimisation solution manufacturer	Channel partner agreement.	Petrotec will solicit and promote sales of Counterparty's custom solutions in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity provisions, and change of control.
28.	Petrotec	An international oilfield services company	Distributorship agreement.	Petrotec acts as sole distributor of the Counterparty's products in Qatar in exchange for a commission-based consideration.	The agreement poses a risk relating to broad uncapped indemnity provisions in favour of the Counterparty.
29.	Petrotec	A European equipment manufacturing company	Non-exclusive agency agreement.	Petrotec will act as the agent for the Counterparty's products in Qatar in exchange for a commission-based consideration.	The agreement poses multiple risks relating to termination for convenience and indemnity provisions.

#### 11.8.2. Other Portfolio Companies Material Contracts

No.	Portfolio Company	Counterparty	Contract Purpose	Estimated Value	Potential Risks	On demand guarantee required
1.	Solarca	A Qatari fertiliser Company	Supply of chemical cleaning pumps, accessories, and manpower during both planned and unforeseen plant shutdowns.	Variable, on call-off basis.	The agreement includes a broad uncapped indemnity in respect of damage or loss sustained by the Counterparty arising out of use of the supplied equipment.	Yes
2.	Solarca	A Qatari gas company	Chemical cleaning of filter elements.	QAR 1,980,000	The agreement include termination for convenience, uncapped indemnities, performance bonds and liquidated damages.	Yes
3.	Solarca	A leading general contractor company based in Qatar	Disinfection, degreasing, pickling, passivation, sterilization and drying of stainless steel oil tanks.	QAR 3,086,126	The agreement poses minimal risks relating to the term as the agreement is silent on the end date.	No
4.	TSR	A Qatari oil and gas company	Supply and performance of industrial cleaning of process equipment.	Variable, on call-off basis.	The agreement poses multiple risks relating to change of control provisions, termination, uncapped indemnities, and liquidated damages.	No

5.	TSR	A Qatari gas company	Supply of services relating to lube oil analysis of the counterparty's equipment.	QAR 5,461,740	The agreement poses multiple risks relating to, ability of Counterparty to terminate for convenience, uncapped indemnities and liabilities, performance bonds, and liquidated damages.	Yes
6.	TSR	A Qatari subsidiary of an IOC	Performance of pressure vessel cleaning services.	Variable, on call-off basis.	The agreement poses multiple risks relating to change of control provisions, termination for convenience, broad uncapped indemnities, and liquidated damages.	No
7.	QCAL	A Qatari State-owned company	Perform calibration services of equipment on a call-off basis.	QAR 14,000,000	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity, performance bonds, and liquidated damages.	Yes
8.	QCAL	A Qatari gas company	Perform calibration and recertification services for fiscal metering devices on a call-off basis.	QAR 8,757,177	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity, performance bonds, and liquidated damages.	Yes
9.	QCAL	A Qatari gas company	Perform calibration and recertification services for flow meters on a call-off basis	EUR 12,068,640	The agreement poses multiple risks relating to termination for convenience, uncapped indemnity, performance bonds, and liquidated damages.	Yes
10.	QFAB	A Qatari primary materials company	Supply of Volvo wheel loader spare parts.	QAR 1,303,099	The agreement poses various risks relating to termination for convenience, uncapped indemnities, liquidated damages, and performance bonds.	Yes
11.	QFAB	A Qatari primary materials company	Supply of service filters for mobile equipment.	QAR 2,232,666	The agreement poses various risks relating to termination for convenience, uncapped indemnities, liquidated damages, and performance bonds.	Yes
12.	QFAB	A Qatari synthetic fuel company	Supply of maintenance services of forklifts, tele-handlers, and diesel generators.	Variable, on call-off basis.	The agreement poses various risks relating to termination for convenience, uncapped indemnities, liquidated damages, and performance bonds.	Yes
13.	QFAB	A Qatari synthetic fuel company	Supply of 30T and 50T Kato cranes.	QAR 2,623,500	The agreement poses risks relating to uncapped indemnities and liquidated damages.	No
14.	EEC	A Qatari construction contracting company	Supply of utility vehicles and related maintenance	QAR 1,400,000	The agreement poses a risk in relation to termination for convenience and	No

			services.		enforceability.	
15.	KOOP	A Qatari contracting company	Dewatering works on a re-measurable basis.	QAR 1,295,210	The agreement poses multiple risks relating to termination, uncapped indemnities and liabilities, performance bonds, and liquidated damages.	Yes

### 11.8.3. Group Lease Agreements

No.	Portfolio Company	Counterparty	Type of Lease	Contract Purpose	Potential Risks	Term Expiry
1.	Petrotec	A Qatari State-owned company	Land lease.	Petrotec shall lease land to build facilities for manufacturing and repair services in the Ras Laffan Industrial City for an ascending rent consideration.	The agreement poses risks relating to uncapped indemnity provisions and business continuity where the agreement is terminated by the Lessor. The agreement includes broad uncapped indemnities in favour of the Lessor. Petrotec's facilities on the land leased are fundamental to Petrotec's operations.	31 August 2023
2.	Petrotec	A Qatari State-owned company	Land lease.	Petrotec shall lease land to build facilities to provide storage, rental services, sales, and after sales support in the Ras Laffan Industrial City for an ascending rent consideration.	The agreement poses risks relating to uncapped indemnity provisions and business continuity where the agreement is terminated by the Lessor. The agreement includes broad uncapped indemnities in favour of the Lessor. Petrotec's facilities on the land leased are fundamental to Petrotec's operations.	31 January 2024
3.	Petrotec	A Qatari governmental body	Land lease.	Petrotec shall lease land for a complex for Petrotec's operations for a rent consideration of QAR 1,728 per annum.	The agreement poses a risk relating to business continuity where the agreement is terminated by the Lessor. Petrotec's facilities on the land leased are fundamental to Petrotec's operations.	11 November 2026
4.	Petrotec	A Qatari governmental body	Land lease.	Petrotec shall lease land for a complex for Petrotec's operations for a rent consideration of QAR 5,000 per annum.	The agreement poses a risk relating to business continuity where the agreement is terminated by the Lessor. Petrotec's facilities on the land leased are fundamental to Petrotec's operations.	22 September 2028
5.	Petrotec	A Qatari real estate company	Office lease.	Petrotec shall lease part of the Lessor's building for a rent consideration of QAR 685,080 per annum.	The agreement poses multiple risks relating to business continuity where the agreement is terminated by Lessor and security deposit.	31 March 2026

					Petrotec's facilities on the property leased are fundamental to Petrotec's operations. Moreover, Petrotec is obliged to deposit one month's rent with the Lessor as a security deposit.	
6.	Petrotec	A Qatari State-owned company	Land lease.	Petrotec shall lease land to build facilities for Petrotec's CCU business in the Ras Laffan Industrial City for an ascending rent consideration.	The agreement poses risks relating to uncapped indemnity provisions, security deposits, and business continuity where the agreement is terminated by the Lessor. The agreement includes broad uncapped indemnities in favour of the Lessor. Petrotec's facilities on the land leased are fundamental to Petrotec's operations.	31 August 2023
7.	QFAB	A Qatari public authority	Land lease.	QFAB builds facilities on the leased land pursuant to a build-operate-transfer basis.	The agreement poses multiple risks relating to uncapped indemnity provisions, change of control, and business continuity. The Lessor has the right to terminate for change of control. The agreement includes broad uncapped indemnities in favour of the Lessor. Moreover, QFAB's facilities on the land leased are fundamental to QFAB's operations.	31 December 2046

#### **11.8.4. Group Financing Arrangements**

##### **Petrotec – Financing Arrangements**

##### **11.8.4.1. QAR 116,390,000 facility granted to Petrotec by Dukhan Bank**

Petrotec has entered into an Islamic facility letter with Dukhan Bank (referred to as “**DB**” in this section) for multiple facilities including term and trade finance type facilities up to a total amount of QAR 116,390,000 combined. As at the date of this Listing Prospectus, the facilities are subject to ongoing review by DB.

The facilities are secured against joint and several personal guarantees from each of Fahad Hussain Al Fardan, Salah M Jaidah, and Clifford William Lasrado, each for the total facility amount, in addition to demand promissory notes from Petrotec for the total facility amount. There is also an obligation on Petrotec to irrevocably and unconditional route all project proceeds through the DB account though it is not clear to which project this obligation applies.

DB reserves the right to revise or review the structure of the credit lines (including pricing)

according to market conditions or the credit position of the obligors at any time as well as recall the utilised or unutilised facility should DB at any time see reasonable grounds to do so for the protection of its legitimate interests. DB also has a right to impose late payment fees and to charge Petrotec administrative fees incurred in trying to recover overdue payments from it.

Were DB to exercise any of its rights, including its right to enforce the security granted in support of Petrotec's payment obligations, this could cause the Group to suffer a material adverse impact on its operations, cashflow, financial condition, revenue or future growth.

#### **11.8.4.2. QAR 23,505,000 facilities granted to Petrotec by HSBC Bank Middle East**

Petrotec has entered into a facilities offer letter with HSBC under which multiple trade finance-type facilities were offered of up to a cumulative total amount of QAR 23,505,000. The facilities are uncommitted and repayable on demand.

The facility offer letter is secured against an assignment of an insurance policy for QAR 35,750,000 on a pari passu basis and joint and several personal guarantees from each of Fahad Hussain Al Fardan and Salah Moh'd Al Jaidah, for QAR 23,755,000 each, in addition to a corporate guarantee from QFAB and the Company, each for QAR 23,755,000.

There are several industry-typical financial covenants in the facility agreements which, if breached, give the bank the right to call an event of default. The facilities are also subject to variable interest rates in accordance with Qatar Central Bank rates.

Were the bank to call an event of default for breach of financial covenants or otherwise, there is a risk that it could exercise its rights to demand immediate repayment in full, cancel or suspend facilities, enforce the aforementioned security provided in support of Petrotec's payment obligations, all of which could cause the Group to suffer a material adverse material impact on its operations, cashflow, financial condition, revenue or future growth.

#### **11.8.4.3. QAR 47,000,000 facility letter granted by Standard Chartered Bank to Petrotec**

Petrotec has entered into a supplemental facility letter with under which multiple trade finance facilities were made available up to a total combined value of QAR 47,000,000. These facilities are available to both Petrotec and QFAB.

The facility is secured against corporate guarantees from each of QFAB, Petrotec and the Company, in addition to joint and several personal guarantees from each of Fahad Hussain Ibrahim Al Fardan and Salah Mohammed Ibrahim Al Jaidah.

SCB may terminate the agreement if Petrotec breaches any term of the agreement, is subject to insolvency proceedings, it becomes unlawful for any party to perform its obligations under the agreement or SCB reasonably considers exceptional any circumstances affecting a borrower or the trade service. SCB may also enforce the aforementioned security should Petrotec be in default. These actions, were they to materialise, could cause the Group to suffer a material adverse material impact on its



operations, cashflow, financial condition, revenue or future growth.

**11.8.4.4. QAR 23,800,000 facilities granted to Petrotec by BNP Paribas Qatar**

Petrotec has entered into a facility letter with BNP for multiple trade finance type facilities, with sub-limits based on facility type, up to a total combined facility limit of QAR 23,800,000.

The facility letter is uncommitted and BNP may at any time by five (5) business written days' notice to Petrotec declare that it will not issue any new facility or advances or cancel any unutilised or undrawn part of the facilities in whole or in part as specified in such notice. Were any of this to occur, the Group may suffer an adverse material impact on its operations, cashflow, financial condition, revenue or future growth.

The facility includes events of default which would allow BNP to suspend or cancel facilities, declare all or part of the facilities immediately payable, exercise any rights in respect of security documents, request that Petrotec deposit sums and also block any sums in any accounts held by Petrotec with BNP.

The facility is secured against joint and several personal guarantees from each of Salah al Jaidah and Fahad Hussain Al Fardan, each for the facility amount plus an FX amount of EUR 200,000. Further, there is an obligation to route 18% of Petrotec's revenues through a BNP account on a best endeavours basis.

If an event of default were to occur, BNP could exercise its rights to suspend facilities, enforce the security granted thereunder or terminate the relevant facilities. Were any of these rights to be exercised, this may cause a material adverse impact on the Group's cashflow, financial condition, revenue or future growth.

**QFAB Financing Arrangements**

**11.8.4.5. QAR 68,238,000 facility granted to QFAB by Dukhan Bank**

QFAB has entered into an Islamic facility offer letter with Dukhan Bank (referred to as "DB" in this section) under which multiple trade finance type facilities are made available to it up to a total combined amount of QAR 68,238,000. As at the date of this Listing Prospectus, the facilities are subject to ongoing review by DB.

The facility is secured against joint and several personal guarantees from each of Fahad Hussain Al Fardan, Salah M Jaidah, and Clifford William Lasrado, each for the total facility amount, in addition to a corporate guarantee from Petrotec for the total facility amount and demand promissory notes from QFAB for the total facility amount.

DB reserves the right to revise or review the structure of the credit lines (including pricing) according to market conditions or the credit position of the obligors at any time as well as recall the utilised or unutilised facility should DB at any time see reasonable grounds to do so for the protection of its legitimate interests. DB also has a right to impose late payment fees and to charge QFAB administrative fees incurred in trying to recover

overdue payments from it.

Were DB to exercise any of its rights, including its right to enforce the security granted in support of QFAB's payment obligations, this could cause the Group to suffer a material adverse impact on its operations, cashflow, financial condition, revenue or future growth.

#### **KOOP Financing Arrangements**

##### **11.8.4.6. QAR 6,800,000 facility granted to KOOP by Dukhan Bank**

KOOP has entered into an Islamic facility offer letter with Dukhan Bank (referred to as "DB" in this section) pursuant to which multiple trade finance facilities were made available to it up to a total combined limit of QAR 6,800,000. As at the date of this Listing Prospectus, the facilities are subject to ongoing review by DB.

The facility offer letter is secured against a corporate guarantee from Petrotec for QAR 7,000,000 in addition to a promissory note from KOOP for the same amount.

DB reserves the right to revise or review the structure of the credit lines (including pricing) according to market conditions or the credit position of the obligors at any time as well as recall the utilised or unutilised facility should DB at any time see reasonable grounds to do so for the protection of its legitimate interests. DB also has a right to impose late payment fees and to charge KOOP administrative fees incurred in trying to recover overdue payments from it. Were DB to exercise any of its rights, including its right to enforce the security granted in support of KOOP's payment obligations, this could cause the Group to suffer a material adverse impact on its operations, cashflow, financial condition, revenue or future growth.

## 12. CAPITALISATION AND INDEBTEDNESS

The following tables should be read together with *Section 21: Management Discussion and Analysis* and *Section 20: Auditor's Report, Financial Statements and Pro Forma Financial Information*.

### 12.1. Capitalisation and Indebtedness

The following table sets out the Group's capitalisation and indebtedness as at 31 December 2021 and 30 June 2022.

The capitalisation and indebtedness have been extracted without material adjustment from the unaudited interim condensed consolidated financial statements of the Group as at and for the six months ended 30 June 2022 and the Audited Financial Statements of the Group. Please note that the balances as per 31 December 2021 and 30 June 2022 are not comparable due to the Group's internal legal restructuring carried out in 2022.

	AI Mahhar Holding Company	AI Mahhar Holding Company
As at (QAR million)	31 December 2021	30 June 2022 (Unaudited)
<b><u>Current borrowing</u></b>		
Interest-bearing loans and borrowings	6.8	15.7
Lease liabilities	1.6	0.8
<b><u>Non-current borrowing</u></b>		
Interest-bearing loans and borrowings	18.6	27.7
Lease liabilities	7.0	21.2
<b>Total Borrowings</b>	<b>34.0</b>	<b>65.4</b>
<b>Shareholder's equity/total equity (excluding retained earnings)</b>		
Capital	10.0	10.0
Contribution towards share capital increase	-	197.0
Legal and other reserve	2.5 <sup>21</sup>	4.9 <sup>22</sup>
Non-controlling interest	16.6	23.6
<b>Total Shareholder's Equity (excluding retained earnings)</b>	<b>29.2</b>	<b>235.6</b>
<b>Total capitalization and indebtedness (Sum of Total Borrowings and Total Shareholder's Equity (excluding retained earnings))</b>	<b>63.2</b>	<b>301.0</b>

Source: Consolidated audited financial statements AI Mahhar Holding Company as at and for the year ended 31 December 2021 and unaudited interim condensed consolidated financial statements for AI

<sup>21</sup> Other reserve includes Fair value reserve

<sup>22</sup> Other reserve includes Fair value reserve, Foreign currency translation reserve, Merger reserve

## 12.2. Net Financial Indebtedness

The net financial indebtedness of the Group has been extracted without material adjustment from the consolidated audited financial statements of Al Mahhar Holding Company as at and for the year ended 31 December 2021 and unaudited interim condensed consolidated financial statements of the Group as at and for the six months ended 30 June 2022.

	Al Mahhar Holding Company	Al Mahhar Holding Company
As at (QAR million)	31 December 2021	30 June 2022 (Unaudited)
Bank balances and cash	18.5	58.0
<b>Liquidity (includes Bank balances and cash) (A)</b>	<b>18.5</b>	<b>58.0</b>
<i>Current financial borrowings</i>		
Interest-bearing loans and borrowings	(6.8)	(15.7)
Lease liabilities	(1.6)	(0.8)
<b>Current financial borrowings (B)</b>	<b>(8.4)</b>	<b>(16.5)</b>
<b>Net current financial funds (C = A + B)</b>	<b>10.1</b>	<b>41.5</b>
<i>Non-current financial borrowings</i>		
Interest-bearing loans and borrowings	(18.6)	(27.7)
Lease liabilities	(7.0)	(21.2)
<b>Non-current financial borrowings (D)</b>	<b>(25.6)</b>	<b>(48.9)</b>
<b>Net financial indebtedness (E = C + D)</b>	<b>(15.5)</b>	<b>(7.4)</b>

Source: Consolidated audited financial statements of Al Mahhar Holding Company as at and for the year ended 31 December 2021, unaudited interim condensed consolidated financial statements of Al Mahhar Holding Company as at and for the six months ended 30 June 2022

## 13. RELATED PARTY TRANSACTIONS

As part of its business operations, the Company enters into transactions with related parties. Related parties include entities over which the Company exercises significant influence, shareholders and key management personnel of the Company. In accordance with the QFMA Corporate Governance Code, a related party is someone who:

- (a) is a director of the Company or an affiliate;
- (b) is a member of the Senior Executive Management of the Company or an affiliate;
- (c) holds or controls 5% or more of the Shares or any affiliate;
- (d) is a relative of any natural persons mentioned in (a), (b) and (c) above;
- (e) is a legal entity controlled by any of the persons mentioned in (a), (b) and (d) above; or
- (f) is a legal entity that participated in a project or a partnership of any kind with the Company or an affiliate.

For the purpose of the Company's financial statements, a related party is defined in line with IFRS accounting standards. As such, a related party is someone who has the ability to control another party or exercise significant influence over another party in making financial and operating decisions. Related parties include the significant owners and entities over which the Company and the owners exercise significant influence, Directors and Senior Executive Management personnel of the Company, close family members and entities owned or controlled by them, associates and affiliated companies.

Pricing policies and other key terms of material related party transactions are reviewed and approved by the Board and the Senior Executive Management endeavours to ensure that related party transactions are conducted on an arm's length commercial basis in the best interests of the Company.

This section does not report on transactions occurring within the Group as part of the ordinary course of business and management of the Group given the ubiquitous nature of such transactions in a corporate group.

### ***Long term agreements with related parties***

The Company has entered into a lease agreement with Jaidah Investment & Real Estate Development Company WLL (as the landlord) for its respective office premises at Jaidah Square, the term of the lease is for a period of five (5) years ending on 31 March 2026 with a total rent value amounting to QAR 3,425,400 (QAR 685,080 yearly). Petrotec has also entered into a lease agreement with Jaidah Investment & Real Estate Development Company WLL (as the landlord) for its respective office premises at Jaidah Square, the term of the lease is for a period of two (2) years ending on 31 March 2024 with a total rent value amounting to QAR 312,000 (QAR 156,000 yearly).

### ***Short term agreements with related parties***

Other than a short term agreement to provide manpower supply and maintenance agreements with Al Doha Maintenance and Services W.L.L., the Group has not entered into short term agreements with any related party.

## 14. QATAR STOCK EXCHANGE

The QSE (formally known as the Doha Securities Market) was established in 1995 and officially started operations in 1997. In June 2009, Qatar Holding, the strategic investment arm of the Qatar Investment Authority, and New York Stock Exchange Euronext signed agreements to form a strategic partnership to establish the QSE as a world-class market. In October 2013, New York Stock Exchange Euronext exited the QSE with Qatar Holding acquiring the entire share capital of the QSE.

The primary aim of the QSE is to support Qatar's economy by providing a platform for capital raising for Qatari companies and an opportunity for investors to trade a variety of products in a transparent and efficient manner.

2014 marked a major milestone for the QSE as Qatar was upgraded by the Morgan Stanley Capital International ("MSCI") and Standard & Poor's ("S&P"), global index compilers, from a frontier market to an emerging market. FTSE Russell followed suit a year later in September 2015 and upgraded Qatar's status from frontier to secondary emerging market.

In addition to efforts undertaken to upgrade Qatar's status, the QSE has undertaken a number of other development initiatives to enhance the market infrastructure, product and legislative framework. These initiatives include the creation of the Qatar Stock Exchange Venture Market ("QSEVM") in 2015, to broaden accessibility to the public securities market. QSEVM is designed to enable small and medium sized enterprises who do not meet the listing requirements of the Main Market to pursue a public listing.<sup>23</sup>

Other developments include the launch of two (2) Exchange Traded Funds ("ETFs") in 2018, the introduction of margin trading, delivery-versus-payment system ("DVP") and mandatory reporting of Environment Social Governance ("ESG").

Currently, the QSE has a total of 47 listed companies on its Main Market, 2 on the QSEVM and 8 licensed brokers.<sup>24</sup>

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<sup>23</sup> Source: Listing Requirements for QSE Venture Market, Qatar Stock Exchange

<sup>24</sup> Source: QSE Website, last accessed 7 April 2022.

## **15. QATAR CENTRAL SECURITIES DEPOSITORY**

QCSD was established as a Qatari private shareholding company in 2014 and is owned by the QCB and the QSE. QCSD provides services relating to the custody, clearing and settlement of securities and other financial instruments listed on the QSE. QCSD is the sole company authorised by the QFMA to provide depository and similar services in the State of Qatar.

QSE's systems are linked to QCSD's systems to enable transfer of shares of companies listed on QSE between sellers and buyers. QCSD also processes all off-market transfers, either by inheritance or by court order and is responsible for pledging and unpledging shares. In addition, QCSD offers other services including DVP implementation, securities lending and borrowing settlement, management and follow-up of the non-Qatari shareholders' equity, registration and authorisation of ETFs and participation in initial public offerings.

## 16. QATAR FINANCIAL MARKETS AUTHORITY

The QFMA is the capital markets authority in the State of Qatar. It was established as an independent regulatory and supervising authority pursuant to Law No. 33 of 2005 and subsequently replaced by Law No. 8 of 2012. The primary mission of the QFMA is to implement a robust regulatory framework for the securities markets in addition to conducting effective and responsible market oversight and supervision.

As per its mandate, QFMA is the licensing authority for the securities industry and relevant activities. It is also the listing authority in charge of overseeing and monitoring the issue of securities in the listing process on the QSE. The QFMA also has the responsibility of ensuring market integrity and transparency by enforcing market rules and regulations on market participants and conducting necessary surveillance and supervision activities.



## 17. TAXATION

The following provides an overview of the current Qatar tax legislation and is intended to provide a high level understanding in the context of an Investor's decision to purchase, own or dispose of Shares in the Company. This tax summary does not discuss the tax regime of any other jurisdiction or any specific circumstances which may be applicable to any individual Investors. This summary is not intended to, and does not, constitute tax advice. All prospective Investors should consult their own tax advisers concerning their personal situation. The information included in this *Section 17: Taxation* is not to be regarded as advice on the tax position of any Shareholder or of any person acquiring, selling or otherwise dealing in the Shares of the Company or on any tax implications arising from the acquisition, sale or other dealings in respect of the Shares.

This *Section 18: Taxation* is only a summary and does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of relevant Shares and does not purport to deal with the consequences applicable to all categories of Investors, some of which may be subject to special rules. All prospective Investors should consult their own tax advisor concerning the application of the Qatari tax legislation to their particular situation as well as any consequences of the purchase, ownership and disposition of relevant Shares arising under the laws of any other jurisdiction.

### ***Tax legislation***

Comments in relation to the Company are based on (a) Law No. 24/2018 (the "Income Tax Law"); (b) the Executive Regulations of the Income Tax Law issued in December 2019 (the "Executive Regulations"); and (c) the published and established practices that have been adopted and applied by the General Tax Authority (collectively with the Income Tax Law and the Executive Regulations, the "State Tax Legislation").

### ***Corporation tax implications for the Company***

The prevailing corporation tax rate under the State Tax Legislation is 10%.

However, upon Listing, as a listed company, the Company will be exempt from tax under the provisions of the State Tax Legislation. As a listed company, however, the Company will be required to contribute 2.5% of its net accounting profit to the State to support sports, cultural, social and charitable activities (the "**Sports & Social Levy**"). The Sports & Social Levy is paid out of retained earnings, which accordingly reduces the amount of profit that may be distributable to Shareholders.

### ***Dividends***

Qatar does not apply withholding tax on dividends. Accordingly, dividends distributed by the Company will not be subject to withholding tax.

Dividends paid out of the profits of the Company and received by a Qatar tax resident shareholder (irrespective of nationality) are exempt from tax under the State Tax Legislation.

**Capital gains**

Capital gains realized by a non-Qatari national from the sale of Shares in the Company are exempt from tax under the State Tax Legislation.

Capital gains realized by a Qatari national from the sale of Shares in the Company are exempt from tax under the State Tax Legislation to the extent that any of the following conditions are met:

1. the Shareholder is a natural person who does not hold those shares as part of a taxable business activity;
2. the Shareholder is tax resident in Qatar; or
3. the Shareholder is a Qatar tax resident company which is wholly owned by Qatari or other GCC nationals who are all tax resident in Qatar.

Investors and Shareholders that are nationals or residents in jurisdictions outside Qatar (both corporate and individual) should consult their own tax advisors as to the taxation or tax implications of the Listing and dividend income under the applicable local laws in those jurisdictions.

**Value added tax ("VAT")**

Qatar is expected to implement VAT and has ratified the VAT Framework Agreement of the GCC. However, the implementation date is yet to be announced. The potential introduction of VAT may also have some implications for both the Company and Investors. Please also refer to *Section 8: Risk Factors* for a discussion of VAT.

## 18. DIVIDEND POLICY

Shareholders will be entitled to receive dividends declared in respect of financial years subsequent to the financial year during which Listing occurs. The Company intends to declare and distribute annual dividends with a view to maximising shareholder value commensurate with the ongoing capital and funding requirements of the Company. Subject to the Articles and the applicable laws, any decision to pay dividends to Shareholders and the amount and form of such dividends will be upon the recommendation of the Board for approval by the General Assembly.

The Company and its Portfolio Companies issued dividends in the following amounts on the following dates based on the performance of the Company and its Portfolio Companies:

Financial Year	Aggregate Dividend Amount (QAR million)	Record Date
FY 2022	22.1 <sup>25</sup>	July 2022, December 2022 and May 2023
FY 2021	13.0 <sup>26</sup>	February 2022
FY 2020	8.8 <sup>27</sup>	January 2021

The Company declared total dividends of QAR 22.1 million for FY 2022. The breakdown of the dividends is as follows:

1. Cash dividends: QAR 16.6 million, and
2. Non-cash dividends: QAR 5.5 million

According to Company Management, the declared dividends have no material impact on the financial statements of the Company.

The amount of any dividends may vary from year to year. The Company's ability to pay dividends is dependent on a number of factors, including, without limitation, the availability of distributable income, regulatory capital requirements, reserve requirements, capital expenditure plans, liquidity and other cash requirements in future periods and there is no assurance that the Company will pay dividends, or the amount of such dividend, if declared. There are no arrangements in existence under which future dividends are to be waived or agreed to be waived, be it cash or in-kind.

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<sup>25</sup> Interim dividend of QAR12.1 million declared by the Company during FY2022 and final additional dividend of QAR10 million declared by the Company in the annual general assembly held on 15 of May 2023.

<sup>26</sup> Declared by Petrotec

<sup>27</sup> Declared by Petrotec

## 19. LITIGATION

The Company, from time to time, is involved in litigation or proceedings that arise in the normal course of its business.

The below sections set out the litigation or proceedings that the Company is involved in as at date of this Listing Prospectus.

### 19.1. Litigation or proceedings raised by the Company or its Portfolio Companies

The Group has raised litigation or proceedings against third parties in an aggregate total sum of approximately QAR 43,746,694 which are at various stages of progression.

### 19.2. Litigation or proceedings raised against the Company or its Portfolio Companies

The Group is subject to litigation or proceedings at various stages of progression in an aggregate total sum of QAR 1,321,824.50, which may have a significant effect on the financial position or profitability of the Company.

With the exception of the above matters, neither the Company nor its Portfolio Companies have been involved in any additional governmental, legal or arbitration proceedings and the Company is not aware of any such proceedings pending or threatened by or against the Company or the Portfolio Companies during the period of 12 months preceding the date of this Listing Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

## **20. AUDITOR'S REPORT, FINANCIAL STATEMENTS AND PRO FORMA FINANCIAL INFORMATION**

### **20.1. Historical Financials**

This section sets forth the auditor's report, Audited Financial Statements of the Company and Petrotec and Interim Financial Statements of the Company.

**Al Mahhar Holding Company W.L.L.**  
**(A limited liability company under conversion into a**  
**Qatari Public Shareholding Company)**

**INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH PERIOD ENDED**  
**30 JUNE 2022**

## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE PARTNERS OF AL MAHHAR HOLDING COMPANY W.L.L.

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Al Mahhar Holding Company W.L.L. (the "Company") and its subsidiaries (together referred to as the "Group"), as at 30 June 2022, which comprise the interim consolidated statement of financial position as at 30 June 2022, and the related interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended, and the related explanatory notes.

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

### Scope of review

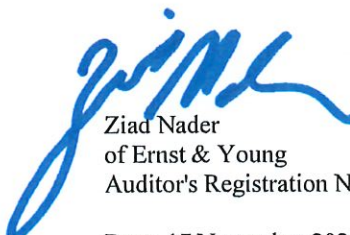
We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial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

### Other matter

As referred to in note 2.1 these represent the first six-month interim condensed consolidated financial statements prepared by the Group. Accordingly, the comparative financial information for the six-month period ended 30 June 2021 is presented for comparison purposes only and have neither been reviewed nor audited.

### 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: 17 November 2022  
Doha



Al Mahhar Holding Company W.L.L.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-month period ended 30 June 2022

		<i>For the six-month period ended</i>	
		<i>30 June</i>	<i>30 June</i>
		<i>2022</i>	<i>2021</i>
		<i>QR</i>	<i>QR</i>
	<i>Notes</i>	<i>(Reviewed)</i>	<i>(Not Reviewed or Audited)</i>
Revenue	4	215,401,322	68,690,487
Cost of sales	5	(167,449,155)	(51,461,949)
<b>GROSS PROFIT</b>		<b>47,952,167</b>	<b>17,228,538</b>
Other income		3,226,175	1,207,386
General and administrative expenses		(39,111,509)	(14,640,129)
Depreciation of right-of-use assets		(1,645,363)	(266,933)
(Loss) gain on foreign exchange		(972,722)	256,171
<b>OPERATING PROFIT</b>		<b>9,448,748</b>	<b>3,785,033</b>
Finance costs		(1,000,827)	(1,029,920)
Interest on lease liabilities		(334,210)	(611,221)
Share of results from associates and a joint venture	8	559,966	1,129,910
<b>PROFIT BEFORE TAX</b>		<b>8,673,677</b>	<b>3,273,802</b>
Income tax		-	-
<b>PROFIT FOR THE PERIOD</b>		<b>8,673,677</b>	<b>3,273,802</b>
<b>Profit for the period attributable to:</b>			
Equity holders of the parent		8,212,012	1,927,002
Non-controlling interests		461,665	1,346,800
		<b>8,673,677</b>	<b>3,273,802</b>
<b>Earnings per share:</b>			
Basic and Diluted earnings per share	6	<b>83.66</b>	<b>192.7</b>

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The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.



## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2022

	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Not Reviewed or Audited)</i>
<b>Profit for the period</b>	<b>8,673,677</b>	<b>3,273,802</b>
<i>Other comprehensive income not to be classified to profit or loss in subsequent periods:</i>		
Net movement in fair value of investments in equity designated at fair value through other comprehensive income	<b>(130,309)</b>	-
<i>Other comprehensive income that might be reclassified to profit or loss in subsequent periods:</i>		
Foreign currency translation adjustment	<b>30,800</b>	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>8,574,168</b>	<b>3,273,802</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the parent	<b>8,107,883</b>	<b>1,927,002</b>
Non-controlling interests	<b>466,285</b>	<b>1,346,800</b>
	<b>8,574,168</b>	<b>3,273,802</b>

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Al Mahhar Holding Company W.L.L.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		30 June 2022 QR (Reviewed)	31 December 2021 QR (Audited)
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	7	97,114,279	40,547,769
Investment property		13,786,644	14,163,753
Right of use-of-assets		22,162,317	8,721,645
Utilisation right advance		4,320,477	3,750,000
Notes receivable - net		18,713,062	3,876,269
Investments in associates	8	9,083,677	16,918,393
Investment in a joint venture	8	3,090,476	-
Intangible asset		292,501	365,393
Deferred tax assets		62,374	62,374
Financial assets at fair value through other comprehensive income		2,821,643	552,970
		<u>171,447,450</u>	<u>88,958,566</u>
<b>Current assets</b>			
Inventories		91,523,990	45,922,424
Trade and other receivables	9	239,114,452	86,693,573
Bank balances and cash	10	57,991,587	18,453,338
		<u>388,630,029</u>	<u>151,069,335</u>
<b>TOTAL ASSETS</b>		<u><u>560,077,479</u></u>	<u><u>240,027,901</u></u>

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The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Al Mahhar Holding Company W.L.L.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2022

		30 June 2022 QR (Reviewed)	31 December 2021 QR (Audited)
	Notes		
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Capital	11	10,000,000	10,000,000
Contribution towards share capital increase	11	197,000,000	-
Legal reserve		2,860,334	1,992,967
Fair value reserve		402,100	532,409
Foreign currency translation reserve		26,180	-
Merger reserve	3	1,651,154	-
Retained earnings		97,118,165	89,773,520
<b>Equity attributable to equity holders of the parent</b>		<b>309,057,933</b>	<b>102,298,896</b>
Non-controlling interests		23,617,845	16,630,606
<b>Total equity</b>		<b>332,675,778</b>	<b>118,929,502</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	12	27,729,314	18,607,505
Lease liabilities		21,189,277	6,969,689
Accounts payable and accruals		3,901,536	2,250,506
Employees' end of service benefits		21,752,970	3,207,704
		74,573,097	31,035,404
<b>Current liabilities</b>			
Accounts payable and accruals		136,306,649	81,610,144
Lease liabilities		779,813	1,604,351
Interest-bearing loans and borrowings	12	15,742,142	6,848,500
		152,828,604	90,062,995
<b>Total liabilities</b>		<b>227,401,701</b>	<b>121,098,399</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>560,077,479</b>	<b>240,027,901</b>

Salah Al-Jaidah  
Partner

Clifford W. Lasrado  
Director

Fahad H. Alfardan  
Partner

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The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2022

		For the six-month period ended	
		30 June 2022 QR (Reviewed)	30 June 2021 QR (Not Reviewed or Audited)
Notes			
<b>OPERATING ACTIVITIES</b>			
Profit before tax for the period		8,673,677	3,273,802
<i>Adjustments for:</i>			
Share of results from associates and a joint venture		(559,966)	(1,129,910)
Depreciation of investment property		377,109	325,400
Depreciation of property and equipment		4,800,587	2,774,512
Depreciation of right-of-use assets		1,645,363	266,933
Provision for employees' end of service benefits		2,150,652	1,905,556
Amortization of intangible asset		72,892	-
Amortization of deferred lease premium		148,447	-
Interest on lease liabilities		334,210	611,221
Operating profit before working capital changes		17,642,971	8,027,514
<i>Changes in assets and liabilities:</i>			
Inventories		(4,750,189)	17,007,080
Trade and other receivables		64,702,690	27,868,360
Notes receivable		(14,836,793)	-
Accounts payable and accrual		(67,434,232)	(56,841,173)
Cash used in operations		(4,675,553)	(3,938,219)
Employees end of service benefits paid		(836,374)	(590,411)
Net cash flows used in operating activities		(5,511,927)	(4,528,630)
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(4,118,249)	(1,758,323)
Acquisition of Petrotec Group (i)	3	58,870,193	-
Proceeds from disposal of property and equipment		62,283	2,391,612
Net cash flows from investing activities		54,814,227	633,289
<b>FINANCING ACTIVITIES</b>			
Net movement in interest-bearing loans and borrowings		(6,946,602)	2,284,624
Payment of lease liabilities		(2,817,449)	(1,084,767)
Net cash flows (used in) from financing activities		(9,764,051)	1,199,857
<b>NET INCREASE (DECREASE) IN BANK BALANCES AND CASH</b>			
Bank balances and cash at 1 January		18,453,338	19,957,515
<b>BANK BALANCES AND CASH AT 30 JUNE</b>	10	57,991,587	17,262,031

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

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.



# Al Mahhar Holding Company W.L.L.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2022

### Attributable to equity holders of the Parent

	Share capital QR	Contribution towards share capital increase QR	Legal reserve QR	Fair value reserve QR	Foreign currency translation reserve QR	Merger reserve QR	Retained earnings QR	Total QR	Non-controlling interest QR	Total equity QR
Balance at 1 January 2021 (Audited)	10,000,000	-	1,568,353	544,267	-	-	88,951,998	101,064,618	15,393,861	116,458,479
Profit for the period	-						1,927,002	1,927,002	1,346,800	3,273,802
Other comprehensive income for the period	-						-	-	-	-
Total comprehensive income for the period	-						1,927,002	1,927,002	1,346,800	3,273,802
Balance at 30 June 2021 (Not Reviewed or Audited)	10,000,000			544,267	-	-	90,879,000	102,991,620	16,740,661	119,732,281
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 income for the period	-			(130,309)	26,180	-	-	(104,129)	4,620	(99,509)
Total comprehensive 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

\*During the period the Group acquired remaining 2% of shareholding in Qatar Welding and Fabrication Supplies L.L.C for an amount of QR 1,660,998.

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

## 1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Al Mahhar Holding Company W.L.L. (a limited liability company under conversion into a Qatari Public Shareholding Company) (the "Company") is a holding company incorporated in Doha, Qatar. 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 Company is in the process of listing its ordinary fully paid-up shares in the Venture Market of Qatar Stock Exchange.

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 interim condensed consolidated financial statements of the Group for the six-month period ended 30 June 2022 were authorised for issue by the Directors of the Company on 17 November 2022.

## 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 this 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.

These represent the first six-month interim condensed consolidated financial statements prepared by the Group. Accordingly, the comparative financial information for the six-month period ended 30 June 2021 is presented for comparative purposes only.

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 2021. 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 2021. In addition, the results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

### 2.2 Basis of consolidation

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in these interim condensed 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 condensed 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 2022. 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 2022</i>	<i>31 December 2021</i>
Qatar Welding and Fabrication Supplies L.L.C.	State of Qatar	100	98
Petroleum Technology Company W.L.L.(i)	State of Qatar	100	-
Teams Services and Rentals (formerly known as: Ocean Team Qatar L.L.C.) (i)	State of Qatar	100	-
Koop Water Management Middle East W.L.L.	State of Qatar	51	51
European Equipment Company L.L.C	State of Qatar	51	51
Qatar Calibration Services L.L.C.(i)	State of Qatar	51	-
Al Mahhar Al Kuwaitiyya for Heavy and Light Equipment and Machines	State of Kuwait	85	85
Petroleum Technology for Mechanical Contracting Company W.L.L – Kuwait (i)	State of Kuwait	80	-
Hill Contracting Company L.L.C.	State of Qatar	70	70

(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<sup>th</sup> April 2022.

**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 2021, except for the adoption of new standards and interpretations effective as of 1 January 2022.

**2.4 New standards, interpretations and amendments adopted by the Group**

Several amendments apply for the first time in 2022, 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 2022:

***Contents***

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37  
Amendments to IFRS 1, IFRS 3, IFRS 9 & IAS 16

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.

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)****2.5 Standards, amendments and interpretations issued but not yet effective**

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

<i>Topics</i>	<i>Effective date</i>
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
Disclosure of Accounting Policies- Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023

The Group has not early adopted any other standards, interpretations or amendments that have been issued but are 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<sup>th</sup> 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
<b>Total assets</b>	<b>401,694,049</b>
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
<b>Total liabilities</b>	<b>194,860,943</b>
<b>Net assets acquired</b>	<b>206,833,106</b>
<b>Non-controlling interest</b>	<b>(8,181,952)</b>
	<b>198,651,154</b>
Less: Consideration*	<b>(197,000,000)</b>
<b>Merger reserve</b>	<b>1,651,154</b>



# Al Mahhar Holding Company W.L.L.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2022

### 3 BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

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	<u>58,870,193</u>

\*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 W.L.L at its current par value of QR 1,000 per share. The Company is in the process of increasing its share capital to reflect the issuance of additional shares.

### 4 REVENUE

Revenue by product/service type are as follows:

	<i>For the six-month period ended 30 June</i>	
	<i>2022 QR (Reviewed)</i>	<i>2021 QR (Not Reviewed or Audited)</i>
Sale of equipment	157,953,697	44,458,077
Service income	27,573,846	18,063,641
Equipment rental income	29,873,779	6,168,769
	<u>215,401,322</u>	<u>68,690,487</u>

Revenue based on region:

	<i>For the six-month period ended 30 June</i>	
	<i>2022 QR (Reviewed)</i>	<i>2021 QR (Not Reviewed or Audited)</i>
Qatar	198,037,426	62,304,253
Others	17,363,896	6,386,234
	<u>215,401,322</u>	<u>68,690,487</u>

### 5 COST OF SALES

	<i>For the six-month period ended 30 June</i>	
	<i>2022 QR (Reviewed)</i>	<i>2021 QR (Not Reviewed or Audited)</i>
Cost of goods sold	131,455,649	37,590,987
Cost of equipment rental	13,787,405	1,528,345
Cost of service	6,164,305	4,724,380
Depreciation of property and equipment	2,386,183	1,499,323
Repairs and maintenance	1,628,910	88,046
Other direct cost	12,026,703	6,030,868
	<u>167,449,155</u>	<u>51,461,949</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>2022 QR (Reviewed)</i>	<i>2021 QR (Not Reviewed or Audited)</i>
Profit for the period attributable to equity holders of the Company	8,212,012	1,927,002
Weighted average number of shares outstanding during the period	98,160	10,000
Basic earnings per share	83.66	192.7

The weighted average number of shares is as follows:

	<i>2022</i>	<i>2021</i>
Qualifying shares at the beginning of the period	10,000	10,000
Weighted average number of shares related to the Petrotec acquisition	88,160	-
Qualifying shares at the end of the period	98,160	10,000

The Company is in the process of obtaining necessary legal approval to reduce the par value of the ordinary share from QR 1000 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 2022, the Group acquired assets with a cost of QR 4,118,249 (year ended 31 December 2021: QR 5,371,729). Property and equipment acquired as a part of acquisition of Petrotec is disclosed in Note 3.

**Disposals and write off**

During the six-month period ended 30 June 2022, the Group has disposed assets with a cost of QR 107,953 (year ended 31 December 2021: QR 2,897,421). The Group has written-off fully depreciated assets amounting to QR 940,160 during the period ended 30 June 2022 (year ended 31 December 2021: QR 4,722,985).

**8 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE****(a) Investments in Associates**

The Group has the following investments in associates:

	<i>Country of incorporation</i>	<i>Holding percentage</i>		<i>30 June 2022</i>	<i>31 December 2021</i>
		<i>2022</i>	<i>2021</i>	<i>QR (Reviewed)</i>	<i>QR (Audited)</i>
Al Doha Maintenance and Services Centre W.L.L. (i)	State of Qatar	-	35%	-	2,304,668
Team Services and Rentals W.L.L. (formerly known as Ocean Team Qatar W.L.L.) (ii)	State of Qatar	-	49%	-	14,613,725
Gulf Turbo Services L.L.C. (GTS)(iii)	State of Qatar	45%	-	9,083,677	-
				<u>9,083,677</u>	<u>16,918,393</u>

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

	<i>30 June 2022</i>	<i>31 December 2021</i>
	<i>QR (Reviewed)</i>	<i>QR (Audited)</i>
At 1 January	16,918,393	17,528,739
Acquisition of GTS through Petrotec	8,743,233	-
Share of results for the period / year	340,444	2,134,263
Disposal	(16,918,393)	-
Movement in shareholders loan account and partners current account	-	(2,744,609)
<b>As at 30 June / 31 December</b>	<u><b>9,083,677</b></u>	<u><b>16,918,393</b></u>

*Notes:*

- (i) 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.
- (ii) 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<sup>st</sup> January 2022, to Petrotec for a consideration of QR 14,613,725.
- (iii) Gulf Turbo Services L.L.C 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 L.L.C. 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.

**(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 2022</i>	<i>31 December 2021</i>
			<i>QR (Reviewed)</i>	<i>QR (Audited)</i>
Solarca Qatar W.L.L.	State of Qatar	50%	<u>3,090,476</u>	<u>-</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.

**8 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONTINUED)****(b) Investment in a joint venture (continued)**

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

	<i>30 June 2022 QR (Reviewed)</i>	<i>31 December 2021 QR (Audited)</i>
At 1 January	-	-
Acquisition of Solarca	2,870,954	-
Share of results	219,522	-
<b>At 30 June / 31 December</b>	<b>3,090,476</b>	<b>-</b>

**9 TRADE AND OTHER RECEIVABLES**

	<i>30 June 2022 QR (Reviewed)</i>	<i>31 December 2021 QR (Audited)</i>
Trade receivables	234,740,525	83,822,699
Notes receivable	21,900,150	12,010,561
	256,640,675	95,833,260
Less: Allowance for expected credit losses (Note i)	(26,924,061)	(14,040,808)
	229,716,614	81,792,452
Amounts due from related parties (Note 14)	1,068,162	1,177,135
Prepayments and other receivables	8,329,676	3,723,986
	239,114,452	86,693,573

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

	<i>30 June 2022 QR (Reviewed)</i>	<i>31 December 2021 QR (Audited)</i>
At 1 January	14,040,808	20,826,104
Transfer from Petrotec	9,265,718	-
Provided during the period / year	3,621,796	4,927,002
Amounts written off	(4,261)	(11,712,298)
<b>At 30 June / 31 December</b>	<b>26,924,061</b>	<b>14,040,808</b>

**10 BANK BALANCES AND CASH**

	<i>30 June 2022 QR (Reviewed)</i>	<i>31 December 2021 QR (Audited)</i>
Cash on hand	338,249	61,375
Bank balances	57,653,338	18,391,963
<b>Bank balances and cash</b>	<b>57,991,587</b>	<b>18,453,338</b>

**11 CAPITAL AND CONTRIBUTION TOWARDS SHARE CAPITAL INCREASE**

	<i>30 June 2022 QR (Reviewed)</i>	<i>31 December 2021 QR (Audited)</i>
<i>Fully paid</i>		
10,000 units of QR 1,000 each	<u>10,000,000</u>	<u>10,000,000</u>

**Dividends**

In July 2022, the board of directors have resolved to declare and pay an interim dividend of QR 2,100,000.

**Contribution towards share capital increase**

This represents the additional capital contribution made by the shareholders to acquire the shares of Petrotec and increase the share capital of the Company. The Company is in the process of updating the commercial registration to reflect the new share capital of the Company.

**12 INTEREST-BEARING LOANS AND BORROWINGS**

		<i>30 June 2022 QR (Reviewed)</i>	<i>31 December 2021 QR (Audited)</i>
	<i>Notes</i>		
Term loan 1	(i)	27,674,382	21,259,651
Trust receipts	(ii)	11,070,295	2,350,437
Term loan 2	(iii)	4,663,775	1,787,555
Vehicle loan	(iv)	<u>63,004</u>	<u>58,362</u>
		<u>43,471,456</u>	<u>25,456,005</u>

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

	<i>30 June 2022 QR (Reviewed)</i>	<i>31 December 2021 QR (Audited)</i>
Current portion	15,742,142	6,848,500
Non-current portion	<u>27,729,314</u>	<u>18,607,505</u>
	<u>43,471,456</u>	<u>25,456,005</u>

**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) This represents import loans and loan against trust receipts. These short-term borrowings are secured by the joint and several guarantees of the partners, corporate guarantee from Petroleum Technology Company W.L.L. assignment and domiciliation of the rental proceeds related to certain rental contracts for the renting of machineries imported under special one of Letter of Credits and assignment of insurance policies.
- (iv) Vehicle loan represents loan obtained by the Company from a local bank to purchase motor vehicles.

**13 CONTINGENCIES**

At 30 June 2022, the Group had contingent liabilities amounting to QR 160,812,349 (31 December 2021: QR 22,290,996) 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 2022 QR (Reviewed)</i>	<i>31 December 2021 QR (Audited)</i>
Letters of credit on import purchases	64,824,498	15,153,710
Guarantees on bank facility	<u>95,987,851</u>	<u>7,137,286</u>
	<u>160,812,349</u>	<u>22,290,996</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>2022 QR (Reviewed)</i>	<i>2021 QR (Not Reviewed or Audited)</i>
Rental income	<u>444,846</u>	<u>144,000</u>
Interest expenses	<u>-</u>	<u>(209,251)</u>
Direct cost	<u>(674,424)</u>	<u>(431,682)</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 2022, the Group has not recorded expected credit losses relating to amounts due from related parties (31 December 2021: 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 2022 (Reviewed)</i>		<i>31 December 2021 (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>1,068,162</u>	<u>9,887,153</u>	<u>1,177,135</u>	<u>42,608,689</u>

The amounts due from related parties are disclosed in Notes 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>2022</i> <i>QR</i> <i>(Reviewed)</i>	<i>2021</i> <i>QR</i> <i>(Not Reviewed or Audited)</i>
Salaries and short-term benefits	3,174,217	2,921,636
Employees' end of service benefits	566,753	208,284
	<u>3,740,970</u>	<u>3,129,920</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>Level 1</i> <i>QR</i>	<i>Significant observable inputs</i> <i>Level 2</i> <i>QR</i>	<i>Significant unobservable inputs</i> <i>Level 3</i> <i>QR</i>	
<b>30 June 2022</b> <i>(Reviewed)</i>	<b>Total</b> <b>QR</b>			
Financial assets				
Financial assets at fair value through other comprehensive income*	<u>2,821,643</u>	<u>2,821,643</u>	<u>-</u>	<u>-</u>
	<i>Fair value measurement using</i>			
	<i>Quoted prices in active markets</i> <i>Level 1</i> <i>QR</i>	<i>Significant observable inputs</i> <i>Level 2</i> <i>QR</i>	<i>Significant unobservable inputs</i> <i>Level 3</i> <i>QR</i>	
<b>31 December 2021</b> <i>(Audited)</i>	<b>Total</b> <b>QR</b>			
Financial assets				
Financial assets at fair value through other comprehensive income	<u>552,970</u>	<u>552,970</u>	<u>-</u>	<u>-</u>

During the period ended 30 June 2022 (31 December 2021: Nil), 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.

\* During the period, the Group has acquired financial assets which are designated at fair value through other comprehensive income amounting to QR 2,281,681 through the acquisition of Petrotec.

**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. Inter-segment pricing is determined on an arm's length basis.

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

	<i>Energy QR</i>	<i>Infrastructure QR</i>	<i>Total QR (Reviewed)</i>
Revenue *	<u>121,233,178</u>	<u>94,168,144</u>	<u>215,401,322</u>
Cost of Sales	<u>93,973,554</u>	<u>73,475,601</u>	<u>167,449,155</u>
Profit for the period	<u>5,330,218</u>	<u>3,343,459</u>	<u>8,673,677</u>

*Six-month period ended 30 June 2021 (Not Reviewed or Audited):*

	<i>Energy QR</i>	<i>Infrastructure QR</i>	<i>Total QR (Audited)</i>
Revenue	<u>-</u>	<u>68,690,487</u>	<u>68,690,487</u>
Cost of Sales	<u>-</u>	<u>51,461,949</u>	<u>51,461,949</u>
Profit for the period	<u>-</u>	<u>3,273,802</u>	<u>3,273,802</u>

**Segment assets:**

<i>30 June 2022 (Reviewed)</i>	<u>344,088,556</u>	<u>215,988,923</u>	<u>560,077,479</u>
<i>31 December 2021 (Audited)</i>	<u>-</u>	<u>240,027,901</u>	<u>240,027,901</u>

**Segment liabilities:**

<i>30 June 2022 (Reviewed)</i>	<u>132,052,813</u>	<u>95,348,888</u>	<u>227,401,701</u>
<i>31 December 2021 (Audited)</i>	<u>-</u>	<u>121,098,399</u>	<u>121,098,399</u>

\*There are no intersegmental revenue



#### 17 EFFECT OF COVID-19

The outbreak of Novel Coronavirus (COVID-19) continues to progress and evolve. Therefore, it is still challenging to predict the full extent and duration of its business and economic impact. The outbreak of COVID-19 may have an impact on the demand for oil and petroleum products. The Group has been closely monitoring the latest developments in the current evolving situation and has carried out an assessment based on the observable information as at 30 June 2022.

The Group considered the potential impairment impact of the outbreak on its financial and non-financial assets due to the current economic volatility. Based on management's assessment, the Group does not expect a significant impact on the recoverable value of its financial and non-financial assets. Management believes that the market remains volatile and the recorded amounts remain sensitive to market fluctuations. The Group will continuously monitor the ongoing situation and continue to provide conservatively for any downside risks.

#### 18 COMPARATIVE INFORMATION

##### *Reclassifications*

There were no reclassification in the comparative figures except for classification of Provision for future losses in relation to Joint venture under accounts payables and accruals in order to conform to the current year presentation. Such reclassification was made to improve the quality of the information presented and do not affect previously reported profit, other comprehensive income, total assets, total liabilities and equity.

**Al Mahhar Holding Company W.L.L.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**

## **INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF AL MAHHAR HOLDING COMPANY W.L.L.**

### **Report on the audit of the consolidated financial statements**

#### **Opinion**

We were engaged to audit the consolidated financial statements of Al Mahhar Holding Company W.L.L. (the "Company"), and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year ended 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated 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 consolidated financial statements in the State of 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.

#### **Responsibilities of Management and the Board of Directors for the consolidated financial statements**

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

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.

#### **Auditor's responsibilities for the audit of the consolidated financial statements**

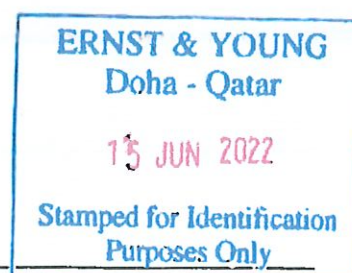
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those 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.

Al Mahhar Holding Company W.L.L.  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
For the year ended 31 December 2021

	Notes	2021 QR	2020 QR
Revenue	3	136,157,749	141,090,970
Cost of sales	4	(100,551,450)	(118,129,175)
<b>GROSS PROFIT</b>		<b>35,606,299</b>	<b>22,961,795</b>
Other income	5	3,894,822	8,413,573
General and administrative expenses	6	(32,815,875)	(33,865,276)
Depreciation of right-of-use assets	21	(1,089,728)	(1,700,497)
Finance costs		(2,024,103)	(1,641,796)
Interest expenses on finance lease liabilities	21	(408,818)	(378,955)
Share of results from associate	9	2,134,263	(3,545,658)
Share of loss from joint venture	10	-	(18,617)
Gain (loss) on foreign exchange		177,368	(556,982)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>		<b>5,474,228</b>	<b>(10,332,413)</b>
Deferred tax assets		10,936	880
Income tax expenses		(2,041)	(20,660)
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>5,483,123</b>	<b>(10,352,193)</b>
<b>Attributable to:</b>			
Equity holders of the parent		4,246,136	(8,009,624)
Non-controlling interests		1,236,987	(2,342,569)
		<b>5,483,123</b>	<b>(10,352,193)</b>



The attached notes 1 to 30 form part of these consolidated financial statements.



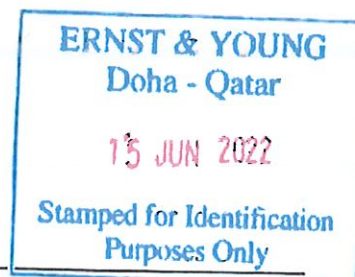
Al Mahhar Holding Company W.L.L.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 QR	2020 QR
<b>Profit (loss) for the year</b>	5,483,123	(10,352,193)
<b>Other comprehensive loss:</b>		
<i>Other comprehensive income not to be classified to profit or loss in subsequent periods:</i>		
Net movement in fair value of investments in equity investment designated at Fair value through other comprehensive income	(12,100)	(127,655)
<i>Other comprehensive income that might be reclassified to profit or loss in subsequent periods:</i>		
Foreign currency translation adjustment	-	7,536
<b>Other comprehensive loss for the year</b>	(12,100)	(120,119)
<b>Total comprehensive profit (loss) for the year</b>	<u>5,471,023</u>	<u>(10,472,312)</u>
<b>Attributable to:</b>		
Equity holders of the parent	4,234,278	(8,127,189)
Non-controlling interests	<u>1,236,745</u>	<u>(2,345,123)</u>
	<u>5,471,023</u>	<u>(10,472,312)</u>

The attached notes 1 to 30 form part of these consolidated financial statements.



Al Mahhar Holding Company W.L.L.  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
At 31 December 2021

	Notes	2021 QR	2020 QR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	7	40,547,769	38,161,818
Investment property		14,163,753	14,924,223
Right to use-of-assets	21	8,721,645	6,874,928
Utilisation right advance	8	3,750,000	3,900,000
Notes receivable - net		3,876,269	3,802,031
Investments in associates	9	16,918,393	17,528,739
Intangible asset	11	365,393	519,743
Deferred tax assets		62,374	53,479
Financial assets at Fair value through other comprehensive income	12	552,970	565,070
		<u>88,958,566</u>	<u>86,330,031</u>
<b>Current assets</b>			
Inventories	13	45,922,424	40,099,328
Trade receivables and other receivables	14	86,693,573	112,928,746
Bank balances and cash	15	18,453,338	19,957,515
		<u>151,069,335</u>	<u>172,985,589</u>
<b>TOTAL ASSETS</b>		<u>240,027,901</u>	<u>259,315,620</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Capital	16	10,000,000	10,000,000
Legal reserve	17	1,992,967	1,568,353
Fair value reserve		532,409	544,267
Retained earnings		89,773,520	88,951,998
		<u>102,298,896</u>	<u>101,064,618</u>
<b>Equity attributable to equity holders of the parent</b>		<u>102,298,896</u>	<u>101,064,618</u>
<b>Non-controlling interests</b>		<u>16,630,606</u>	<u>15,393,861</u>
<b>Total equity</b>		<u>118,929,502</u>	<u>116,458,479</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	18	18,607,505	20,567,282
Lease liabilities	21	6,969,689	7,044,664
Accounts payable and accruals	20	2,250,506	1,311,432
Employees' end of service benefits	19	3,207,704	2,980,336
		<u>31,035,404</u>	<u>31,903,714</u>
<b>Current liabilities</b>			
Provision for future liability in joint venture	10	496,630	496,630
Accounts payable and accruals	20	81,113,514	104,701,241
Lease liabilities	21	1,604,351	349,002
Interest-bearing loans and borrowings	18	6,848,500	5,406,554
		<u>90,062,995</u>	<u>110,953,427</u>
<b>Total liabilities</b>		<u>121,098,399</u>	<u>142,857,141</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>240,027,901</u>	<u>259,315,620</u>

Clifford W. Lasrado  
Director

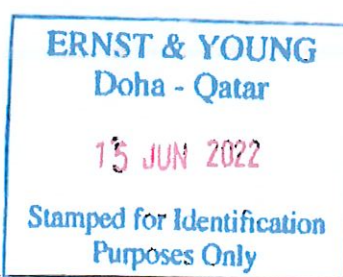
Salah M. Al-Jaidah  
Partner

The attached notes 1 to 30 form part of these consolidated financial statements.

Al Mahhar Holding Company W.L.L.  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2021

	Notes	2021 QR	2020 QR
<b>OPERATING ACTIVITIES</b>			
Profit (loss) before tax		5,474,228	(10,332,413)
<i>Adjustments for:</i>			
Share of results from associate	9	(2,134,263)	3,545,658
Share of loss of joint venture	10	-	18,617
Write-off of property and equipment		20,428	78,651
Depreciation of property and equipment	7	5,627,122	5,052,732
Depreciation of right of use assets	21	1,089,728	1,700,497
Amortisation of intangible asset	11	154,350	162,171
Amortisation of utilisation right advance	8	150,000	150,000
Depreciation of investment property		760,470	285,167
Provision for employees' end of service benefits	19	623,998	786,923
Expected credit loss of trade receivable	14	4,927,002	3,835,686
Provision for (Reversal of) obsolete and slow-moving inventories	13	1,026,889	(1,498,823)
Covid-19 rent concession received	21	(124,190)	(381,345)
Goodwill written off		-	41,967
Gain on disposal of property and equipment		(427,589)	(3,476,037)
Finance costs		2,432,921	1,641,796
Interest income	5	(1,035,582)	(448,639)
Operating profit before working capital changes		18,565,512	1,162,608
<i>Working capital changes:</i>			
Inventories (i)		(9,703,941)	11,214,382
Trade receivable and prepayments		21,233,933	(5,624,494)
Accounts payable and accrual		(22,904,044)	19,304,107
Cash flows from operations		7,191,460	26,056,603
Finance costs paid		(2,432,921)	(1,641,796)
Employees' end of service benefits paid	19	(396,630)	(604,222)
Net cash flows from operating activities		4,361,909	23,810,585
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	7	(5,371,729)	(5,826,076)
Purchase of investment property		-	(15,209,390)
Proceeds from sale of rental assets		-	1,213,286
Proceeds from disposal of property and equipment		619,773	3,889,774
Net movement in short term deposits		-	2,061,499
Interest received	5	1,035,582	448,639
Net cash flows used in investing activities		(3,716,374)	(13,422,268)

The attached notes 1 to 30 form part of these consolidated financial statements.





Al Mahhar Holding Company W.L.L.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

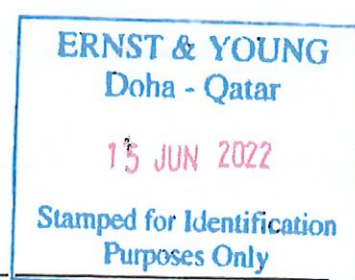
For the year ended 31 December 2021

	Notes	2021 QR	2020 QR
<b>FINANCING ACTIVITIES</b>			
Net movement in interest-bearing loans and borrowings		(517,831)	(2,194,833)
Payment of principal portion of lease liabilities		<u>(1,631,881)</u>	<u>(1,233,126)</u>
Net cash flows used in financing activities		<u>(2,149,712)</u>	<u>(3,427,959)</u>
<b>NET (DECREASE) INCREASE IN BANK BALANCES AND CASH</b>			
Net movement in foreign currency translation reserve		(1,504,177)	6,960,358
Bank balances and cash at 1 January		-	7,536
		<u>19,957,515</u>	<u>12,989,621</u>
<b>BANK BALANCES AND CASH AT 31 DECEMBER</b>	15	<u>18,453,338</u>	<u>19,957,515</u>

Non- cash transaction:

- (i) During the year, the Group transferred certain inventories to rental equipment at net book value of QR 2,853,956 (2020: Nil) (Note 13 (i)).

The attached notes 1 to 30 form part of these consolidated financial statements.





## For the year ended 31 December 2021

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Stamped for Identification  
Purposes Only

# Al Mahhar Holding Company W.L.L.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

### 1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Al Mahhar Holding Company W.L.L. (the "Company") is a limited liability holding company incorporated in Doha, Qatar. The commercial registration number of the company is 64325. The principal activities of the company is participation in management 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.

Al Mahhar Holding Company W.L.L. (the "Company") had no employees during the year ending 2021 and 2020.

The consolidated financial statements of the Group for the year ended 31 December 2021 were authorised for issue by the partners on 20 April 2022.

### 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable requirements of Qatar Commercial Companies' Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No.8 of 2021.

The consolidated financial statements have been prepared under the historical cost convention, modified to include the measurement equity investments designated at fair value through other comprehensive income and inventories are stated at the lower of cost and net recognized value.

The consolidated financial statements have been presented in Qatari Riyals ("QR"), which is the Group's presentation and functional currency.

#### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Al Mahhar Holding Company W.L.L. and its subsidiaries as at and for the year ended at 31 December 2021. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

# Al Mahhar Holding Company W.L.L.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

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

#### 2.2 Basis of consolidation (continued)

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-Company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

#### *Subsidiaries*

Subsidiaries are defined as companies that are controlled by the Company, namely companies in which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-Group balances, transactions, recognised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The principal subsidiaries of the Group, included in the consolidated financial statements are as follows:

<i>Name of entity</i>	<i>Country of incorporation</i>	<i>Group effective shareholding percentage (%)</i>	
		<i>2021</i>	<i>2020</i>
Qatar Welding and Fabrication Supplies L.L.C. (i)	State of Qatar	98	98
Koop Water Management Middle East W.L.L. (ii)	State of Qatar	51	51
European Equipment Company L.L.C (iii)	State of Qatar	51	51
Hill Contracting Company L.L.C. (iv)	State of Qatar	70	70
Al Mahhar Al Kuwaitiyya for Heavy and Light Equipment and Machines (v)	Kuwait	85	85

- (i) Qatar Welding and Fabrication Supplies L.L.C. is registered in the name of the partners of Petrotec who are holding these investments on behalf of the Company. These investments have been treated as subsidiaries of the Group on the basis that the beneficial interest of these investments resides with the Group. During 2016, Petrotec transferred Qatar Welding and Fabrication Supplies W.L.L. to Al Mahhar Holding Company. As the transfer is under common control, the transfer took place at book value according to IFRS 3 Business combinations.
- (ii) Al Mahhar Holding Company W.L.L. invested in "Koop Water Management Middle East L.L.C." which is a limited liability company registered under commercial registration No. 61920. The Company holds 51% of the total share capital of the subsidiary. During the year 2015, this investment was held by Qatar Welding and Fabrication Supplies W.L.L. in which it has actively engaged in identifying a potential buyer for Koop Water Management Middle East L.L.C. The entity has received an offer from Al Mahhar Holding Company to buy Qatar Welding and Fabrication Supplies's share of 51%. The offer has been accepted during 2016 and the sale agreement has taken place and it has been transferred to Al Mahhar Holding Company which is a related party to Qatar Welding and Fabrication Supplies W.L.L.

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

**2.2 Basis of consolidation (continued)**

*Subsidiaries (continued)*

- (iii) European Equipment Company L.L.C. is a limited liability company registered in the State of Qatar under commercial registration number 40548. The company is engaged in trading and rental of heavy construction machineries and equipment. The Group holds 51% of the total share capital of the company through its investment in Qatar Welding and Fabrication Supplies W.L.L.
- (iv) Hill Contracting Company L.L.C. is a limited liability company registered under commercial registration No. 109207. The company is engaged in general contracting and trading with U.S. Government agencies. During 2018, the Group invested in the company and holds 70% of the total capital of the subsidiary.
- (v) Al Mahhar Al Kuwaitiyya for Heavy and Light Equipment and Machines is a limited liability Company registered under commercial registration No. No. 27551, commercial law no 68 of 1980, the companies law No.1 of 2016 in Kuwait. As per the Company registration certificate and articles of association, Al Mahhar Holding Company WLL holds only 49% of the total issued share capital, and 51% is held by Ahmed Mohamed Zaman Mohamed. As per the signed agreement entered between Ahmed Mohamed Zaman Mohamed and Al Mahhar Holding Company, Al Mahhar Holding holds 85% of the total capital and profit of the subsidiary. Al Mahhar Al Kuwaitiyya for Heavy and Light Equipment and Machines is incorporated for 4 years, from the date 26 May 2019.

**2.3 New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the period ended 31 December 2020, except for the adoption of new standards and interpretations effective as of 1 January 2021.

**Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

**Covid- 19- Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

Al Mahhar Holding Company W.L.L.  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
At 31 December 2021

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

**2.4 Standards, amendments and interpretations issued but not yet effective**

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

<i>Topics</i>	<i>Effective date</i>
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022
Disclosure of Accounting Policies- Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023

The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

**2.5 Summary of significant accounting policies**

**Revenue recognition**

*Sale of goods*

Revenue from sales of goods is recognised upon transfer of control of the goods to a customer.

*Service income*

Service income is accounted for in the period in which it is earned on accrual basis.

*Interest income*

Interest income is recognised as the interest accrues using the effective interest method.

*Dividend income*

Dividend income is recognised when the Group's right to receive the payment is established.

*Rental income*

Equipment rental income represents income from rental of equipment and is accounted for on a time proportion basis.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

**2.5 Summary of significant accounting policies (continued)**

**Income tax**

*Current income tax*

Taxation is provided in accordance with the provisions of Qatar Income Tax Law No. 24 of 2018. The Qatari and GCC partners residing in Qatar are not subject to income tax in the State of Qatar. Entities are liable to income tax on the profits attributable to the foreign shareholders, i.e. Non-GCC shareholders and GCC holders not residing in Qatar.

*Deferred income tax*

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted as at the reporting date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

**Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Capital work-in-progress is stated at cost. When the asset is ready for its intended use, it is transferred from capital work-in-progress to the appropriate category under property and equipment and depreciated in accordance with the Group's policies.

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

Buildings	26 years
Furniture and fixtures	5 years
Office equipment	3 to 5 years
Workshop equipment	5 years
Rental equipment	3 to 8 years
Motor vehicles	4 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated income statement in the year the asset is derecognised.

Capital work-in-progress represents properties in the course of construction for production, rental or administrative purpose, or for purposes not yet determined. These are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the basis of other property assets, commences when the assets are ready for their intended use.

The asset's residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each reporting date.

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

**2.5 Summary of significant accounting policies (continued)**

**Investment in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of associates and the joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'share of profit of an associate and a joint venture' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the profit or loss.

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

### 2.5 Summary of significant accounting policies (continued)

#### **Impairment of non-financial assets (continued)**

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **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 Group's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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 Group 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 marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### ***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

##### ***Financial assets at amortised cost (debt instruments)***

This category is the most relevant to the Group. The Group 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 rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.



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

**2.5 Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

***Subsequent measurement (continued)***

The Group's financial assets at amortised cost includes trade receivables, notes receivables, other receivables, bank balance and deposits and due from related parties.

***Financial assets at fair value through other comprehensive income***

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income ("FVTOCI"). Designation at FVTOCI is not permitted if the equity investment is held for trading.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognized in profit or loss.

***Trade and other receivables***

Trade and other receivables are carried at original invoice amount less any allowance for non-collectability of receivables. An allowance for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the customer) that the Group will not be able to collect part or all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired receivables are derecognized when they are assessed as uncollectible.

***Due from related parties***

Due from related parties are recognized initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, due from a related party is measured at amortised cost using the effective interest method, less any impairment losses

***Cash and cash equivalents***

Cash and cash equivalents include cash in hand and bank balances, deposits held at call with banks, and other short-term highly liquid bank deposits with original maturities of three months or less.

***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 Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

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

**2.5 Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

***Impairment of financial assets***

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group 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, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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 and applies the general approach to determine credit losses on term deposits.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**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.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include amounts due to related parties, lease liabilities, interest bearing loans and borrowings, trade accounts payables, retention payable, accrued expenses and other payables.

***Subsequent measurement***

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

***Financial liabilities at fair value through profit or loss***

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

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

**2.5 Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

**Financial liabilities (continued)**

***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

***Accounts payable and accruals***

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

***Inventories***

Inventories are stated at the lower of cost and net recognized value. Costs are those expenses incurred in bringing each product to its present location and condition, as follows:

Goods for resale	-	Weighted average purchase cost
Work in progress	-	Cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net recognized value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

***Accounts payable and accruals***

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

***Employees' end of service benefits***

The Group provides end of service benefits to its employees in accordance with employment contracts and Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

***Provisions***

Provisions are recognized when the Group has an obligation (legal or constructive) arising from 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.

***Contingent liabilities and contingent assets***

Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

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

**2.5 Summary of significant accounting policies (continued)**

**Leases**

The Group 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.

**Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group 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 Group recognises right-of-use assets at the commencement date of the lease (i.e., the date underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of leased liabilities recognised.

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 asset, as follows:

Right-of-use assets	lease period
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The carrying amounts of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. If any such indication exists and where the carrying amount exceeds the estimated recoverable amount, the asset is written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

**Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

**Group as a lessor**

Leases in which the Group 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 consolidated 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 recognized as revenue in the period in which they are earned.

**Operating leases (Group as a lessee)**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

**Operating leases (Group as a lessor)**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Capacity income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature.

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

### 2.5 Summary of significant accounting policies (continued)

#### Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Qatari Riyals' ("QR"), which is the Group's presentational currency.

#### Transactions and balances

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

#### Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

#### Current versus non-current classification

The Group presents assets and liabilities based on current/non-current classification.

An asset as current when it is:

- Expected to be realised or intended to be 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 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 Group classifies all other liabilities as non-current.

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At 31 December 2021

**3 REVENUE**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Cash sales	4,633,280	22,954,069
Credit sales	<u>131,524,469</u>	<u>118,136,901</u>
Gross sales	<u>136,157,749</u>	<u>141,090,970</u>

Revenue by product/service type are as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Sale of equipment	70,577,971	83,962,179
Service income	34,178,384	22,950,052
Sale of spares	16,302,777	21,300,391
Equipment rental income	<u>15,098,617</u>	<u>12,878,348</u>
	<u>136,157,749</u>	<u>141,090,970</u>

Revenue by customer type are as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Corporate	131,762,638	119,465,264
Government	4,210,111	552,272
Individual	<u>185,000</u>	<u>21,073,434</u>
	<u>136,157,749</u>	<u>141,090,970</u>

Revenue based on region

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Qatar	123,332,943	115,815,729
Others	<u>12,824,806</u>	<u>25,275,241</u>
	<u>136,157,749</u>	<u>141,090,970</u>

**4 COST OF SALES**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Cost of goods sold	74,946,124	94,903,706
Cost of service	17,991,697	13,707,364
Depreciation (Note 7)	3,184,421	3,476,276
Cost of equipment rental	2,930,631	4,681,022
Repairs and maintenance	1,143,196	511,318
Other direct cost	<u>355,381</u>	<u>849,489</u>
	<u>100,551,450</u>	<u>118,129,175</u>

Cost of goods sold includes provision for impairment of inventories for the current year amounting to QR 1,026,889 (2020: QR 1,498,823 reversal of provision made) (Note 14).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

5 OTHER INCOME

	2021 QR	2020 QR
Interest income	1,035,582	448,639
Space rental income	921,500	297,992
Gain on disposal of property and equipment	427,589	3,476,037
Rent concession received	124,190	381,345
Commission income	58,379	1,676,931
Income from legal settlement	-	1,396,450
Reversal of provision for expected credit loss (Note 14)	-	455,606
Reversal of other payables	-	200,570
Miscellaneous income	1,327,582	80,003
	<u>3,894,822</u>	<u>8,413,573</u>

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2021 QR	2020 QR
Staff costs	18,734,472	19,692,120
Expected credit loss of trade receivable (Note 14)	4,927,002	4,291,292
Depreciation (Note 7)	2,442,701	1,576,456
Legal and professional fees	1,266,499	1,560,731
Repairs and maintenance	962,591	669,555
Depreciation of investment property	760,470	285,167
Utilities	437,199	192,448
Rent	423,000	310,570
Traveling and conveyance	247,014	282,678
Insurance	245,617	158,863
Communication costs	214,880	269,566
Amortization of intangible asset (Note 11)	154,350	162,171
Office supplies and entertainment expenses	153,111	321,206
Printing and stationery	150,803	160,578
Amortisation of utilisation advance (Note 8)	150,000	150,000
Workshop and showroom expenses	142,653	126,175
Bank charges	121,775	247,153
Advertisements and sales promotions	79,386	62,854
Bad debts written off	-	2,532,528
Impairment of goodwill	-	41,967
Miscellaneous expenses	1,202,352	771,198
	<u>32,815,875</u>	<u>33,865,276</u>

Al Mahhar Holding Company W.L.L.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7 PROPERTY AND EQUIPMENT

	Buildings QR	Furniture and fixtures QR	Office equipment QR	Workshop equipment QR	Rental equipment QR	Motor vehicles QR	Capital work in progress QR	Total QR
Cost:								
At 1 January 2021	34,286,597	1,530,211	2,478,671	20,073,886	85,730,449	3,566,770	-	147,666,584
Transfers	-	-	-	-	2,853,956	-	-	2,853,956
Additions (i)	1,411,167	23,166	401,925	1,559,162	-	34,520	1,941,789	5,371,729
Write off	(2,823,569)	(642,833)	(1,046,583)	-	-	(210,000)	-	(4,722,985)
Disposals	-	-	(2,938)	(27,000)	(2,787,483)	(80,000)	-	(2,897,421)
At 31 December 2021	32,874,195	910,544	1,831,075	21,606,048	85,796,922	3,311,290	1,941,789	148,271,863
Depreciation:								
At 1 January 2021	3,880,151	1,249,459	2,329,419	18,501,632	80,170,640	3,373,465	-	109,504,766
Charge for the year	1,856,537	66,883	327,240	947,752	2,246,060	182,650	-	5,627,122
Write off	(2,803,141)	(642,833)	(1,046,583)	-	-	(210,000)	-	(4,702,557)
Related to disposals	-	-	(1,753)	(27,000)	(2,596,484)	(80,000)	-	(2,705,237)
At 31 December 2021	2,933,547	673,509	1,608,323	19,422,384	79,820,216	3,266,115	-	107,724,094
Net carrying amount:								
At 31 December 2021	29,940,648	237,035	222,752	2,183,664	5,976,706	45,175	1,941,789	40,547,769



Al Mahhar Holding Company W.L.L.

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At 31 December 2021

7 PROPERTY AND EQUIPMENT (CONTINUED)

	Buildings QR	Furniture and fixtures QR	Office equipment QR	Workshop equipment QR	Rental equipment QR	Motor vehicles QR	Capital work in progress QR	Total QR
Cost:								
At 1 January 2020	4,427,646	1,536,543	2,432,032	19,657,508	102,818,249	3,566,770	27,020,247	161,458,995
Transfers	29,887,378	-	-	-	-	-	(29,887,378)	-
Additions (i)	-	27,601	46,639	754,864	2,129,841	-	2,867,131	5,826,076
Write off	-	-	-	-	(78,651)	-	-	(78,651)
Disposals	(28,427)	(33,933)	-	(338,486)	(19,138,990)	-	-	(19,539,836)
At 31 December 2020	34,286,597	1,530,211	2,478,671	20,073,886	85,730,449	3,566,770	-	147,666,584
Depreciation:								
At 1 January 2020	3,250,019	1,227,491	2,204,803	17,854,124	96,273,627	2,768,069	-	123,578,133
Charge for the year	653,371	54,758	124,616	985,992	2,628,599	605,396	-	5,052,732
Related to disposals	(23,239)	(32,790)	-	(338,484)	(18,731,586)	-	-	(19,126,099)
At 31 December 2020	3,880,151	1,249,459	2,329,419	18,501,632	80,170,640	3,373,465	-	109,504,766
Net carrying amount:								
At 31 December 2020	30,406,446	280,752	149,252	1,572,254	5,559,809	193,305	-	38,161,818

Notes:

- (i) During the year, the Group transferred certain inventories to rental equipment at net book value of QR 2,853,956 (Note 13 (i)).
- (ii) As at 31 December 2020, motor vehicles with cost amounting to QR 1,341,000 are pledged against certain interest-bearing loans and borrowings (Note 18 (iv)).

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**7 PROPERTY AND EQUIPMENT (CONTINUED)**

The depreciation charge has been allocated in the consolidated statement of profit or loss as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Cost of sales (Note 4)	3,184,421	3,476,276
General and administrative expenses (Note 6)	<u>2,442,701</u>	<u>1,576,456</u>
	<u><b>5,627,122</b></u>	<u><b>5,052,732</b></u>

**8 UTILISATION RIGHT ADVANCE**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Cost:		
At 1 January	<u>4,500,000</u>	<u>4,500,000</u>
At 31 December	<u>4,500,000</u>	<u>4,500,000</u>
Amortization:		
At 1 January	600,000	450,000
Amortization for the year (Note 6)	<u>150,000</u>	<u>150,000</u>
At 31 December	<u>750,000</u>	<u>600,000</u>
Net book value:		
At 31 December	<u><b>3,750,000</b></u>	<u><b>3,900,000</b></u>

On 2 April 2016, the Group paid QR 4,500,000 to Economic Zones Company (Manateq) as non-refundable advance fees for a plot of land. The land is located in Al Wakra Plot number (AW-LP-A-140). The original reservation agreement for the use of the land commenced on 1 January 2017 and the Group subsequently start paying yearly rent amounting to QR 991,000.

The Company took over the land from Manateq and started amortization of the principal over the lease term of 30 years beginning from 1 January 2017.

**9 INVESTMENTS IN ASSOCIATES**

The Group has the following investments in associates at historical value:

	<i>Country of incorporation</i>	<i>Holding percentage</i>		<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
		<i>2021</i>	<i>2020</i>		
Al Doha Maintenance and Services Centre W.L.L.					
(i)	State of Qatar	51%	51%	204,000	204,000
Ocean Team Qatar W.L.L (ii)	State of Qatar	49%	49%	<u>4,501,396</u>	<u>4,501,396</u>
				<u><b>4,705,396</b></u>	<u><b>4,705,396</b></u>

# Al Mahhar Holding Company W.L.L.

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At 31 December 2021

### 9 INVESTMENTS IN ASSOCIATES (CONTINUED)

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

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
At 1 January	17,528,739	20,258,166
Share of results	2,134,263	(3,545,658)
Movement in shareholders loan account and partners current account	<u>(2,744,609)</u>	<u>816,231</u>
<b>As at 31 December</b>	<b><u>16,918,393</u></b>	<b><u>17,528,739</u></b>

Notes:

- (i) Al Doha Maintenance and Services Center W.L.L. is a limited liability company registered under the commercial registration No. 18632. In 2015, Petrotec held 25% of the total share capital of the associate. The associate is engaged in trading of vehicle parts, chemical equipment, building maintenance, real estate rental services and cleaning services. In 2016, Petrotec transferred investment in Al Doha Maintenance and Services Center W.L.L. to Al Mahhar Holding Company. As the transfer was under common control, the transfer took place at book value according to IFRS 3 Business combinations.

During 2017, the Group acquired additional interest in the entity amounting to 26% and hence now hold 51% of the total capital of the associate. However, the Group is only entitled to 35% of profit or loss as per Article 31 of the associate's Articles of Association.

- (ii) 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. During 2017, the Group acquired 49% of the total capital of the entity from Petrotec at its fair value that represents actual amounts paid to Ocean Team Denmark. The cost of the investment was booked by adjusting amounts due to related parties.

The following table represents the summarized financial information of the Group's investments in its associate.

<i>2021</i>	<i>Al Doha Maintenance and Services Center W.L.L. QR</i>	<i>Ocean Team Qatar W.L.L. QR</i>
Profit sharing ratio	35%	49%
Current assets	19,232,002	32,330,993
Non-current assets	1,018,452	1,261,042
Current liabilities	(10,855,315)	(2,953,566)
Non-current liabilities	<u>(2,810,374)</u>	<u>(814,539)</u>
Equity	<u>6,584,765</u>	<u>29,823,930</u>
Group's carrying amount of investment	<u>2,304,668</u>	<u>14,613,726</u>
Revenue	38,037,885	17,992,138
Profit for the year	<u>289,180</u>	<u>4,149,082</u>
Group's share of Profit for the year	<u>101,213</u>	<u>2,033,050</u>

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**9 INVESTMENTS IN ASSOCIATES (CONTINUED)**

2020	<i>Al Doha Maintenance and Services Center W.L.L. QR</i>	<i>Ocean Team Qatar W.L.L. QR</i>
Profit sharing ratio	35%	49%
Current assets	14,654,936	31,492,352
Non-current assets	769,474	1,872,340
Current liabilities	(6,655,560)	(1,379,836)
Non-current liabilities	(2,471,294)	(710,173)
Equity	6,297,556	31,274,683
Group's carrying amount of investment	2,204,145	15,324,595
Revenue	25,719,948	13,377,815
(Loss) profit for the year	(10,203,668)	52,297
Group's share of (loss) profit for the year	(3,571,284)	25,626

**10 INVESTMENT IN A JOINT VENTURE**

The Group has shares of 51% in Nixon Trading and Hire Equipment L.L.C. The entity is engaged in the business of renting of tools and equipment, light and heavy equipment. During 2017, the partners of the Nixon Trading and Hire Equipment L.L.C has decided to discontinue its operations and the entity is currently in the process of liquidation. The Group has henceforth classified its investment in Nixon Trading and Hire Equipment L.L.C as an investment in joint venture as a result of control loss and have recorded its investment at fair value as prescribed by IAS 31 Interests in Joint Ventures. Therefore, the entity is not considered as a subsidiary for the purpose of consolidation as defined by IFRS 10 Consolidated Financial Statements, in the consolidated financial statements.

The Group has identified such investment in the entity to be fully impaired during the year 2017 and have provided for such impairment loss amounting to QR 2,074,249 in the consolidated statement of profit or loss.

The following table represents the summarized financial information of the Group's investment in joint venture:

	<i>2021 QR</i>	<i>2020 QR</i>
Share of joint venture's statement of financial position:		
Current assets	775,714	1,673,077
Current liabilities	(2,288,072)	(2,646,861)
Equity	(1,512,358)	(973,784)
Group's carrying amount of the investment	(496,630)	(496,630)
Revenue	-	-
Loss for the year	(538,574)	(36,504)
Group's share of loss for the year	-	(18,617)

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**10 INVESTMENT IN JOINT VENTURE (CONTINUED)**

Share of loss from joint venture in the consolidated statement of profit or loss comprise of the following:

	2021 QR	2020 QR
Group's share of loss for the year	-	(18,617)
	<u>-</u>	<u>(18,617)</u>

**11 INTANGIBLE ASSET**

Intangible asset resulted from the compensation paid over the value of inventory purchased from Al Zabin (erstwhile Wirtgen dealer) to secure Wirtgen dealership.

	2021 QR	2020 QR
Cost	519,743	681,914
Amortization for the year (Note 6)	154,350	162,171
Net book value: At 31 December	<u>365,393</u>	<u>519,743</u>

**12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	2021 QR	2020 QR
Equity investment designated at fair value through other comprehensive income:		
Quoted equity	<u>552,970</u>	<u>565,070</u>

**13 INVENTORIES**

	2021 QR	2020 QR
Goods for resale	62,292,949	55,442,964
Less: Provision for obsolete and slow-moving inventories	<u>(16,370,525)</u>	<u>(15,343,636)</u>
	<u>45,922,424</u>	<u>40,099,328</u>

Movement in the provision for obsolete and slow-moving inventories is as follows:

	2021 QR	2020 QR
At 1 January	15,343,636	16,842,459
Provision (reversal) during the year (Note 4)	<u>1,026,889</u>	<u>(1,498,823)</u>
At 31 December	<u>16,370,525</u>	<u>15,343,636</u>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 13 INVENTORIES (CONTINUED)

- (i) During the year, the Group transferred certain inventories to rental equipment at net book value of QR 2,853,956 (2020: Nil) (Note 7).

The provision provided for the year has been allocated in the consolidated statement of profit or loss as follows:

	2021 QR	2020 QR
Cost of sales – included within cost of goods sold (Note 4)	<u>1,026,889</u>	<u>(1,498,823)</u>

### 14 TRADE RECEIVABLES AND OTHER RECEIVABLES

	2021 QR	2020 QR
Trade receivable (net)	69,781,891	55,276,875
Amounts due from related parties (Note 24)	1,177,135	30,585,206
Notes receivables (net)	12,010,561	24,247,621
Advances to suppliers	61,692	535,348
Prepayments and deposits	1,484,988	1,464,087
Other receivables	<u>2,177,306</u>	<u>819,609</u>
	<u>86,693,573</u>	<u>112,928,746</u>

As at 31 December 2021, trade receivables and notes receivables at nominal values of QR 14,040,808 respectively (2020: QR 20,826,104) were impaired and fully provided for.

Movements in the allowance for expected credit loss of trade accounts receivables and notes receivable were as follows:

	2021 QR	2020 QR
At 1 January	20,826,104	19,237,188
Provided for the year (Note 6)	4,927,002	4,291,292
Reversal of provision for expected credit loss (Note 5)	-	(455,606)
Amounts written off	<u>(11,712,298)</u>	<u>(2,246,770)</u>
At 31 December	<u>14,040,808</u>	<u>20,826,104</u>

As at 31 December, the ageing of unimpaired trade receivables and notes receivables, including the allowance for expected credit loss, is as follows:

	Total QR	Neither past due nor impaired QR	Past due but not impaired				
			< 30 days QR	30- 60 days QR	61 -90 days QR	91 -120 days QR	>120 days QR
2021	95,833,260	27,128,775	12,010,561	6,308,707	7,922,247	3,755,173	38,707,797
2020	100,350,600	23,123,800	4,228,709	5,118,023	16,443,434	8,327,209	43,109,425

Unimpaired trade receivables and notes receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are therefore unsecured.

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**15 BANK BALANCES AND CASH**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Cash on hand	61,375	85,029
Bank balances	<u>18,391,963</u>	<u>19,872,486</u>
Bank balances and cash	<u>18,453,338</u>	<u>19,957,515</u>

**16 CAPITAL**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
<i>Fully paid</i>		
10,000 units of QR 1,000 each	<u>10,000,000</u>	<u>10,000,000</u>

**17 LEGAL RESERVE**

As required by the Qatar Commercial Companies' Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021, 10% of the net profit for the year should be transferred to the legal reserve. The parent Company may discontinue such annual transfers if the reserves total 50% of the capital. The reserve is not available for distribution except in the circumstances stipulated in the above law.

**18 INTEREST-BEARING LOANS AND BORROWINGS**

	<i>Notes</i>	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Term loan 1	(i)	21,259,651	23,136,286
Trust receipts	(ii)	2,350,437	1,138,429
Term loan 2	(iii)	1,787,555	1,200,250
Vehicle loan	(iv)	<u>58,362</u>	<u>498,871</u>
		<u>25,456,005</u>	<u>25,973,836</u>

Presented in the consolidated statement of financial position as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Current portion	6,848,500	5,406,554
Non-current portion	<u>18,607,505</u>	<u>20,567,282</u>
	<u>25,456,005</u>	<u>25,973,836</u>

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**18 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)**

*Notes:*

- (i) In August 2018, the Group obtained a term loan facility of QR 20,000,000 which was further extended to QR 25,000,000, for the purpose of financing capital expenditure requirements for facility at Manateq. The loan carries interest at fixed 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. (a related party).
- (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., an affiliate company.
- (iii) This represents import loans and loan against trust receipts. These short term borrowings are secured by the joint and several guarantees of the partners, corporate guarantee from Petroleum Technology Company W.L.L. (related party), assignment and domiciliation of the rental proceeds related to certain rental contracts for the renting of machineries imported under special one of Letter of Credits and assignment of insurance policies.
- (iv) Vehicle loan represents loan obtained by the Company from local bank to purchase motor vehicles. This loan is secured by the cars purchased from loan proceeds as disclosed in Note 7.

**19 EMPLOYEES' END OF SERVICE BENEFITS**

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
At 1 January	2,980,336	3,261,000
Provided during the year	623,998	786,923
Transfers	-	(463,365)
Paid during the year	<u>(396,630)</u>	<u>(604,222)</u>
At 31 December	<u>3,207,704</u>	<u>2,980,336</u>

**20 ACCOUNTS PAYABLE AND ACCRUALS**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Amounts due to related parties (Note 24)	42,608,689	67,594,689
Trade accounts payables	34,360,042	28,788,842
Accrued expenses	4,590,143	5,800,345
Advances from customers	157,800	1,216,016
Other payables	<u>1,647,346</u>	<u>2,612,781</u>
	<u>83,364,020</u>	<u>106,012,673</u>

Accounts payable and accruals are presented in the consolidated statement of financial position as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Current portion	81,113,514	104,701,241
Non-current portion	<u>2,250,506</u>	<u>1,311,432</u>
	<u>83,364,020</u>	<u>106,012,673</u>



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21 LEASES

Set out below are the carrying amounts of the right-to-use assets recognized and the movement during the year:

	<i>Land QR</i>	<i>Vehicles QR</i>	<i>Total QR</i>
As at 1 January 2021	6,720,371	154,557	6,874,928
Addition	2,814,354	122,091	2,936,445
Depreciation of right-of -use assets	(1,041,544)	(48,184)	(1,089,728)
<b>As at 31 December 2021</b>	<b><u>8,493,181</u></b>	<b><u>228,464</u></b>	<b><u>8,721,645</u></b>

Set out below are the carrying amounts of the right-to-use assets recognized and the movement during 2020:

	<i>Land QR</i>	<i>Storage yard QR</i>	<i>Office and workshop</i>	<i>Vehicles QR</i>	<i>Total QR</i>
As at 1 January 2020	13,252,816	381,461	398,696	816,422	14,849,395
Lease modification	(6,273,970)	-	-	-	(6,273,970)
Depreciation of right-of -use assets	(258,475)	(381,461)	(398,696)	(661,865)	(1,700,497)
<b>As at 31 December 2020</b>	<b><u>6,720,371</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>154,557</u></b>	<b><u>6,874,928</u></b>

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	<i>Land QR</i>	<i>Vehicles QR</i>	<i>Total QR</i>
As at 1 January 2021	7,183,948	209,718	7,393,666
Addition	2,814,354	122,091	2,936,445
Covid-19 rent concession received	(124,190)	-	(124,190)
Lease liabilities interest	405,005	3,813	408,818
Payments made during the year	(1,989,499)	(51,200)	(2,040,699)
<b>As at 31 December 2021</b>	<b><u>8,289,618</u></b>	<b><u>284,422</u></b>	<b><u>8,574,040</u></b>

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

Current portion	1,575,117	29,234	1,604,351
Non-current portion	<u>6,714,501</u>	<u>255,188</u>	<u>6,969,689</u>
<b>As at 31 December 2021</b>	<b><u>8,289,618</u></b>	<b><u>284,422</u></b>	<b><u>8,574,040</u></b>

# Al Mahhar Holding Company W.L.L.

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### 21 LEASES (CONTINUED)

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	<i>Land QR</i>	<i>Storage yard QR</i>	<i>Office and workshop</i>	<i>Vehicles QR</i>	<i>Total QR</i>
As at 1 January 2020	13,590,491	391,036	408,696	891,884	15,282,107
Lease modification	(6,273,970)	-	-	-	(6,273,970)
Covid-19 rent concession received	(248,381)	-	(132,964)	-	(381,345)
Lease liabilities interest	364,190	3,263	4,267	7,235	378,955
Payments made during the year	<u>(248,382)</u>	<u>(394,299)</u>	<u>(279,999)</u>	<u>(689,401)</u>	<u>(1,612,081)</u>
As at 31 December 2020	<u>7,183,948</u>	<u>-</u>	<u>-</u>	<u>209,718</u>	<u>7,393,666</u>

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

Current portion	139,285	-	-	209,717	349,002
Non-current portion	<u>7,044,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,044,664</u>
As at 31 December 2020	<u>7,183,949</u>	<u>-</u>	<u>-</u>	<u>209,717</u>	<u>7,393,666</u>

The following are the amounts recognised in the consolidated statement of profit or loss:

	<i>2021 QR</i>	<i>2020 QR</i>
Depreciation of right-of-use assets	1,089,728	1,700,497
Lease liabilities interest	408,818	378,955
Covid-19 rent concession received	<u>(124,190)</u>	<u>(381,345)</u>
Total amount recognised in the consolidated statement of profit or loss	<u>1,374,356</u>	<u>1,698,107</u>

### 22 INCOME TAX

In accordance with the regulations of the Qatar Public Revenues and Taxes Departments' Law No. 24 of 2018, certain subsidiary companies of the Group are subject to corporate income tax in the State of Qatar for the share of profit attributable to foreign shareholders.

For the purpose of these financial statements, the income tax obligations of the Group have been included as amounts due from foreign shareholders given that such shareholders are fully liable for the tax payment.

The Group recognise income tax in the consolidated statement of profit or loss, while the subsidiaries which are subject to tax have debited their respective foreign shareholder's account for the share of income tax payable by them as on 31 December 2021.

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**23 CONTINGENCIES**

At 31 December 2021, the Group had contingent liabilities amounting to QR 22,290,996 (2020: QR 22,124,545) 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>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Letter of credits on import purchases	15,153,710	16,555,751
Guarantees on bank facility	<u>7,137,286</u>	<u>5,568,794</u>
	<u>22,290,996</u>	<u>22,124,545</u>

**24 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 consolidated statement of income as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Rental income	<u>288,000</u>	<u>297,992</u>
Interest income	<u>-</u>	<u>1,374,265</u>
Rent expense	<u>-</u>	<u>1,280,654</u>
Interest expenses	<u>309,385</u>	<u>1,165,772</u>
Direct cost	<u>502,375</u>	<u>-</u>
Administrative expenses	<u>70,553</u>	<u>4,945,426</u>

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made at terms equivalent to those prevail in an arm's length transaction. Outstanding balances at reporting date are unsecured and settlement occurs in cash. For the year ended 31 December 2021, the Group has not recorded impairment of receivables relating to amounts due from related parties (2020: 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 consolidated statement of financial position are as follows:

	<i>2021</i>		<i>2020</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>1,177,135</u>	<u>42,608,689</u>	<u>30,585,206</u>	<u>67,594,689</u>

The amounts due from and due to related parties are disclosed in Notes 14 and 20, respectively.

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**24 RELATED PARTIES DISCLOSURES (CONTINUED)**

**Compensation of key management personnel**

The remuneration of directors and other members of key management during the year were as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Salaries and short-term benefits	860,024	1,303,208
Employees' end of service benefits	18,232	24,391
	<u>878,256</u>	<u>1,327,599</u>

**25 FINANCIAL RISK MANAGEMENT**

**Objectives and policies**

The Group's principal financial liabilities comprise trade accounts payable, amounts due to related parties, lease liabilities, accrued expenses, retention payable, other payables and interest-bearing loans and borrowings. The main purpose of these financial liabilities is to raise finance to manage working capital requirements for the Group's operations. The Group has various financial assets such as trade and other receivables, amounts due from related parties and cash and bank balance and deposits, which arise directly from its operations.

The main risks arising from the Group'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, foreign currency exchange rates and equity prices will affect the Group'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 flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk on its floating assets and liabilities mainly consist of bank overdraft and interest-bearing loans and borrowings.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate and financial liabilities held at 31 December. There is no impact on the Group's equity. The effect of decreases will be equal and opposite to the effect of increases shown below.

	<i>Increase/ decrease in basis points</i>	<i>Effect on profit for the year QR</i>
<i>2021</i> <i>QR</i>	+25	<u>63,640</u>
<i>2020</i> <i>QR</i>	+25	<u>64,935</u>

# Al Mahhar Holding Company W.L.L.

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### 25 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Equity price risk

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown below.

	<i>Change in equity price 2021</i>	<i>Effect on other comprehensive income 2021 QR</i>	<i>Change in equity price 2020</i>	<i>Effect on other comprehensive income 2020 QR</i>
Qatar exchange	+10%	<u>55,297</u>	+10%	<u>56,507</u>

#### Foreign currency risk

The Group is exposed to currency risk on purchases and sales in foreign currencies such as Euros, Great Britain and Pounds. As the Qatar Riyal is pegged to the US Dollar, balances and transactions in US Dollars are not considered to represent significant currency risk. Trade receivables, bank balances and trade payables collectively include an amount of QR 32,703,519 (2020: QR 17,397,457) due in foreign currencies, mainly in Euros, Great Britain Pounds and Swiss Francs.

The table below indicates the Group's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the QR currency rate against the Euro, Great Britain Pounds and Swiss Francs with all other variables held constant, on the consolidated statement of income (due to the fair value of currency sensitive monetary assets and liabilities). The effect of decreases will be equal and opposite to the effect of increases shown above.

	<i>Increase/decrease in rate to the QR</i>	<i>Effect on profit before tax QR</i>
2021	+5%	(1,635,176)
2020	+5%	(869,873)

#### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, trade and other receivables, and amounts due from related parties. The Group seeks to limit its credit risk with respect to bank by only dealing with reputable banks and with respect to customers by setting credit limit for individual customers and monitoring on timely basis.

The Group sells its products to oil and gas companies. Its five largest customers account for 69% of outstanding trade accounts receivable at 31 December 2021 (2020: 59%). With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as follows:

	<i>2021 QR</i>	<i>2020 QR</i>
Trade receivables and notes receivable	81,792,452	79,524,496
Amounts due from related parties	1,177,135	30,585,206
Bank balances	18,391,963	19,872,486
Other receivables	<u>2,177,306</u>	<u>819,609</u>
	<u>103,538,856</u>	<u>130,801,797</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

## 25 FINANCIAL RISK MANAGEMENT (CONTINUED)

**Credit risk (continued)**

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

<i>31 December 2021</i>	<i>Days past due</i>					<i>Total</i>
	<i>Current</i>	<i>30-60 days</i>	<i>61-90 days</i>	<i>91-120 days</i>	<i>Above 121 days</i>	
Expected credit loss rate	2%	12%	8%	4%	31%	15%
Estimated total gross carrying amount at default	39,139,676	6,308,707	7,922,247	3,755,173	38,707,457	95,833,260
Expected credit losses	714,975	736,147	618,252	160,485	11,810,949	14,040,808
<i>31 December 2020</i>						
	<i>Days past due</i>					<i>Total</i>
	<i>Current</i>	<i>30-60 days</i>	<i>61-90 days</i>	<i>91-120 days</i>	<i>Above 121 days</i>	
Expected credit loss rate	2%	10%	10%	25%	36%	21%
Estimated total gross carrying amount at default	23,123,800	9,346,732	16,443,434	8,327,209	43,109,425	100,350,600
Expected credit losses	459,460	926,480	1,722,930	2,089,139	15,628,095	20,826,104

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtor, and adjusts for forward looking macroeconomic data.

Credit risk from balances with banks and financial institutions is managed by the treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

# Al Mahhar Holding Company W.L.L.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

### 25 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's terms of sales require amounts to be paid within 60 days of the date of sale. Trade payables are normally settled within 60 day of the date of purchase. The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on undiscounted contractual payment dates and current market interest rates.

<i>At 31 December 2021</i>	<i>Less than 3 months QR</i>	<i>3 to 12 months QR</i>	<i>1 to 5 years QR</i>	<i>More than 5 years</i>	<i>Total QR</i>
Trade and other payables	24,459,936	9,296,946	2,250,506	-	36,007,388
Accrued expenses	3,723,853	866,290	-	-	4,590,143
Amount due to related parties	30,499,963	12,108,726	-	-	42,608,689
Lease liabilities	-	2,217,144	204,600	9,935,244	12,356,988
Interest-bearing loans and borrowings	688,353	4,372,590	18,253,302	2,341,254	25,655,499
<b>Total</b>	<b>59,372,105</b>	<b>28,861,696</b>	<b>20,708,408</b>	<b>12,276,498</b>	<b>121,218,707</b>
<i>At 31 December 2020</i>	<i>Less than 3 months QR</i>	<i>3 to 12 months QR</i>	<i>1 to 5 years QR</i>	<i>More than 5 years</i>	<i>Total QR</i>
Trade and other payables	21,576,557	8,559,381	1,265,685	-	31,401,623
Accrued expenses	5,680,125	120,220	-	-	5,800,345
Amount due to related parties	22,113,943	7,278,864	38,201,882	-	67,594,689
Lease liabilities	-	706,480	1,987,049	10,432,006	13,125,535
Interest-bearing loans and borrowings	2,133,290	4,381,715	14,516,430	9,534,947	30,566,382
<b>Total</b>	<b>51,503,915</b>	<b>21,046,660</b>	<b>55,971,046</b>	<b>19,966,953</b>	<b>148,488,574</b>

#### Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objective, policies or procedures during the year ended 31 December 2021 and 31 December 2020. Equity of the group comprise of capital, legal reserve, fair value reserve, foreign currency translation reserve and retained earnings, and is measured at QR 102,298,896 as at 31 December 2021 (2020: QR 101,064,618).

# Al Mahhar Holding Company W.L.L.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

### 25 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Capital management (continued)

The management's debt to capital ratio at the end of the year was as follows:

	2021 QR	2020 QR
Interest-bearing loans and borrowings	25,456,005	25,973,836
Less: Cash and bank balances	(18,453,338)	(19,957,515)
Net debt	7,002,667	6,016,321
Equity	118,929,502	116,458,479
<b>Capital and net debt</b>	<b>125,932,169</b>	<b>122,474,800</b>
<b>Gearing ratio as at 31 December</b>	<b>6%</b>	<b>5%</b>

### 26 FAIR VALUES OF FINANCIAL INSTRUMENTS

#### Fair values

Financial instruments comprise of financial assets and financial liability. Financial assets consist of bank balances, and notes receivables, trade receivables, amount due from related parties and other receivables. Financial liabilities consist of trade accounts payable, lease liabilities, amounts due to related parties, retention payables accrued expenses and other payables 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.

		Fair value measurement using		
		Quoted prices in active markets Level 1 QR	Significant observable inputs Level 2 QR	Significant unobservable inputs Level 3 QR
31 December 2021	Total QR			
Financial assets				
Financial assets at Fair value through other comprehensive income	552,970	552,970	-	-
		Fair value measurement using		
		Quoted prices in active markets Level 1 QR	Significant observable inputs Level 2 QR	Significant unobservable inputs Level 3 QR
31 December 2020	Total QR			
Financial assets				
Financial assets at Fair value through other comprehensive income	565,070	565,070	-	-

During the year ending 31 December 2021 (2020: Nil), 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.



## 27 KEY SOURCES OF ESTIMATION UNCERTAINTY

### **Useful lives of property and equipment**

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

### **Significant judgement in determining the lease term of contracts with renewal options**

The Group 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.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group 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 Group 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 (e.g., a change in business strategy).

### *Leases - Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

### **Impairment of inventories**

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross goods for resale were QR 62,292,949 (2020: QR 55,442,964), with provisions for slow moving inventories of QR 16,370,525 (2020: QR 15,343,636). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of profit and loss.

### **Provision for expected credit losses of trade receivables**

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

# Al Mahhar Holding Company W.L.L.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

### 27 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

#### Provision for expected credit losses of trade receivables (continued)

At the reporting date, gross trade receivable and notes receivable were QR 95,833,260 (2020: QR 100,350,600), and the allowance for impairment of trade receivables and notes receivables were QR 14,040,808 (2020: QR 20,826,104). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss.

#### Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

### 28 MATERIAL PARTLY- OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

<i>Name of entity</i>	<i>Country of incorporation</i>	<i>2021</i>	<i>2020</i>
Qatar Welding and Fabrication Supplies L.L.C.	State of Qatar	2%	2%
Koop Water Management Middle East W.L.L.	State of Qatar	49%	49%
European Equipment Company W.L.L.	State of Qatar	49%	49%
Hill Contracting Company L.L.C.	State of Qatar	30%	30%
Al Mahhar Al Kuwaitiyya for Heavy and Light Equipment and Machines	Kuwait	15%	15%
		<i>2021</i>	<i>2020</i>
		<i>QR</i>	<i>QR</i>
<b>Accumulated balances of material non-controlling interest:</b>			
Qatar Welding and Fabrication Supplies L.L.C.		1,660,998	1,565,818
Koop Water Management Middle East W.L.L.		8,497,385	5,375,964
European Equipment Company W.L.L.		8,408,113	9,552,159
Hill Contracting Company L.L.C.		(583,911)	(553,688)
Al Mahhar Al Kuwaitiyya for Heavy and Light Equipment and Machines		(1,343,365)	(537,779)
<b>Profit (loss) allocated to material non-controlling interest:</b>			
Qatar Welding and Fabrication Supplies L.L.C.		95,421	26,611
Koop Water Management Middle East W.L.L.		3,121,421	(1,204,207)
European Equipment Company W.L.L.		(1,144,046)	88,694
Hill Contracting Company L.L.C.		(30,223)	(768,691)
Al Mahhar Al Kuwaitiyya for Heavy and Light Equipment and Machines		(805,586)	(484,976)

Al Mahhar Holding Company W.L.L.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

**28 MATERIAL PARTLY- OWNED SUBSIDIARIES (CONTINUED)**

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for 2021:

	<i><b>Qatar Welding and Fabrication Supplies L.L.C. QR</b></i>	<i><b>European Equipment Company W.L.L. Qatar QR</b></i>	<i><b>Koop Water Management Middle East W.L.L. QR</b></i>	<i><b>Hill Contracting Company L.L.C. QR</b></i>	<i><b>Al Mahhar Al Kuwaitiyya for Heavy and Light Equipment and Machines QR</b></i>
Revenue	70,114,729	27,967,517	30,557,561	-	12,061,348
Cost of sales	(56,372,512)	(22,801,051)	(14,129,651)	-	(10,458,052)
Other income	5,003,274	504,514	650,020	-	371,165
General and administrative expenses	(11,871,407)	(7,749,312)	(10,019,459)	(98,382)	(5,219,296)
Amortisation of right of use assets	(258,477)	-	(291,246)	-	(783,067)
Finance cost	(1,567,323)	(481,855)	(332,311)	(320)	(1,169,524)
Interest expenses on finance lease liabilities	(357,477)	-	(26,256)	-	(47,528)
Gain/ (loss) on foreign exchange	80,243	261,158	(38,412)	-	(125,621)
<b>Profit/ (loss) before tax</b>	<b>4,771,050</b>	<b>(2,299,029)</b>	<b>6,370,246</b>	<b>(98,702)</b>	<b>(5,370,575)</b>
Income tax	-	10,936	-	(2,041)	-
<b>Profit / (loss) for the year</b>	<b>4,771,050</b>	<b>(2,288,093)</b>	<b>6,370,246</b>	<b>(100,743)</b>	<b>(5,370,575)</b>
Attributable to non-controlling interests	95,421	(1,144,046)	3,121,421	(30,223)	(805,586)

Al Mahhar Holding Company W.L.L.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

28 MATERIAL PARTLY- OWNED SUBSIDIARIES (CONTINUED)

Summarised statement of profit or loss for 2020:

	<i>Qatar Welding and Fabrication Supplies L.L.C. QR</i>	<i>European Equipment Company W.L.L. Qatar QR</i>	<i>Koop Water Management Middle East W.L.L. QR</i>	<i>Hill Contracting Company L.L.C. QR</i>	<i>Al Mahhar Al Kuwaitiyya for Heavy and Light Equipment and Machines QR</i>
Revenue	63,263,278	40,112,347	18,424,878	-	20,996,905
Cost of sales	(55,629,868)	(33,568,150)	(10,433,617)	-	(18,126,933)
Other income	8,046,220	1,804,857	124,942	200,570	293,881
General and administrative expenses	(12,640,083)	(6,217,167)	(10,139,034)	(2,762,512)	(4,825,280)
Amortisation of right of use assets	(1,038,632)	-	(134,389)	-	(527,476)
Finance cost	(721,957)	(1,212,615)	(267,993)	(1,240)	(810,306)
Interest expenses on finance lease liabilities	(371,720)	-	(5,322)	-	(1,913)
Gain/ (loss) on foreign exchange	423,321	(721,224)	(27,030)	-	(232,049)
Profit/ (loss) before tax	1,330,559	198,048	(2,457,565)	(2,563,182)	(3,233,171)
Income tax	-	(20,660)	-	880	-
Profit / (loss) for the year	1,330,559	177,388	(2,457,565)	(2,562,302)	(3,233,171)
Attributable to non- controlling interests	26,611	88,694	(1,204,207)	(768,691)	(484,976)

Al Mahhar Holding Company W.L.L.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

28 MATERIAL PARTLY- OWNED SUBSIDIARIES (CONTINUED)

Summarised statement of financial position as at 31 December 2021:

	<i><b>Qatar Welding and Fabrication Supplies L.L.C. QR</b></i>	<i><b>European Equipment Company W.L.L. Qatar QR</b></i>	<i><b>Koop Water Management Middle East W.L.L. QR</b></i>	<i><b>Hill Contracting Company L.L.C. QR</b></i>	<i><b>Al Mahhar Al Kuwaitiyya for Heavy and Light Equipment and Machines QR</b></i>
Non-current assets	47,518,534	3,954,894	16,281,605	-	5,196,879
Current assets	114,218,961	27,314,359	25,483,121	140,495	14,606,185
Non-current liabilities	(27,359,640)	(2,745,157)	(919,809)	(20,505)	(117,433)
Current liabilities	(40,827,974)	(11,707,871)	(17,703,315)	(2,066,360)	(28,641,398)
<b>Total equity</b>	<b>93,549,881</b>	<b>16,816,225</b>	<b>23,141,602</b>	<b>(1,946,370)</b>	<b>(8,955,767)</b>
Attributable to:					
Non-controlling interest	1,870,998	8,408,113	11,339,385	(953,721)	(1,343,365)

Summarised statement of financial position as at 31 December 2020:

	<i><b>Qatar Welding and Fabrication Supplies L.L.C. QR</b></i>	<i><b>European Equipment Company W.L.L. Qatar QR</b></i>	<i><b>Koop Water Management Middle East W.L.L. QR</b></i>	<i><b>Hill Contracting Company L.L.C. QR</b></i>	<i><b>Al Mahhar Al Kuwaitiyya for Heavy and Light Equipment and Machines QR</b></i>
Non-current assets	47,304,453	3,866,707	16,176,566	6,307	1,994,404
Current assets	101,126,435	29,971,968	20,588,749	455,393	15,246,477
Non-current liabilities	(29,303,194)	(1,759,397)	(741,558)	(20,505)	(79,060)
Current liabilities	(27,336,763)	(12,974,960)	(19,252,401)	(2,286,822)	(20,747,013)
<b>Total equity</b>	<b>91,790,931</b>	<b>19,104,318</b>	<b>16,771,356</b>	<b>(1,845,627)</b>	<b>(3,585,192)</b>
Attributable to:					
Non-controlling interest	1,835,819	9,552,159	8,217,964	(904,357)	(537,779)

# Al Mahhar Holding Company W.L.L.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

### 28 MATERIAL PARTLY- OWNED SUBSIDIARIES (CONTINUED)

Summarised statement of cash flows for 2021:

	<i>Qatar Welding and Fabrication Supplies L.L.C. QR</i>	<i>European Equipment Company W.L.L., Qatar QR</i>	<i>Koop Water Management Middle East W.L.L. QR</i>	<i>Hill Contracting Company L.L.C. QR</i>	<i>Al Mahhar Al Kuwaitiyya for Heavy and Light Equipment and Machines QR</i>
Operating activities	1,718,934	(550,622)	378,176	(28,942)	1,814,406
Investing activities	(1,204,721)	288,269	(1,458,017)	-	(2,108,022)
Financing activities	509,272	-	753,891	-	(1,640,534)
Net increase (decrease) in cash and cash equivalents	1,023,485	(262,353)	(325,950)	(28,942)	(1,934,150)

Summarised statement of cash flows for 2020:

	<i>Qatar Welding and Fabrication Supplies L.L.C. QR</i>	<i>European Equipment Company W.L.L., Qatar QR</i>	<i>Koop Water Management Middle East W.L.L. QR</i>	<i>Hill Contracting Company L.L.C. QR</i>	<i>Al Mahhar Al Kuwaitiyya for Heavy and Light Equipment and Machines QR</i>
Operating activities	1,010,477	672,661	20,067,390	(233,598)	5,425,077
Investing activities	770,730	43,931	(15,895,294)	-	(180,344)
Financing activities	681,644	-	(4,023,764)	-	(1,348,406)
Net increase (decrease) in cash and cash equivalents	2,462,851	716,592	148,332	(233,598)	3,896,327

### 29 COMPARATIVE INFORMATION

#### Reclassifications

Certain comparative figures have been reclassified in order to conform to the current year presentation. Such reclassifications were made to improve the quality of the information presented and do not affect previously reported profit.

### 30 IMPACT OF COVID-19 PANDEMIC

The Group highlights the COVID -19 pandemic caused by a rapid global spread of the novel coronavirus as being one such factor. Since the World Health Organization proclaimed this a global pandemic in March 2020, governments around the world including in Qatar have responded to this outbreak with various temporary restrictions to help contain the spread of the virus and support measures to mitigate the adverse implications on communities and economies.

**30 IMPACT OF COVID-19 PANDEMIC (CONTINUED)**

As it stands the full impact remains unclear and will be determined by factors that continue to evolve, such as the success of support measures introduced by governments the ability of businesses to manage their operations during these times and the timing and manner of the easing of restrictions including lockdowns, social distancing and travel. Due to unprecedented adverse effect of the lockdown on the global economy and some success in the efforts to flatten the infection curve, many countries started easing gradually the lockdown and travel restrictions starting May and June 2020. However, the lockdowns and travel restriction is expected to have a continuous impact on the global economy.

The Group has a documented Business Continuity Plan (BCP) that has been activated to ensure the safe and stable continuation of its business operations as well as the safety of its employees and customers. The Group has also introduced proactive comprehensive measures to address and mitigate key operational and financial issues arising from the current situation and has reasonably managed several areas of operational risks identified and implemented various measures that ensured continuity of operations. The Group has considered the potential impacts of the current economic volatility in determination of the reported amounts of the financial and nonfinancial assets and these are considered to represent management's best assessment based on observable information.

**Petroleum Technology Company W.L.L.  
(Petrotec)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**



## **INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF PETROLEUM TECHNOLOGY COMPANY (Petrotec) W.L.L.**

### **Report on the audit of the consolidated financial statements**

#### **Opinion**

We have audited the consolidated financial statements of Petroleum Technology Company W.L.L. (Petrotec) (the "Company") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *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 consolidated 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.

#### **Responsibilities of Management and the Board of Directors for the consolidated financial statements**

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

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.

#### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those 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.



**INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF  
PETROLEUM TECHNOLOGY COMPANY W.L.L. (Petrotec) (CONTINUED)**

**Report on the audit of the consolidated financial statements (continued)**


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

- 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosure and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 other legal and regulatory requirements**

Furthermore, in our opinion, proper books of accounts have been kept by the Group, an inventory count has been conducted in accordance with established principals and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No.8 of 2021 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 Group's consolidated financial position or performance.

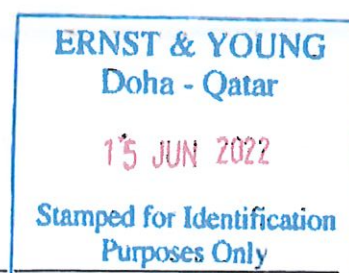
  
Ahmed Sayed  
Of Ernst & Young  
Auditor's Registration No. 326

Date: 15 June 2022  
Doha



Petroleum Technology Company W.L.L. (Petrotec)  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
For the year ended 31 December 2021

	Notes	2021 QR	2020 QR
Revenue	3	485,881,992	437,427,003
Cost of sales	4	(391,178,360)	(358,871,374)
<b>GROSS PROFIT</b>		<b>94,703,632</b>	<b>78,555,629</b>
Other income	5	5,982,272	6,442,313
(Loss) gain on foreign exchange		(3,628,351)	3,219,748
General and administrative expenses	6	(65,586,885)	(68,373,726)
Amortisation of right-of-use assets	9	(4,161,288)	(5,072,994)
Finance costs		(1,218,581)	(1,861,679)
Interest on lease liabilities	9	(804,938)	(872,200)
Selling and distribution costs		(91,257)	(95,795)
<b>OPERATING PROFIT</b>		<b>25,194,604</b>	<b>11,941,296</b>
Share of profit of the associate	12	1,433,993	1,083,386
Share of profit of the joint venture	13	945,970	1,383,325
<b>PROFIT BEFORE INCOME TAX</b>		<b>27,574,567</b>	<b>14,408,007</b>
Income tax expenses	24	-	-
<b>PROFIT FOR THE YEAR</b>		<b>27,574,567</b>	<b>14,408,007</b>
<b>Profit for the year attributable to:</b>			
Equity holders of the parent		23,994,502	13,139,273
Non-controlling interests		3,580,065	1,268,734
		<b>27,574,567</b>	<b>14,408,007</b>



The attached notes 1 to 33 form part of these consolidated financial statements.

Petroleum Technology Company W.L.L. (Petrotec)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 QR	2020 QR
<b>Profit for the year</b>	<b>27,574,567</b>	<b>14,408,007</b>
<b>Other comprehensive income:</b>		
<i>Other comprehensive income not to be classified to profit or loss in subsequent periods:</i>		
Net gain (loss) on equity instruments designated at fair value through other comprehensive income (Note 14)	<u>335,191</u>	<u>(177,184)</u>
<b>Other comprehensive income (loss) for the year</b>	<u><b>335,191</b></u>	<u><b>(177,184)</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><b>27,909,758</b></u>	<u><b>14,230,823</b></u>
<b>Attributable to:</b>		
Equity holders of the parent	<u>24,329,692</u>	<u>12,962,089</u>
Non-controlling interests	<u>3,580,066</u>	<u>1,268,734</u>
	<u><b>27,909,758</b></u>	<u><b>14,230,823</b></u>

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15 JUN 2022

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The attached notes 1 to 33 form part of these consolidated financial statements.



Petroleum Technology Company W.L.L. (Petrotec)  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
At 31 December 2021

	Notes	2021 QR	2020 QR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	54,871,670	55,413,412
Intangible asset	10	1,949	4,238
Right-of-use assets	9	13,571,055	13,726,039
Investment in an associate	12	7,561,817	6,577,824
Investment in a joint venture	13	3,114,923	3,168,953
Utilisation right advance	11	745,229	850,437
Financial assets at fair value through other comprehensive income	14	2,290,008	1,954,817
		<u>82,156,651</u>	<u>81,695,720</u>
<b>Current assets</b>			
Inventories	15	44,803,579	47,921,800
Accounts receivable and prepayments	16	194,948,869	189,222,922
Cash and cash equivalents	17	69,767,250	65,109,809
		<u>309,519,698</u>	<u>302,254,531</u>
<b>TOTAL ASSETS</b>		<u>391,676,349</u>	<u>383,950,251</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Capital	18	10,000,000	10,000,000
Legal reserve	19	5,000,000	5,000,000
Fair value reserve		1,935,582	1,600,391
Retained earnings		182,001,130	166,806,628
		<u>198,936,712</u>	<u>183,407,019</u>
<b>Equity attributable to equity holders of the parent</b>		<u>18,438,331</u>	<u>14,858,266</u>
Non-controlling interests			
<b>Total equity</b>		<u>217,375,043</u>	<u>198,265,285</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	21	5,662,401	9,889,813
Retention payable		3,240,968	2,839,993
Employees' end of service benefits	22	16,873,141	15,405,157
Lease liabilities	9	11,240,070	10,884,155
		<u>37,016,580</u>	<u>39,019,118</u>
<b>Current liabilities</b>			
Accounts payable and accruals	23	99,763,177	124,093,102
Interest-bearing loans and borrowings	21	34,426,210	19,299,963
Lease liabilities	9	3,095,339	3,272,783
		<u>137,284,726</u>	<u>146,665,848</u>
<b>Total liabilities</b>		<u>174,301,306</u>	<u>185,684,966</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>391,676,349</u>	<u>383,950,251</u>

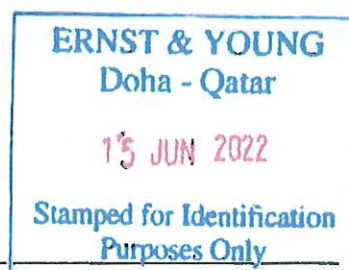
Clifford W. Lasrado  
Director

Salah M. Al-Jaidah  
Partner

The attached notes 1 to 33 form part of these consolidated financial statements.

Petroleum Technology Company W.L.L. (Petrotec)  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2021

	Notes	2021 QR	2020 QR
<b>OPERATING ACTIVITIES</b>			
Profit for the year		27,574,567	14,408,007
<i>Adjustments for:</i>			
Depreciation of property and equipment	8	8,320,341	8,806,290
Amortisation of right-of-use assets	9	4,161,288	5,072,994
Gain (loss) on foreign exchange		3,628,351	(3,219,748)
Provision for employees' end of service benefits (i)	22	2,217,163	3,199,337
Provision on expected credit losses on trade receivable	16	1,633,377	2,543,754
Finance costs		1,218,581	1,861,679
Provision for obsolete and slow-moving inventories	15	1,223,930	873,612
Interest on lease liabilities	9	804,938	872,200
Amortisation of utilisation right advance	11	105,208	105,208
Amortisation of intangible asset	10	2,289	5,697
Gain on disposal of property, plant and equipment		(3,125)	(3,000)
Share of result of the joint venture	13	(945,970)	(1,383,325)
Share of results from the associate	12	(1,433,993)	(1,083,386)
Covid-19 rent concession received	9	-	(822,479)
Interest income	5	(411,832)	(272,810)
Gain on termination of leases	9	(1,118)	(29,289)
Operating profit before working capital changes		48,093,995	30,934,741
<i>Working capital changes:</i>			
Inventories		1,894,291	(4,085,708)
Trade receivable and prepayments		(7,359,324)	(6,733,616)
Accounts payable and accrual		(27,547,991)	38,452,111
Cash flows from operations		15,080,971	58,567,528
Interest on lease paid	9	(804,938)	(872,200)
Finance costs paid		(1,218,581)	(1,861,679)
Employees' end of service benefits paid	22	(758,489)	(1,230,238)
Net cash flows from operating activities		12,298,963	54,603,411



The attached notes 1 to 33 form part of these consolidated financial statements.

Petroleum Technology Company W.L.L. (Petrotec)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2021

	Notes	2021 QR	2020 QR
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	8	(7,780,974)	(5,014,683)
Proceeds from disposal of property and equipment		5,500	3,000
Addition to intangible asset	10	-	(5,250)
Dividends received from joint venture	13	1,000,000	1,000,000
Dividends received from associate	12	450,000	1,350,000
Interest income	5	411,832	272,810
Net cash flows used in investing activities		(5,913,642)	(2,394,123)
<b>FINANCING ACTIVITIES</b>			
Dividends paid	20	(8,800,000)	(8,800,000)
Payment of principal portion of lease liabilities	9	(3,826,715)	(3,837,088)
Net movement in interest-bearing loans and borrowings		10,898,835	(7,710,473)
Net cash flows used in financing activities		(1,727,880)	(20,347,561)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>4,657,441</b>	<b>31,861,727</b>
Cash and cash equivalents at 1 January		65,109,809	33,248,082
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	17	<b>69,767,250</b>	<b>65,109,809</b>

Non- cash transaction:

(i) During 2021, An amount QR 9,310 (2020: QR 454,394) (Note 22) has been excluded as a non cash transactions for a transfer of end of service benefits between the Group and a related party.

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**Petroleum Technology Company W.L.L. (Petrotec)**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2021

	Attributable to equity holders of the Parent						
	Capital QR	Legal reserve QR	Fair value reserve QR	Retained earnings QR	Total QR	Non- controlling interest QR	Total equity QR
Balance at 1 January 2020	10,000,000	5,000,000	1,777,575	162,467,355	179,244,930	13,589,532	192,834,462
Profit for the year	-	-	-	13,139,273	13,139,273	1,268,734	14,408,007
Other comprehensive loss for the year	-	-	(177,184)	-	(177,184)	-	(177,184)
Total comprehensive income for the year	-	-	(177,184)	13,139,273	12,962,089	1,268,734	14,230,823
Dividends paid (Note 20)	-	-	-	(8,800,000)	(8,800,000)	-	(8,800,000)
Balance at 31 December 2020	10,000,000	5,000,000	1,600,391	166,806,628	183,407,019	14,858,266	198,265,285
Profit for the year	-	-	-	23,994,502	23,994,502	3,580,065	27,574,567
Other comprehensive income for the year	-	-	335,191	-	335,191	-	335,191
Total comprehensive income for the year	-	-	335,191	23,994,502	24,329,693	3,580,065	27,909,758
Dividends paid (Note 20)	-	-	-	(8,800,000)	(8,800,000)	-	(8,800,000)
Balance at 31 December 2021	10,000,000	5,000,000	1,935,582	182,001,130	198,936,712	18,438,331	217,375,043

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## Petroleum Technology Company W.L.L. (Petrotec)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

#### 1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Petroleum Technology Company W.L.L. (Petrotec) is a limited liability company (the "Company") registered in the State of Qatar. The Company and its subsidiaries (together referred to as the "Group") are engaged in marketing and sale of various products and services related to oil and gas industry and other industrial sectors. The registered office is located at Doha, State of Qatar.

The consolidated financial statements of the Group for the year ended 31 December 2021 were authorised for issue by the partners and authorized director on 18 April 2022.

#### 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No.8 of 2021.

The consolidated financial statements have been prepared under the historical cost convention, modified to include the measurement at fair value of investment securities at fair value through other comprehensive income and inventories are stated at the lower of cost and net realized value.

The consolidated financial statements have been presented in Qatari Riyals ("QR"), which is the Group's presentation and functional currency.

##### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Petroleum Technology Company W.L.L. and its subsidiaries as at and for the year ended at 31 December 2021. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

## Petroleum Technology Company W.L.L. (Petrotec)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

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

### 2.2 Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-Company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

#### *Subsidiaries*

Subsidiaries are defined as companies that are controlled by the Company, namely companies in which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-Group balances, transactions, recognised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The principal subsidiaries of the Group included in the consolidated financial statements are as follows:

<i>Name of entity</i>	<i>Country of incorporation</i>	<i>Group effective shareholding percentage (%)</i>	
		<i>2021</i>	<i>2020</i>
Qatar Calibration Services L.L.C. (i)	State of Qatar	51	51
Ocean Team Qatar L.L.C. (ii)	State of Qatar	51	51
Petrotec Kuwait (iii)	State of Qatar	80	80

- (i) Qatar Calibration Services L.L.C. shares are registered in the name of the shareholders of Petrotec who are holding these investments on behalf of the Company. These investments have been treated as subsidiaries of the Group on the basis that the beneficial interest of these investments resides with the Group. The subsidiary is engaged in calibration and services of measuring instruments and equipment.
- (ii) Ocean Team Qatar W.L.L. is a limited liability company registered under commercial registration No. 38156. Petrotec holds 51% of the total capital of the subsidiary. The subsidiary is engaged in trading and rental of light and heavy equipment and other related services.
- (iii) Petroleum Technology Mechanical Contracting Co. is a limited liability company registered in Kuwait. As per the Company registration certificate and articles of association, Petroleum Technology Company W.L.L. holds only 49% of the total capital, and 51% is held by Ahmed Mohamed Zaman Mohamed. As per the agreement entered between Ahmed Mohamed Zaman Mohamed and Petroleum Technology Company W.L.L. as on 30 August 2018, Petroleum Technology Company W.L.L. holds 80% of the total capital and profit of the subsidiary and the company is engaged in mechanical contracting business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

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

**2.3 New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the period ended 31 December 2020, except for the adoption of new standards and interpretations effective as of 1 January 2021.

**Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

**Covid- 19- Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

**2.4 Standards, amendments and interpretations issued but not yet effective**

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

<i>Topics</i>	<i>Effective date</i>
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2024
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022
Disclosure of Accounting Policies- Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023

The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

Petroleum Technology Company W.L.L. (Petrotec)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

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

**2.5 Summary of significant accounting policies**

**Revenue recognition**

*Sale of goods and services*

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

*Support service fee and commission income*

Support service fee income and commission income is accounted for in the period in which it is earned.

*Interest income*

Interest income is recognised as the interest accrues using the effective interest method.

*Dividend income*

Dividend income is recognised when the Group's right to receive the payment is established.

*Rental income*

Equipment rental income represents income from rental of equipment and is accounted for on a time proportion basis.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Capital work-in-progress is stated at cost. When the asset is ready for its intended use, it is transferred from capital work-in-progress to the appropriate category under property, plant and equipment and depreciated in accordance with the Group's policies.

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

Buildings	20 years
Furniture and fixtures	5 years
Office equipment	3 to 5 years
Workshop equipment	5 years
Motor vehicles	4 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit and loss as the expense is incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of profit and loss in the year the asset is derecognised.

Capital work-in-progress represents properties in the course of construction for production, rental or administrative purpose, or for purposes not yet determined. These are carried at cost, less any recognised impairment loss.

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

**2.5 Summary of significant accounting policies (continued)**

**Property, plant and equipment (continued)**

Depreciation of these assets, on the basis of other property assets, commences when the assets are ready for their intended use.

The asset's residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each reporting date

**Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of statement of comprehensive income in the expense category consistent with the function of the intangible asset.

**Utilisation right advance**

Costs incurred in acquiring land lease rights are presented as utilisation right advance in the consolidated statement of financial position. These are amortised over the lease term on a straight-line basis.

**Investment in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The Consolidated financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

**2.5 Summary of significant accounting policies (continued)**

**Investment in associates and joint ventures (continued)**

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**Impairment of non-financial assets**

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**Leases**

The Group 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.

**Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group 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 Group recognises right-of-use assets at the commencement date of the lease (i.e., the date underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of leased liabilities recognised.

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

**2.5 Summary of significant accounting policies (continued)**

**Leases (continued)**

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 asset, as follows:

Right-of-use assets	Lease period
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The carrying amounts of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. If any such indication exists and where the carrying amount exceeds the estimated recoverable amount, the asset is written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

**Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

**Group as a lessor**

Leases in which the Group 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 consolidated 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 recognized as revenue in the period in which they are earned.

**Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of land, building and equipment (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 that are considered to be 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.

**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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies of 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 Group 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.

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

**2.5 Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

**Initial recognition and measurement (continued)**

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

**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

*Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Group. The Group 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 rate (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 Group's financial assets at amortised cost includes trade receivables, bank balances and cash, commission receivable, deposits and other receivables and due from related parties.

*Financial assets at fair value through other comprehensive income*

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income ("FVTOCI"). Designation at FVTOCI is not permitted if the equity investment is held for trading.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognized in profit or loss.

*Trade and other receivables*

Trade and other receivables are carried at original invoice amount less any allowance for non-collectability of receivables. An allowance for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the customer) that the Group will not be able to collect part or all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired receivables are derecognized when they are assessed as uncollectible.



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

**2.5 Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

**Subsequent measurement (continued)**

*Due from related parties*

Due from related parties are recognized initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, due from a related party is measured at amortised cost using the effective interest method, less any impairment losses

*Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid bank deposits with original maturities of three months or less.

**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 Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

**Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group 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, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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 and applies the general approach to determine credit losses on term deposits.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

**2.5 Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

**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. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include amounts due to related parties, lease liabilities, loans and borrowings, trade payables, retention payables and other payables.

**Subsequent measurement**

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

*Financial liabilities at fair value through profit or loss*

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

*Loans and borrowings*

This is the category most relevant to the Group. 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 consolidated 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 expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

*Accounts payable and accruals*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

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

**2.5 Summary of significant accounting policies (continued)**

**Inventories**

Inventories are stated at the lower of cost and net recognized value. Costs are those expenses incurred in bringing each product to its present location and condition, as follows:

Goods for resale	-	Weighted average purchase cost
Work in progress	-	Cost of spares and consumables on weighted average purchase cost

Net recognized value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

**Employees' end of service benefits**

The Group provides end of service benefits to its employees in accordance with employment contracts and Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

**Provisions**

Provisions are recognized when the Group has an obligation (legal or constructive) arising from 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.

**Contingent liabilities and contingent assets**

Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

**Interest bearing loans and borrowings**

All interest bearing loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognized in the consolidated statement of comprehensive profit or loss when the liabilities are derecognised as well as through the amortisation process. Borrowing costs are expensed as incurred.

**Borrowing costs**

Borrowing costs are finance cost and other costs that the Group incurs in connection with the borrowing of funds. The Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset for finance cost capitalization is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

The Group begins capitalizing borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalization is the date when the Group first meets all of the following conditions:

- (a) incurs expenditures for the asset;
- (b) incurs borrowing costs; and
- (c) undertakes activities that are necessary to prepare the asset for its intended use or sale.

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings, if any.

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

**2.5 Summary of significant accounting policies (continued)**

**Borrowing costs (continued)**

The borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than those specific borrowings mentioned above as made specifically for the purpose of obtaining a qualified asset, are capitalized by applying a capitalization rate to the expenditures on that asset.

**Foreign currency translation**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Qatari Riyals' ("QR"), which is the Group's presentational currency.

*Transactions and balances*

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

*Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognized in other comprehensive income.

**Fair values**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**Current versus non-current classification**

The Group presents assets and liabilities based on current/non-current classification. An asset is current when it is:

- Expected to be realised 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 months after the reporting period

All other assets are classified as non-current.

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

**2.5 Summary of significant accounting policies (continued)**

**Current versus non-current classification (continued)**

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 Group classifies all other liabilities as non-current.

**Income tax**

Taxation is provided in accordance with the provisions of Qatar Income Tax Law No. 24 of 2018. The Qatari and GCC partners residing in Qatar are not subject to income tax in the State of Qatar. Entities are liable to income tax on the profits attributable to the foreign shareholders, i.e. Non-GCC shareholders and GCC holders not residing in Qatar. The Company is not liable to income as the partners are residing in Qatar.

**3 REVENUE**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Credit sales	484,795,752	436,536,172
Cash sales	<u>1,086,240</u>	<u>890,831</u>
Gross sales	<u>485,881,992</u>	<u>437,427,003</u>

Revenue by product/service type are as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Sale of goods	343,042,942	316,512,362
Service income	<u>142,839,050</u>	<u>120,914,641</u>
	<u>485,881,992</u>	<u>437,427,003</u>

Revenue by customer type are as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Government	322,516,246	309,642,088
Corporate	<u>163,365,746</u>	<u>127,784,915</u>
	<u>485,881,992</u>	<u>437,427,003</u>

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**3 REVENUE (CONTINUED)**

Revenue by geographical location are as follows:

	2021 QR	2020 QR
Qatar	485,250,838	436,441,872
Others	631,154	985,131
	<u>485,881,992</u>	<u>437,427,003</u>

Revenue from contracts with customers is recognised at point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

**4 COST OF SALES**

	2021 QR	2020 QR
Cost of goods sold	291,412,549	274,207,687
Cost of service	96,357,033	81,047,903
Depreciation (Note 8)	2,999,740	3,224,213
Other direct cost	409,038	391,571
	<u>391,178,360</u>	<u>358,871,374</u>

**5 OTHER INCOME**

	2021 QR	2020 QR
Rental income	2,522,669	3,000,670
Commission income	1,216,535	623,994
Chargeback income	794,277	942,031
Interest income	411,832	272,810
Management fee (Note 27)	326,188	406,003
Dividend income (Note 14)	9,476	153,139
Gain on disposal of property, plant and equipment	3,125	3,000
Gain on termination of leases (Note 9)	1,118	29,289
Covid-19 rent concession received (Note 9)	-	822,479
Miscellaneous income	697,052	188,898
	<u>5,982,272</u>	<u>6,442,313</u>

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**6 GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Staff costs	47,227,555	47,338,455
Depreciation (Note 8)	5,320,601	5,582,077
Repairs and maintenance	2,178,653	1,709,603
Allowance for credit loss of trade receivables (Note 16)	1,633,377	2,543,754
Provision for slow-moving inventories (Note 15)	1,223,930	873,612
Communication costs	947,809	1,267,470
Bank charges	944,886	681,708
Consumables	874,008	753,405
Legal and professional fees	725,251	537,090
Rent - short term (Note 9)	658,219	532,981
Office expenses	481,317	899,811
Insurance	341,473	317,697
Office supplies and entertainment expenses	158,922	172,243
Printing and stationery	122,078	172,338
Traveling and conveyance	111,447	2,390,912
Amortisation of utilisation of right advance (Note 11)	105,208	105,208
Training	46,783	229,716
Utilities	17,543	95,143
Amortisation of intangible asset (Note 10)	2,289	5,697
Sponsorship fees paid	-	219,000
Miscellaneous expenses	2,465,536	1,945,806
	<u>65,586,885</u>	<u>68,373,726</u>

**7 PROFITS FOR THE YEAR**

The profit for the year is stated after charging all expenses including following:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Salaries, wages and other benefits	<u>47,227,555</u>	<u>47,338,455</u>
Inventories recognized as expense upon sale of goods	<u>291,412,549</u>	<u>274,207,687</u>
Finance costs	<u>1,218,581</u>	<u>1,861,679</u>

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8 PROPERTY, PLANT AND EQUIPMENT

	Buildings QR	Furniture and fixtures QR	Office equipment QR	Workshop equipment QR	Motor vehicles QR	Capital work-in progress QR	Total QR
<i>Cost:</i>							
At 1 January 2021	64,902,400	7,309,868	12,838,492	49,277,744	3,178,242	5,497,657	143,004,403
Additions	394,406	84,644	630,685	3,429,496	352,000	2,889,743	7,780,974
Disposals	-	-	-	-	(63,540)	-	(63,540)
At 31 December 2021	65,296,806	7,394,512	13,469,177	52,707,240	3,466,702	8,387,400	150,721,837
<i>Accumulated depreciation:</i>							
At 1 January 2021	25,565,574	6,996,199	11,545,842	40,622,589	2,860,787	-	87,590,991
Provided for the year	3,644,028	172,339	741,924	3,515,643	246,407	-	8,320,341
Related to disposals	-	-	-	-	(61,165)	-	(61,165)
At 31 December 2021	29,209,602	7,168,538	12,287,766	44,138,232	3,046,029	-	95,850,167
<i>Net carrying amount:</i>							
At 31 December 2021	36,087,204	225,974	1,181,411	8,569,008	420,673	8,387,400	54,871,670

Notes:

- (i) Encumbrances and lien on property, plant and equipment are disclosed in Note 21.  
(ii) Depreciation expense has been recognised in the consolidated statement of profit and loss as follows:

	2021 QR	2020 QR
General and administrative expenses (Note 6)	5,320,601	5,582,077
Cost of sales (Note 4)	2,999,740	3,224,213
	8,320,341	8,806,290



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8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings QR	Furniture and fixtures QR	Office equipment QR	Workshop equipment QR	Motor vehicles QR	Capital work-in progress QR	Total QR
<i>Cost:</i>							
At 1 January 2020	64,278,581	7,252,676	12,355,051	46,323,383	3,041,242	4,850,787	138,101,720
Additions	623,819	57,192	483,441	2,954,361	249,000	646,870	5,014,683
Disposals	-	-	-	-	(112,000)	-	(112,000)
At 31 December 2020	64,902,400	7,309,868	12,838,492	49,277,744	3,178,242	5,497,657	143,004,403
<i>Accumulated depreciation:</i>							
At 1 January 2020	21,973,085	6,668,700	10,959,739	36,724,866	2,570,311	-	78,896,701
Provided for the year	3,592,489	327,499	586,103	3,897,723	402,476	-	8,806,290
Related to disposals	-	-	-	-	(112,000)	-	(112,000)
At 31 December 2020	25,565,574	6,996,199	11,545,842	40,622,589	2,860,787	-	87,590,991
<i>Net carrying amount:</i>							
At 31 December 2020	39,336,826	313,669	1,292,650	8,655,155	317,455	5,497,657	55,413,412

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9 LEASES

Set out below are the carrying amounts of the right-to-use assets recognized and the movement during the year:

	<i>Land QR</i>	<i>Office, workshop and accommodation QR</i>	<i>Vehicles QR</i>	<i>2021 QR</i>
As at 1 January 2021	4,520,236	7,373,105	1,832,698	13,726,039
Additions	-	3,357,104	714,546	4,071,650
Termination of leases	-	(37,177)	(28,169)	(65,346)
Amortisation of right-of -use asset	(1,162,943)	(1,925,925)	(1,072,420)	(4,161,288)
As at 31 December 2021	<u>3,357,293</u>	<u>8,767,107</u>	<u>1,446,655</u>	<u>13,571,055</u>

	<i>Land QR</i>	<i>Office, workshop and accommodation QR</i>	<i>Vehicles QR</i>	<i>2020 QR</i>
As at 1 January 2020	4,349,694	10,184,982	2,056,233	16,590,909
Additions	1,258,767	1,032,240	1,146,815	3,437,822
Termination of leases	-	(1,001,388)	(228,310)	(1,229,698)
Amortisation of right-of -use asset	(1,088,225)	(2,842,729)	(1,142,040)	(5,072,994)
As at 31 December 2020	<u>4,520,236</u>	<u>7,373,105</u>	<u>1,832,698</u>	<u>13,726,039</u>

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	<i>Land QR</i>	<i>Office, workshop and accommodation QR</i>	<i>Vehicles QR</i>	<i>2021 QR</i>
As at 1 January 2021	4,591,498	7,626,580	1,938,860	14,156,938
Additions	-	3,357,104	714,546	4,071,650
Termination of leases	-	(37,177)	(29,287)	(66,464)
Lease liabilities interest	223,813	488,978	92,147	804,938
Payments made during the year	(1,238,839)	(2,227,438)	(1,165,376)	(4,631,653)
As at 31 December 2021	<u>3,576,472</u>	<u>9,208,047</u>	<u>1,550,890</u>	<u>14,335,409</u>

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

Current portion	1,156,894	1,220,656	717,789	3,095,339
Non-current portion	<u>2,419,578</u>	<u>8,067,255</u>	<u>753,237</u>	<u>11,240,070</u>
	<u>3,576,472</u>	<u>9,287,911</u>	<u>1,471,026</u>	<u>14,335,409</u>

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**9 LEASES (CONTINUED)**

	<i>Land QR</i>	<i>Office, workshop and accommodation QR</i>	<i>Vehicles QR</i>	<i>2020 QR</i>
As at 1 January 2020	4,258,892	10,278,946	2,099,832	16,637,670
Additions	1,258,767	1,032,240	1,146,815	3,437,822
Termination of leases	-	(1,022,108)	(236,879)	(1,258,987)
Covid-19 rent concession received	(822,479)	-	-	(822,479)
Lease liabilities interest	253,674	528,314	90,212	872,200
Payments made during the year	<u>(357,356)</u>	<u>(3,190,812)</u>	<u>(1,161,120)</u>	<u>(4,709,288)</u>
As at 31 December 2020	<u>4,591,498</u>	<u>7,626,580</u>	<u>1,938,860</u>	<u>14,156,938</u>

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

Current portion	1,015,026	1,139,032	1,118,725	3,272,783
Non-current portion	<u>3,576,472</u>	<u>6,487,548</u>	<u>820,135</u>	<u>10,884,155</u>
	<u>4,591,498</u>	<u>7,626,580</u>	<u>1,938,860</u>	<u>14,156,938</u>

The following are the amounts recognised in the consolidated statement of profit or loss:

	<i>2021 QR</i>	<i>2020 QR</i>
Amortisation of right of use assets	4,161,288	5,072,994
Lease liabilities interest	804,938	872,200
Rent - short term (Note 6)	658,219	532,981
Covid-19 rent concession received (Note 5)	-	822,479
Gain on termination of leases (Note 5)	<u>1,118</u>	<u>29,289</u>
	<u>5,625,563</u>	<u>7,329,943</u>

**10 INTANGIBLE ASSET**

	<i>2021 QR</i>	<i>2020 QR</i>
Cost:		
At 1 January	17,750	12,500
Addition	<u>-</u>	<u>5,250</u>
At 31 December	<u>17,750</u>	<u>17,750</u>
Amortisation:		
At 1 January	13,512	7,815
Amortisation for the year (Note 6)	<u>2,289</u>	<u>5,697</u>
At 31 December	<u>15,801</u>	<u>13,512</u>
Net book value:		
At 31 December	<u>1,949</u>	<u>4,238</u>

Intangible asset consist of computer software.

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**11 UTILISATION RIGHT ADVANCE**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Cost:		
At 1 January	<u>2,525,000</u>	<u>2,525,000</u>
At 31 December	<u>2,525,000</u>	<u>2,525,000</u>
Amortisation:		
At 1 January	1,674,563	1,569,355
Amortisation for the year (Note 6)	<u>105,208</u>	<u>105,208</u>
At 31 December	<u>1,779,771</u>	<u>1,674,563</u>
<b>Net book value:</b>		
<b>At 31 December</b>	<u><b>745,229</b></u>	<u><b>850,437</b></u>

Utilisation right advance represents payment made on acquiring lease hold rights to a land situated in the Industrial Area of the State of Qatar, which is amortized over the lease term of 16 years.

**12 INVESTMENT IN AN ASSOCIATE**

The Group has 45% ownership of the capital of Gulf Turbo Services L.L.C (the "Associate"). The Associate is a limited liability company registered in the State of Qatar under the commercial registration No. 33332. It is engaged in trading of pumps, sea engines, turbo parts and oil and gas related maintenance services.

The Company has the following investment in an associate at historical value.

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Gulf Turbo Services L.L.C	<u>900,000</u>	<u>900,000</u>

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

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
At 1 January	6,577,824	6,844,438
Share of results	1,433,993	1,083,386
Dividends received	<u>(450,000)</u>	<u>(1,350,000)</u>
At 31 December	<u><b>7,561,817</b></u>	<u><b>6,577,824</b></u>

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**12 INVESTMENT IN AN ASSOCIATE (CONTINUED)**

The following table represents the summarized financial information of the Group's investments in associate.

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Current assets	36,013,199	33,626,207
Non-current assets	2,217,106	4,031,230
Current liabilities	(19,112,637)	(20,350,714)
Non-current liabilities	(2,313,630)	(2,689,336)
<b>Equity</b>	<b>16,804,038</b>	<b>14,617,387</b>
<b>Revenue</b>	<b>43,309,581</b>	<b>45,133,365</b>
<b>Profit</b>	<b>3,186,651</b>	<b>2,407,525</b>

**13 INVESTMENT IN A JOINT VENTURE**

The Group has investment in following joint venture company:

	<i>Country of incorporation</i>	<i>Holding percentage</i>	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Solarca Qatar W.L.L.	State of Qatar	50%	3,114,922	3,168,953

Solarca Qatar W.L.L. is a limited liability company registered under the commercial registration No. 43850. The Group holds 50% of the total capital of the joint venture. The joint venture is engaged in trading of tools and equipment.

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

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
At 1 January	3,168,953	2,785,628
Share of results	945,970	1,383,325
Dividends received	(1,000,000)	(1,000,000)
<b>At 31 December</b>	<b>3,114,923</b>	<b>3,168,953</b>

The following table represents the summarized financial information of the Group's investment in joint venture:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Share of joint venture's statement of financial position:		
Non-current assets	3,355,105	2,913,524
Current assets	8,125,476	5,520,728
Non-current liabilities	(1,513,861)	(384,722)
Current liabilities	(3,736,877)	(1,711,626)
<b>Equity</b>	<b>6,229,843</b>	<b>6,337,904</b>
<b>Revenue</b>	<b>11,126,547</b>	<b>13,717,668</b>
<b>Profit</b>	<b>1,891,939</b>	<b>2,766,649</b>

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**14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Listed equity investment – local	<u>2,290,008</u>	<u>1,954,817</u>

The movement in financial assets at fair value through other comprehensive income during the year is as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
As at 1 January	1,954,817	2,132,001
Unrealized gain (loss)	<u>335,191</u>	<u>(177,184)</u>
As at 31 December	<u>2,290,008</u>	<u>1,954,817</u>

During the year, the Group received dividends of QR 9,476 (2020: QR 153,139) which was recognised in the consolidated statement of profit or loss.

**15 INVENTORIES**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Goods for resale	28,341,215	33,714,510
Work-in-progress	<u>23,515,509</u>	<u>20,036,505</u>
	51,856,724	53,751,015
Less: Provision for obsolete and slow-moving inventories	<u>(7,053,145)</u>	<u>(5,829,215)</u>
	<u>44,803,579</u>	<u>47,921,800</u>

Movement in the provision for obsolete and slow-moving inventories is as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
At 1 January	5,829,215	4,955,603
Provided during the year (Note 6)	<u>1,223,930</u>	<u>873,612</u>
At 31 December	<u>7,053,145</u>	<u>5,829,215</u>

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16 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2021 QR	2020 QR
Trade receivables	141,639,601	133,730,803
Less: Allowance for expected credit losses	<u>(9,264,739)</u>	<u>(9,026,164)</u>
	132,374,862	124,704,639
Amounts due from related parties (Note 27)	36,160,703	30,575,425
Advances to suppliers	21,323,697	27,748,165
Prepayments	2,737,866	2,522,151
Deposits	1,344,372	967,280
Commission receivables	-	366,921
Other receivables	<u>1,007,369</u>	<u>2,338,341</u>
	<u>194,948,869</u>	<u>189,222,922</u>

As at 31 December 2021, trade accounts receivables expected credit loss of QR 9,264,739 (2020: QR 9,026,164) were impaired.

Movements in the allowance for expected credit losses on trade receivables were as follows:

	2021 QR	2020 QR
At 1 January	9,026,164	7,838,603
Provided during the year (Note 6)	1,633,377	2,543,754
Write off during the year	<u>(1,394,802)</u>	<u>(1,356,193)</u>
At 31 December	<u>9,264,739</u>	<u>9,026,164</u>

As at 31 December, the ageing of unimpaired trade accounts receivables is as follows:

	Total QR	Neither past due nor impaired QR	Past due but not impaired		
			61 – 120 days QR	121 – 180 days QR	>181 days QR
2021	132,374,862	81,933,167	16,537,500	8,227,035	25,677,160
2020	124,704,639	71,254,094	16,548,790	10,086,799	26,814,956

Expected credit loss trade accounts receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and all trade receivables are, therefore, unsecured.

17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows include the following amounts:

	2021 QR	2020 QR
Bank balances and cash	62,572,250	58,829,987
Term deposit	<u>7,195,000</u>	<u>6,279,822</u>
	<u>69,767,250</u>	<u>65,109,809</u>

Term deposit are placements with banks with original maturity of less than 90 days with an average interest rate of 5% p.a.

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**18 CAPITAL**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
<i>Authorised and fully paid</i> 10,000 units of QR 1,000 each	<u>10,000,000</u>	<u>10,000,000</u>

The capital is allocated between the partners as follows:

	<i>Country of incorporation</i>	<i>%</i>	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Fahad Hussain I Al-Fardan	Qatar	50%	5,000,000	5,000,000
Salah Mohd I Al-Jaidah	Qatar	50%	5,000,000	5,000,000
		<u>100%</u>	<u>10,000,000</u>	<u>10,000,000</u>

**19 LEGAL RESERVE**

In accordance with the Qatar Commercial Companies Law No 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021, 10% of the profit for the year should be transferred to legal reserve. The parent Company has resolved to discontinue such annual transfers as the reserve reached 50% of the capital. The reserve is not available for distribution except in the circumstances stipulated in the above law.

**20 DIVIDENDS**

*Proposed:*

On 15 February 2022, the management declared dividends of QR 1,200 per unit amounting to QR 12,000,000 (2021: QR 880 per unit total amounting QR 8,800,000) subject to the partners approval.

*Paid:*

During the year, the Company paid a dividend of QR 880 per unit amounting to QR 8,800,000 (2020: QR 8,000,000).

**21 INTEREST-BEARING LOANS AND BORROWINGS**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Term loan (i)	9,591,502	13,467,887
Vehicle loan (ii)	148,036	462,403
Loans against trust receipt IBQ (iii)	24,610,532	15,259,486
Loans against trust receipt SCB (iv)	3,323,988	-
Loans against trust receipt HSBC (v)	2,414,553	-
	<u>40,088,611</u>	<u>29,189,776</u>

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

Current portion	34,426,210	19,299,963
Non-current portion	5,662,401	9,889,813
	<u>40,088,611</u>	<u>29,189,776</u>



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**21 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)**

*Notes:*

- (i) Term loan includes the following:
- 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 equally monthly installments of QR 108,696 starting from March 2016 and the next QR 10 million to be repaid in 96 equally monthly installments amounting QR 113,636 starting from July 2016.

The interest rate is as per the loan agreement.

- (ii) This represents loan obtained from local bank to purchase motor vehicles. The interest rate is as per the loan agreement. This loan is pledged against the vehicles (Note 9).
- (iii) Loans against trust receipts from IBQ are loans taken to pay vendors and have payment terms of 180 days. All are payable in 2022. The interest rate is as per the loan agreement.
- (iv) Loans against trust receipts from SCB are loans taken to pay vendors and have payment terms of 180 days from invoice dates submitted to the banks for payments. The interest rate is as per the loan agreement. All are payable in 2022.
- (v) Loans against trust receipts from HSBC are loans taken to pay vendors and have payment terms of 180 days. The interest rate is as per the loan agreement. All are payable in 2022.

All above loans are secured by the personal guarantees of the Partners and Director of Petrotec and corporate guarantees from Qatar Welding and Fabrication Supplies W.L.L. (related party).

**22 EMPLOYEES' END OF SERVICE BENEFITS**

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	<b>2021</b>	<b>2020</b>
	<b>QR</b>	<b>QR</b>
At 1 January	<b>15,405,157</b>	12,981,664
Provided during the year	<b>2,217,163</b>	3,199,337
Transfers	<b>9,310</b>	454,394
Paid during the year (i)	<b>(758,489)</b>	(1,230,238)
At 31 December	<b><u>16,873,141</u></b>	<b><u>15,405,157</u></b>

*Note:*

- (i) The end of service benefits paid during the year includes an amount of QR 470,478 (2020: QR 401,971) which is according to the partial gratuity program the employees are granted to obtain an advance from their end of service based on the number of years of service.

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**23 ACCOUNTS PAYABLE AND ACCRUALS**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Trade accounts payables	55,396,891	72,206,191
Accrued expenses	35,030,283	39,748,432
Advances from customers	3,889,518	7,809,584
Amounts due to related parties (Note 27)	2,098,884	1,179,963
Retention payable	302,791	400,975
Other payables	3,044,810	2,747,957
	<u>99,763,177</u>	<u>124,093,102</u>

**24 INCOME TAX**

In accordance with the regulations of the Qatar Public Revenues and Taxes Departments' Law No. 24 of 2018, certain subsidiary Company of the Group (Qatar Calibration Services L.L.C.) is subject to corporate income tax in the State of Qatar for the share of profit attributable to foreign shareholders.

For the purpose of these financial statements, the income tax obligations of the Group have been included as amounts due from foreign shareholders given that such shareholders are fully liable for the tax payment.

The Group did not recognise income tax in the consolidated statement of profit or loss as the subsidiaries which are subject to tax have debited their respective foreign shareholder's account for the share of income tax payable by them as on 31 December 2021.

**25 CONTINGENCIES AND GUARANTEES**

*Contingencies*

At 31 December 2021, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to QR 107,277,756 (2020: QR 90,768,315).

*Guarantees*

Qatar Welding and Fabrication Supplies W.L.L. an affiliate of the Group obtained facilities and is secured by cross corporate guarantee from the Company amounting to QR 102,938,316 (2020: QR 106,670,000).

**26 COMMITMENTS**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Capital commitments	<u>4,335,244</u>	<u>5,016,623</u>

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**27 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 consolidated statement of profit or loss as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Purchase of goods and services	<u>5,945,570</u>	<u>1,747,129</u>
Sale of goods and services	<u>1,728,079</u>	<u>507,788</u>
Rental income	<u>1,876,829</u>	<u>2,383,330</u>
Management fee income (Note 5)	<u>326,188</u>	<u>406,003</u>

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made at rates agreed between the parties. Outstanding balances at reporting date are unsecured and settlement occurs in cash. For the year ended 31 December 2021, the Group has not recorded impairment of receivables relating to amounts due from related parties (2020: 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 consolidated statement of financial position are as follows:

**Amounts due from related parties:**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Al Mahhar Holding W.L.L, Qatar	23,056,679	21,811,948
Qatar Welding and Fabrication Supplies W.L.L, Qatar	10,831,863	6,059,340
Gulf Turbo Services L.L.C	883,245	397,480
Intertek Overseas Holding Limited, UK	610,419	433,177
Hill Contracting Company W.L.L	294,063	155,055
Koop Water Management Middle East W.L.L, Qatar	246,954	129,373
Solarca Qatar W.L.L, Qatar	199,881	284,981
Bond Coat Qatar	849	230,515
Qatar Kentz W.L.L	36,700	-
DENS - Adv fr Invst	50	-
Nixon Trading and Hire Equipment L.L.C, Qatar	-	14,280
Intertek Fujairah FZU, UAE	-	1,059,276
	<u>36,160,703</u>	<u>30,575,425</u>

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**27 RELATED PARTIES DISCLOSURES (CONTINUED)**

**Related party balances (continued)**

**Amounts due to related parties:**

	<b>2021</b>	<b>2020</b>
	<b>QR</b>	<b>QR</b>
ITS Testing Services (UK) Ltd. - Sharjah branch, UAE	1,360,477	562,485
Al Mahhar Kuwait Light and Heavy Construction Equipment W.L.L	339,867	-
Qatar Welding and Fabrication Supplies W.L.L, Qatar	162,167	161,263
Al Doha Maintenance & Service Centre LLC	106,205	-
Al Deebal W.L.L	51,044	51,044
Al Mahar Holding W.L.L Kuwait	29,573	-
Clifford W. Lasrado	27,058	-
ITS Testing Services Ltd., UK	18,943	13,445
Al Doha Maintenance W.L.L, Qatar	3,550	182,300
Solarca Qatar W.L.L, Qatar	-	184,998
Hill Contracting Company W.L.L	-	17,616
Intertek Fujairah FZC, UAE	-	5,058
Gulf Turbo Services L.L.C	-	1,250
Koop Water Management Middle East W.L.L, Qatar	-	504
	<b><u>2,098,884</u></b>	<b><u>1,179,963</u></b>

The amounts due from and due to related parties are disclosed in Notes 16 and 23, respectively.

**Compensation of key management personnel**

The remuneration of directors and other members of key management during the year were as follows:

	<b>2021</b>	<b>2020</b>
	<b>QR</b>	<b>QR</b>
Salaries and short-term benefits	10,330,014	9,534,209
Employees' end of service benefits	373,818	584,066
	<b><u>10,703,832</u></b>	<b><u>10,118,275</u></b>

**28 FINANCIAL RISK MANAGEMENT**

**Objectives and policies**

The Group's principal financial liabilities comprise trade accounts payable, amounts due to related parties, retention payables, other payables, lease liabilities and interest-bearing loans and borrowings. The main purpose of these financial liabilities is to raise finance to manage working capital requirements for the Group's operations. The Group has various financial assets such as trade and other receivables, amounts due from related parties, commission receivables, financial assets at fair value through OCI and cash and bank balances, which arise directly from its operations.

The main risks arising from the Group'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, foreign currency exchange rates and equity prices will affect the Group'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 flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk on its floating assets and liabilities mainly consist of interest bearing-loans and borrowings.

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28 FINANCIAL RISK MANAGEMENT (CONTINUED)

**Interest rate risk (continued)**

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate and financial liabilities held at 31 December. There is no impact on the Group's equity. The effect of decreases will be equal and opposite to the effect of increases shown below.

	<i>Increase/ decrease in basis points</i>	<i>Effect on profit for the year QR</i>
<b>2021</b>		
<b>QR</b>	<b>+25</b>	<b><u>(100,222)</u></b>
<b>2020</b>		
<b>QR</b>	<b>+25</b>	<b><u>(34,640)</u></b>

**Equity price risk**

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown below.

	<i>Change in equity price</i>	<i>Effect on other comprehensive income</i>	<i>Change in equity price</i>	<i>Effect on other comprehensive income</i>
	<b>2021</b>	<b>2021 QR</b>	<b>2020</b>	<b>2020 QR</b>
Qatar exchange	+10%	229,001	+10%	(195,482)

**Foreign currency risk**

The Group is exposed to currency risk on purchases and sales in foreign currencies such as Euros, Great Britain and Pounds. As the Qatar Riyal is pegged to the US Dollar, balances and transactions in US Dollars are not considered to represent significant currency risk.

Trade receivables, bank balances and trade payables collectively include an amount of QR 93,350,477 (2020: QR 50,753,626) due in foreign currencies, mainly in Euros, Great Britain Pounds and Swiss Francs.

The table below indicates the Group's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the QR currency rate against the Euro, Great Britain Pounds and Swiss Francs with all other variables held constant, on the consolidated statement of profit or loss (due to the fair value of currency sensitive monetary assets and liabilities). The effect of decreases will be equal and opposite to the effect of increases shown above.

	<i>Increase/decrease in rate to the QR</i>	<i>Effect on profit before tax QR</i>
<b>2021</b>	<b>+5%</b>	<b>3,481,326</b>
	<b>+1%</b>	<b>237,240</b>
<b>2020</b>	<b>+5%</b>	<b>2,537,681</b>
	<b>+1%</b>	<b>-</b>

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, trade and other receivables, and amounts due from related parties. The Group seeks to limit its credit risk with respect to bank by only dealing with reputable banks and with respect to customers by setting credit limit for individual customers and monitoring on timely basis.

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28 FINANCIAL RISK MANAGEMENT (CONTINUED)

**Credit risk (continued)**

The Group sells its products to oil and gas companies. Its five largest customers account for 46% of outstanding trade accounts receivable at 31 December 2021 (2020: 42%).

*Amounts due from related parties*

The related parties are all under common controlled by its partners and the recorded amounts of due from related parties are all secured by guarantee from the partners, thus management believes that the Group has no exposure on expected credit loss and this condition is being yearly monitored based on the financial decision and economic condition of the partners.

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

	2021 QR	2020 QR
Trade receivables	141,639,601	133,730,803
Amounts due from related parties	36,160,703	30,575,425
Bank balances	62,572,250	58,829,987
Commission receivable	-	366,921
Deposits and other receivables	2,351,741	3,305,621
	<u>242,724,295</u>	<u>226,808,757</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**31 December 2021**

	Days past due				
	Current	61-120 days	121-180 days	Above 181 days	Total
	QR	QR	QR	QR	QR
Expected credit loss rate	1%	3%	7%	22%	7%
Estimated total gross carrying amount at default	82,629,579	17,024,391	8,890,476	33,095,155	141,639,601
Expected credit loss	696,412	486,891	663,441	7,417,995	9,264,739

**31 December 2020**

	Days past due				
	Current	61-120 days	121-180 days	Above 181 days	Total
	QR	QR	QR	QR	QR
Expected credit loss rate	1%	3%	6%	21%	7%
Estimated total gross carrying amount at default	71,981,496	17,057,473	10,728,518	33,963,316	133,730,803
Expected credit loss	727,402	508,683	641,719	7,148,360	9,026,164

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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28 FINANCIAL RISK MANAGEMENT (CONTINUED)

**Credit risk (continued)**

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtor, and adjusts for forward looking macroeconomic data.

Credit risk from balances with banks and financial institutions is managed by the treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee.

The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's terms of sales require amounts to be paid within 60 days of the date of sale. Trade payables are normally settled within 60 day of the date of purchase. The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on undiscounted contractual payment dates and current market interest rates.

<i>As at 31 December 2021</i>	<i>On demand QR</i>	<i>Less than 3 months QR</i>	<i>3 to 12 months QR</i>	<i>1 to 5 years QR</i>	<i>Total QR</i>
Trade accounts payable	-	25,746,454	29,650,437	-	55,396,891
Amount due to related parties	-	1,021,130	1,077,754	-	2,098,884
Retention payable	-	57,794	244,997	3,240,968	3,543,759
Other payables	-	1,674,961	1,369,849	-	3,044,810
Lease liabilities	-	850,344	2,625,877	11,870,298	15,346,519
Interest-bearing loans and borrowings	-	19,194,225	17,004,242	5,894,575	42,093,042
<b>Total</b>	-	<b>48,544,908</b>	<b>51,973,156</b>	<b>21,005,841</b>	<b>121,523,905</b>
<i>As at 31 December 2020</i>	<i>On demand QR</i>	<i>Less than 3 months QR</i>	<i>3 to 12 months QR</i>	<i>1 to 5 years QR</i>	<i>Total QR</i>
Trade accounts payable	300,667	58,516,286	10,005,715	3,383,523	72,206,191
Amount due to related parties	-	377,588	802,375	-	1,179,963
Retention payable	-	129,636	271,339	2,839,993	3,240,968
Other payables	328,184	853,938	1,565,835	-	2,747,957
Lease liabilities	-	972,147	2,658,093	11,521,076	15,151,316
Interest-bearing loans and borrowings	-	5,147,386	15,244,866	10,257,013	30,649,265
<b>Total</b>	<b>628,851</b>	<b>65,996,981</b>	<b>30,548,223</b>	<b>28,001,605</b>	<b>125,175,660</b>

# Petroleum Technology Company W.L.L. (Petrotec)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

### 28 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize partners value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objective, policies or procedures during the year ended 31 December 2021 and 31 December 2020. Capital comprises of capital, legal reserve, fair value reserve and retained earnings, and is measured at QR 198,936,712 as at 31 December 2021 (2020: QR 183,407,019). The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants to maintain or adjust the capital structure, the Company may adjust the dividend payment to partners, return capital to partners or issue new units.

The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. The management's debt to capital ratio at the end of the year was as follows:

	2021 QR	2020 QR
Interest-bearing loans and borrowings (Note 21)	40,088,611	29,189,776
Trade and other payables (Note 23)	99,763,177	124,093,102
Less: Cash and cash equivalents (Note 17)	<u>(69,767,250)</u>	<u>(65,109,809)</u>
Net debt	70,084,538	88,173,069
Equity	<u>217,375,043</u>	<u>198,265,285</u>
<b>Capital and net debt</b>	<b><u>287,459,581</u></b>	<b><u>286,438,354</u></b>
<b>Gearing ratio as at 31 December</b>	<b><u>24%</u></b>	<b><u>31%</u></b>

### 29 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, retention payables, 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.

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
31 December 2021	Total QR	QR	QR	QR
<b>Financial assets</b>				
Financial assets at Fair value through other comprehensive income	<u>2,290,008</u>	<u>2,290,008</u>	<u>-</u>	<u>-</u>



# Petroleum Technology Company W.L.L. (Petrotec)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 29 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Fair value measurement (continued)

During the year ending 31 December 2021 (2020 Nil), 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.

		Fair value measurement using		
		Quoted prices in active markets Level 1 QR	Significant observable inputs Level 2 QR	Significant unobservable inputs Level 3 QR
31 December 2020	Total QR			
Financial assets				
Financial assets at Fair value through other comprehensive income	1,954,817	1,954,817	-	-

### 30 KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Company's control and are reflected in the assumptions if and when they occur.

#### Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

#### Significant judgement in determining the lease term of contracts with renewal options

The Group 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.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group 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 Group 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 (e.g., a change in business strategy).

#### Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

**31 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

**Impairment of inventories**

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross goods for resale were QR 28,341,215 (2020: QR 33,714,510), with provisions for slow moving inventories of QR 7,053,145 (2020: QR 5,829,215). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss.

**Impairment of financial assets**

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

At the end of the reporting period, gross trade receivables were QR 141,639,601 (2020: QR 133,730,803) with expected credit loss of receivables QR 9,264,739 (2020: QR 9,026,164). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss.

**Going concern**

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

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**31 MATERIAL PARTLY OWNED SUBSIDIARIES**

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

<i>Name of subsidiaries</i>	<i>Country of incorporation and operation</i>	<i>2021</i>	<i>2020</i>
Qatar Calibration Services W.L.L.	State of Qatar	49%	49%
Ocean Team Qatar L.L.C.	State of Qatar	49%	49%
Petrotec Kuwait	Kuwait	20%	20%
		<i>2021</i>	<i>2020</i>
		<i>QR</i>	<i>QR</i>
<b>Accumulated balances of material non-controlling interest:</b>			
Qatar Calibration Services W.L.L.		7,439,888	5,831,420
Ocean Team Qatar L.L.C.		13,394,368	11,361,317
Petrotec Kuwait		(147,320)	(85,868)
<b>Profit (loss) allocated to material non-controlling interest:</b>			
Qatar Calibration Services W.L.L.		1,608,468	1,272,778
Ocean Team Qatar L.L.C.		2,033,050	25,626
Petrotec Kuwait		(61,453)	(29,670)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for 2021:

	<i>Qatar Calibration Services W.L.L. QR</i>	<i>Ocean Team Qatar L.L.C. QR</i>	<i>Petrotec Kuwait QR</i>
Revenue	15,772,958	17,992,138	-
Cost of sales	(7,097,271)	(11,432,946)	-
Other income	875,776	20,333	-
General and administrative expenses	(4,947,957)	(2,309,409)	(274,637)
Amortisation of right of use assets	(870,904)	(64,639)	-
Interest on lease liabilities	(375,769)	(3,423)	-
Finance cost	(27,856)	(34,532)	-
Gain (loss) on foreign exchange	(46,390)	(18,440)	(32,626)
<b>Profit (loss) for the year</b>	<b>3,282,587</b>	<b>4,149,082</b>	<b>(307,263)</b>
Attributable to non-controlling interests	1,608,468	2,033,050	(61,453)

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31 MATERIAL PARTLY OWNED SUBSIDIARIES (CONTINUED)

Summarised statement of profit or loss for 2020:

	<i>Qatar Calibration Services W.L.L. QR</i>	<i>Ocean Team Qatar L.L.C. QR</i>	<i>Petrotec Kuwait QR</i>
Revenue	12,973,993	13,377,815	985,131
Cost of sales	(5,531,283)	(10,250,228)	(653,282)
Other income	998,453	118,900	-
General and administrative expenses	(4,687,699)	(3,000,415)	(486,796)
Amortisation of right of use assets	(878,272)	(105,663)	-
Interest on lease liabilities	(408,944)	(9,124)	-
Finance cost	(53,330)	(25,197)	-
Gain (loss) on foreign exchange	184,588	(53,791)	6,599
Profit (loss) for the year	2,597,506	52,297	(148,348)
Attributable to non-controlling interests	1,272,778	25,626	(29,670)

Summarised statement of financial position as at 31 December 2021:

	<i>Qatar Calibration Services W.L.L. QR</i>	<i>Ocean Team Qatar L.L.C. QR</i>	<i>Petrotec Kuwait QR</i>
Non-current assets	7,218,599	1,261,042	-
Current assets	19,132,893	32,330,993	3,131,519
Non-current liabilities	(6,642,738)	(814,539)	-
Current liabilities	(4,306,901)	(2,953,566)	(3,868,121)
<b>Total equity</b>	<b>15,401,853</b>	<b>29,823,930</b>	<b>(736,602)</b>
Attributable to:			
Non-controlling interest	7,546,908	14,613,726	(147,320)

Summarised statement of financial position as at 31 December 2020:

	<i>Qatar Calibration Services W.L.L. QR</i>	<i>Ocean Team Qatar L.L.C. QR</i>	<i>Petrotec Kuwait QR</i>
Non-current assets	8,409,877	1,872,340	-
Current assets	14,028,245	31,492,352	2,576,859
Non-current liabilities	(6,757,704)	(710,173)	-
Current liabilities	(3,561,152)	(1,379,836)	(3,006,198)
<b>Total equity</b>	<b>12,119,266</b>	<b>31,274,683</b>	<b>(429,339)</b>
Attributable to:			
Non-controlling interest	5,938,440	15,324,595	(85,868)

Petroleum Technology Company W.L.L. (Petrotec)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

**31 MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTINUED)**

Summarised statement of cash flows for 2021:

	<i><b>Qatar Calibration Services W.L.L. QR</b></i>	<i><b>Ocean Team Qatar L.L.C. QR</b></i>	<i><b>Petrotec Kuwait QR</b></i>
Operating activities	6,843,957	7,332,123	528,579
Investing activities	13,125	(6,042)	-
Financing activities	(683,137)	(68,790)	-
<b>Net increase in bank balances and cash</b>	<b>6,173,945</b>	<b>7,257,291</b>	<b>528,579</b>

Summarised statement of cash flows for 2020:

	<i><b>Qatar Calibration Services W.L.L. QR</b></i>	<i><b>Ocean Team Qatar L.L.C.. QR</b></i>	<i><b>Petrotec Kuwait. QR</b></i>
Operating activities	3,426,074	9,892,685	2,326,109
Investing activities	(483,505)	(915,191)	-
Financing activities	(1,049,720)	(111,720)	-
<b>Net increase in bank balances and cash</b>	<b>1,892,849</b>	<b>8,865,774</b>	<b>2,326,109</b>

**32 SUBSEQUENT EVENTS**

As per the agreement dated 20 March 2022 entered between Fahad Hussain I Al Fardan (First Party) and Salah Mohd I Al Jaidah (Second Party), together referred to as "Sellers" and Al Mahhar Holding Company W.L.L ("Buyer"), the Sellers have agreed to sell 100% of their shares in Petroleum Technology Company W.L.L (Petrotec) for a consideration of QR 350,000,000. The Buyer shall pay the consideration to the Sellers within a six month period from the date of the agreement.

**33 IMPACT OF COVID-19 PANDEMIC**

The Group highlights the COVID -19 pandemic caused by a rapid global spread of the novel coronavirus as being one such factor. Since the World Health Organization proclaimed this a global pandemic in March 2020, governments around the world including in Qatar have responded to this outbreak with various temporary restrictions to help contain the spread of the virus and support measures to mitigate the adverse implications on communities and economies.

As it stands the full impact remains unclear and will be determined by factors that continue to evolve, such as the success of support measures introduced by governments the ability of businesses to manage their operations during these times and the timing and manner of the easing of restrictions including lockdowns, social distancing and travel. Due to unprecedented adverse effect of the lockdown on the global economy and some success in the efforts to flatten the infection curve, many countries started easing gradually the lockdown and travel restrictions starting May and June 2020. However, the lockdowns and travel restriction is expected to have a continuous impact on the global economy.

The Group has a documented Business Continuity Plan (BCP) that has been activated to ensure the safe and stable continuation of its business operations as well as the safety of its employees and customers. The Group has also introduced proactive comprehensive measures to address and mitigate key operational and financial issues arising from the current situation and has reasonably managed several areas of operational risks identified and implemented various measures that ensured continuity of operations. The Group has considered the potential impacts of the current economic volatility in determination of the reported amounts of the financial and nonfinancial assets and these are considered to represent management's best assessment based on observable information.

## 20.2. **Pro Forma Financials**

This section sets forth the Pro Forma Financial Information of the Company.

**Al Mahhar Holding Company W.L.L.**  
**(a limited liability company under conversion**  
**into a Qatari Public Shareholding Company)**

**UNAUDITED PRO FORMA**  
**CONSOLIDATED FINANCIAL INFORMATION**

## **INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION INCLUDED IN THE PROSPECTUS**

**The Board of Directors**  
**Al Mahhar Holding Company W.L.L.**  
**Jaidah Square, Airport Road**  
**P.O. Box 16069**  
**Doha, Qatar**

### **Report on the compilation of pro forma consolidated financial information**

We have completed our assurance engagement to report on the compilation of pro forma consolidated financial information of Al Mahhar Holding Company W.L.L. (a "limited liability company under conversion into a Qatari Public Shareholding Company") (the "Company") and its subsidiaries (together referred to as the "Group") by the Company. The pro forma consolidated financial information consists of unaudited consolidated statements of profit or loss for the six-month period ended 30 June 2022 and the year ended 31 December 2021, and related notes as set out on Section 20.2 (Pro Forma Financials) of the prospectus issued by the Company. The applicable criteria on the basis of which Company has compiled the pro forma consolidated financial information are specified in Annexure 1, Article 19.4 (b) of Offering and Listing of Securities Rulebook issued by Qatar Financial Market Authority (QFMA) and described in Note 2 to the pro forma consolidated financial information.

The pro forma consolidated financial information has been compiled by the Company to illustrate the impact of the acquisition of Petroleum Technology Company W.L.L. ("Petrotec") by the Company (the "Transaction") on 11 April 2022 as set out in Note 2 to the pro forma consolidated financial information on the Company's consolidated financial performance for the six-months period ended 30 June 2022 and the year ended 31 December 2021 as if the Transaction had taken place as at 1 January 2021. As part of this process, information about the Company's financial performance has been extracted by the Company from the audited consolidated financial statements for the year ended 31 December 2021 and unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2022, on which an audit and a review report, respectively have been published.

### **Company's Responsibility for the pro-forma consolidated financial information**

The Company is responsible for compiling the pro forma consolidated financial information on the basis described in Note 2 to the Company's pro forma consolidated financial information and in accordance with Annexure 1, Article 19.4(b) of Offering and Listing of Securities Rulebook issued by QFMA.

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The firm applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Practitioner's responsibilities**

Our responsibility is to express an opinion about whether the pro forma consolidated financial information has been compiled, in all material respects, by the Company on the basis described in Note 2 to the Company's pro forma consolidated financial information.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE)3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether the Company has compiled, in all material respects, the pro forma consolidated financial information on the basis described in Note 2 to the Company's pro forma consolidated financial information.



**INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION INCLUDED IN THE PROSPECTUS (CONTINUED)**

**Report on the compilation of pro forma consolidated financial information (continued)**

**Practitioner's responsibilities (continued)**

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated financial information.

The purpose of pro forma consolidated financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at an earlier date would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Company in the compilation of the pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the Company, the event or transaction in respect of which the pro forma consolidated financial information has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro forma consolidated financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the pro forma consolidated financial information has been compiled, in all material respects, on the basis described in Note 2 to the pro forma consolidated financial information.

*Ernst & Young*  
Ernst & Young  
Date: 7 December 2022  
Doha



## UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The unaudited pro forma consolidated financial information for Al Mahhar Holding Company W.L.L. (a limited liability company under conversion into a Qatari Public Shareholding Company) (the “Company” or “Al Mahhar”) for the six-month period ended 30 June 2022 and for the year ended 31 December 2021 have been prepared for illustrative purposes to show the effect of the acquisition of Petroleum Technology Company W.L.L. (“Petrotec”) by the Company (the “Transaction”). The following unaudited pro forma consolidated statements of profit or loss for the six-month period ended 30 June 2022 and for the year ended 31 December 2021 (together, the “Proforma Statement of Profit or Loss”) give effect to the Transaction as if it had occurred on 1 January 2021. The Transaction was completed on 11 April 2022 and the assets and liabilities of Petrotec as at 30 June 2022 were consolidated in the unaudited interim consolidated statement of financial position of Al Mahhar as at 30 June 2022. Hence, unaudited pro forma statement of net assets of Al Mahhar was not prepared.

The unaudited pro forma consolidated financial information has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and, therefore, does not reflect the Company’s actual financial performance had the Transaction been completed at the date indicated or any other date. Such information may not, therefore, give a true picture of the Company’s financial results nor is it indicative of the results that may or may not be expected to be achieved in the future.

The Transaction has been accounted by Al Mahhar for using the pooling of interest method for the business combinations of entities under common control.

The Proforma Statement of Profit or Loss is neither representative of the actual financial performance that could have been observed had the acquisition been undertaken on 1 January 2021 nor takes into account the effects of expected synergies as a result of the acquisition. The unaudited pro forma consolidated financial information gives no indication of the future financial results of the Company.

This unaudited pro forma consolidated financial information does not constitute the financial statements of the Company. Investors should read the whole of this Prospectus and should not rely solely on the summarised financial information contained in this Section 20.2 (Pro Forma Financials) of this Prospectus.

The Proforma Statement of Profit or Loss is based on the consolidated statements of profit or loss of the Company and Petrotec, extracted without any material adjustments from the unaudited interim condensed consolidated financial statements of the Company for the six-month period ended 30 June 2022, the unaudited interim condensed consolidated financial statements of Petrotec for the three-month period ended 31 March 2022 and the audited consolidated financial statements of the Company and Petrotec, respectively for the year ended 31 December 2021. The unaudited pro forma consolidated financial information has been prepared on the basis set out in the notes to the unaudited pro forma consolidated financial information and in accordance with the requirements of Annexure 1, Article 19.4 (b) of Offering and Listing of Securities Rulebook issued by Qatar Financial Market Authority (QFMA).

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**

The unaudited pro forma consolidated statement of profit or loss for the six months period ended 30 June 2022 has been prepared on a basis consistent with the accounting policies of the Company as set out in Note 2 ("Basis of preparation and significant accounting policies") to the unaudited interim condensed consolidated financial statements of the Company as at and for the six-month period ended 30 June 2022 as set out in Section 20.1 (Historical Financials). The unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2021 has been prepared on a basis consistent with the accounting policies of the Company as set out in Note 2 ("Basis of preparation and significant accounting policies") to the audited consolidated financial statements of the Company as at and for the year ended 31 December 2021 as set out in Section 20.1 (Historical Financials). The accounting policies for the two periods noted above are consistent in all material respects. The unaudited pro forma consolidated financial information should be read in conjunction with the accompanying notes set out below, the unaudited interim condensed consolidated financial statements of the Company as at and for the six months period ended 30 June 2022 as set out in Section 20.1 (Historical Financials) and with the audited consolidated financial statements of the Company as at and for the year ended 31 December 2021 as set out in Section 20.1 (Historical Financials).

# Al Mahhar Holding Company W.L.L.

## UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-month period ended 30 June 2022

	<i>Al Mahhar Holding Company W.L.L. (Note 2.1) QR</i>	<i>Petroleum Technology Company W.L.L. (Note 2.2) QR</i>	<i>Pro forma adjustments (Note 2.3) QR</i>	<i>Pro forma consolidated statement of profit or loss QR</i>
Revenue	215,401,322	132,877,211	(852,094)	347,426,439
Cost of sales	(167,449,155)	(101,421,548)	852,094	(268,018,609)
<b>GROSS PROFIT</b>	<b>47,952,167</b>	<b>31,455,663</b>	<b>-</b>	<b>79,407,830</b>
Other income	3,226,175	1,680,418	(353,251)	4,553,342
General and administrative expenses	(39,111,509)	(16,789,199)	144,000	(55,756,708)
Depreciation of right-of-use assets	(1,645,363)	(734,571)	-	(2,379,934)
Loss on foreign exchange	(972,722)	(729,788)	-	(1,702,510)
<b>OPERATING PROFIT</b>	<b>9,448,748</b>	<b>14,882,523</b>	<b>(209,251)</b>	<b>24,122,020</b>
Finance costs	(1,000,827)	(867,906)	209,251	(1,659,482)
Interest on lease liabilities	(334,210)	(103,030)	-	(437,240)
Share of results from associates and a joint venture	559,966	1,937,447	-	2,497,413
<b>PROFIT BEFORE TAX</b>	<b>8,673,677</b>	<b>15,849,034</b>	<b>-</b>	<b>24,522,711</b>
Income tax	-	-	-	-
<b>PROFIT FOR THE PERIOD</b>	<b>8,673,677</b>	<b>15,849,034</b>	<b>-</b>	<b>24,522,711</b>
<b>Profit for the period attributable to:</b>				
Equity holders of the Company	8,212,012	14,958,016	-	23,170,028
Non-controlling interests	461,665	891,018	-	1,352,683
	<b>8,673,677</b>	<b>15,849,034</b>	<b>-</b>	<b>24,522,711</b>

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# Al Mahhar Holding Company W.L.L.

## UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	<i>Al Mahhar Holding Company W.L.L. (Note 2.4) QR</i>	<i>Petroleum Technology Company W.L.L. (Note 2.5) QR</i>	<i>Pro forma adjustments (Note 2.6) QR</i>	<i>Pro forma adjustment (Note 2.7) QR</i>	<i>Pro forma consolidated statement of profit or loss QR</i>
Revenue	136,157,749	485,881,992	(2,071,581)	-	619,968,160
Cost of sales	(100,551,450)	(391,178,360)	2,071,581	-	(489,658,229)
<b>GROSS PROFIT</b>	35,606,299	94,703,632	-	-	130,309,931
Other income	3,894,822	5,982,272	(1,095,841)	-	8,781,253
General and administrative expenses	(32,815,875)	(65,678,142)	426,456	-	(98,067,561)
Depreciation of right-of-use assets	(1,089,728)	(4,161,288)	335,047	-	(4,915,969)
Gain (loss) on foreign exchange	177,368	(3,628,351)	-	-	(3,450,983)
<b>OPERATING PROFIT</b>	5,772,886	27,218,123	(334,338)	-	32,656,671
Finance costs	(2,024,103)	(1,218,581)	309,385	-	(2,933,299)
Interest on lease liabilities	(408,818)	(804,938)	24,953	-	(1,188,803)
Share of results from associates and a joint venture	2,134,263	2,379,963	-	(2,033,050)	2,481,176
<b>PROFIT BEFORE INCOME TAX</b>	5,474,228	27,574,567	-	(2,033,050)	31,015,745
Income tax	8,895	-	-	-	8,895
<b>PROFIT FOR THE YEAR</b>	5,483,123	27,574,567	-	(2,033,050)	31,024,640
<b>Profit for the year attributable to:</b>					
Equity holders of the parent	4,246,136	23,994,502	-	-	28,240,638
Non-controlling interests	1,236,987	3,580,065	-	(2,033,050)	2,784,002
	5,483,123	27,574,567	-	(2,033,050)	31,024,640

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## 1 CORPORATE INFORMATION

Al Mahhar Holding Company W.L.L. (a limited liability company under conversion into a Qatari Public Shareholding Company) (the "Company" or "Al Mahhar") is a holding company incorporated in Doha, Qatar. 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 company's principal place of business is in Doha.

Fahad Hussain I Al Fardan and Salah Mohd I Al Jaidah ("selling shareholders" or "Founders"), as owners of Petroleum Technology Company W.L.L. ("Petrotec"), have transferred the entire issued and outstanding share capital of Petrotec to Al Mahhar pursuant to a signed sale and purchase agreement ("SPA") which was registered before the Ministry of Justice on 11 April 2022. The Company is in the process of updating Commercial Registration to reflect the share capital increase in relation to the acquisition of Petrotec. The Company is holding 100% of the issued share capital of Petrotec effective from 11 April 2022.

The Company is in the process of getting approval to convert from limited liability company to Qatari Public Shareholding Company ("Q.P.S.C.") from the Ministry of Commerce and Industry and anticipates the issuance of its commercial registration as a Q.P.S.C. during December 2022.

## 2 BASIS OF PREPARATION

The Company has applied the pooling of interest method to account for the acquisition of 100% shareholding of Petrotec since the transaction meet the criteria for the business combination of entities under common control. The Founders have agreed to settle the transaction through issuance of shares of Al Mahhar amounting to QR 197,000,000. The assets and liabilities of Petrotec as at the acquisition date have been recorded at the respective carrying values in the Al Mahhar's interim consolidated financial statements for the period ended 30 June 2022. The unaudited consolidated statement of profit or loss of Al Mahhar for the six-month period ended 30 June 2022 consolidates the financial performance of Petrotec from the date of acquisition (11 April 2022). For the purpose of the unaudited pro forma consolidated statement of profit or loss information for the six-month period ended 30 June 2022, the pre-acquisition financial information of Petrotec is extracted from the unaudited interim condensed consolidated financial statements of Petrotec for the three-month period ended 31 March 2022, as it approximates the financial performance of Petrotec from 1 Jan 2022 to 10 April 2022.

The unaudited pro forma consolidated statement of profit or loss information for the six-month period ended 30 June 2022, and for the year ended 31 December 2021 (together, the "Pro forma Statement of Profit or Loss") presented is based on the assumptions that the Transaction had occurred on 1 January 2021.

All pro forma adjustments made in the preparation of the pro forma consolidated financial information are in accordance with the basis of preparation described below. The future consolidated statement of financial results of the Company after the actual completion of the acquisition and the proposed listing and considering all the necessary adjustments in accordance with International Financial Reporting Standards (IFRS) and requirements of Qatar Companies Law No. 11 of 2015, as amended, may significantly differ from the Pro forma Statement of Profit or Loss of the Company.

- 2.1 The financial information of the Company has been extracted, without any material adjustments, from the unaudited interim condensed consolidated financial statements of the Company as at and for the six-month period ended 30 June 2022 as set out on Section 20.1 (Historical Financials).
- 2.2 This column represents recognition of Petrotec's financial performance from 1 January 2022 to the date of acquisition and has been extracted from the unaudited interim condensed consolidated financial statements of Petrotec for the three-month period ended 31 March 2022.
- 2.3 This column represents adjustments to eliminate transactions between Al Mahhar and Petrotec, mainly rendering of services by an Al Mahhar group entity to Petrotec.
- 2.4 The financial information of the Company has been extracted, without any material adjustments, from the audited consolidated financial statements of the Company for the year ended 31 December 2021 as set out on Section 20.1 (Historical Financials).

**2 BASIS OF PREPARATION (CONTINUED)**

- 2.5 The financial information of Petrotec has been extracted, without any material adjustments, from the audited consolidated financial statements of the Petrotec for the year ended 31 December 2021 as set out on Section 20.1 (Historical Financials).
- 2.6 This column represents adjustments to eliminate transactions between Al Mahhar and Petrotec, mainly rendering of services by an Al Mahhar group entity to Petrotec and sales and purchases within the group.
- 2.7 Prior to the Transaction, Team Services and Rentals W.L.L (formerly known as Ocean Team Qatar W.L.L), was a subsidiary of Petrotec (51%) and an associate of Al Mahhar (49%). This column represents adjustment to eliminate the share of results of Team Services and Rentals W.L.L., as this entity was already consolidated in the financial results of Petrotec. Post acquisition of Petrotec, Team Services and Rentals W.L.L. becomes a 100% subsidiary of Al Mahhar.

## 21. MANAGEMENT DISCUSSION AND ANALYSIS

*The following discussion of the financial condition and results of operations is based upon and should be read in conjunction with the Audited Financial Statements and related notes for the Company and Petrotec, Interim Financial Statements and related notes for the Company and Pro Forma Financial Information for the Company presented under Section 20: Auditor's Report, Financial Statements and Pro Forma Financial Information. Please note that the Pro Forma Financial Information were prepared by the Company's management and a compilation report was issued by the Independent Auditor. In evaluating the Company's business, Investors should carefully consider the information provided under the caption "Risk Factors" in this Listing Prospectus.*

*Al Mahhar acquired Petrotec from its shareholders on 11 April 2022. In order to provide a better representation of the Group on a going concern basis going forward, unless stated otherwise, income statement analysis of the Group, as disclosed in this section, is based on the Pro Forma Financial Information of the Company considering Petrotec and its portfolio companies to be a part of the Group from 1 January 2021 onwards, which is prior to the Group's corporate restructuring effective date of 11 April 2022.*

### 21.1. Company Overview

The Company was established in 2014 as a limited liability company in accordance with the Commercial Companies Law and the terms of its Articles under commercial registration number 64325 with the purpose of creating a holding company for the Group. The primary business activities include participation in the management of companies affiliated to it and providing necessary support.

### 21.2. Principle Components of Operating Results

#### **Revenue**

The major sources of revenue of the Group come from the sale of equipment and products under agency agreements representing various OEMs in Qatar and from the provision of specialised MRO services. Other sources of revenue include equipment rental and design and assembly of electrical switchgear.

The main customers of the Group are the Energy Sector related companies. Customer retention is almost 100%. Under sale of products, the largest segments for the Group are Electrical and Automation, Process and Chemical, Drilling Equipment, Field Instrumentation, Pumps and Seals, and Rotating Equipment. The installed base of the products sold to these companies require regular supply of parts as well as maintenance. The Group also provides specialized services to most of these customers and has long term agreements for the provision of these services. The services include MRO of pumps and seals, valves and actuators, hydraulic systems, electrical and UPS systems, automation, and controls, turbomachinery, process equipment, etc. It also includes provision of unique services like chemical cleaning, oil flushing,



meter calibration, Ex-HVAC, aqua cleaning, etc.

The Group also serves contractors in the Infrastructure and Energy Sectors as well as other areas. Equipment sales and rental to such contractors include welding, heavy construction including road construction equipment, etc. It also provides such contractors with spares, after sales support, equipment maintenance and dewatering services.

### ***Revenue Recognition***

The financial year for the Group runs from 1 January to 31 December. Revenue from the sale of goods is recognised when the significant risks and rewards of the ownership of goods are passed to the buyer and the amount of revenue can be measured reliably. Service income is accounted for in the period in which it is earned on an accrual basis. Income from equipment rental is recognised on a time proportionate basis.

### ***Cost of sales***

The cost of sales primarily consists of the cost of materials including all the direct costs incurred for delivery to the customer. For services, this includes the cost of direct personnel, parts and consumables, tools and equipment used for services and any other direct costs incurred.

### ***Gross profit***

The gross margin percentages vary for different types of equipment. The gross margins on the sale of equipment are generally lower as compared to the provision of services. The provision of services has generally higher margins to cover the higher fixed costs. It also varies for different inventory-based equipment and parts, as it has higher fixed and operating costs.

### ***Staff Costs***

Staff costs are the single largest cost for the Group, apart from the cost of materials. Total staff costs account for around 70% of the Group's total expenses excluding cost of materials and outsourced services. The Group has made substantial investments in well-trained staff.

### ***General and Administrative***

General and administrative costs comprise of rent, costs related to workshops and facilities, repairs, and maintenance, IT, and communication.

### ***Depreciation and Amortisation***

Depreciation costs are mainly related to industrial buildings and machinery, workshop and rental equipment, office equipment, furniture, and motor vehicles.

### ***Exchange gains / Losses***

Most of the equipment and products for sales are imported and hence they are purchased using foreign currency. However, many of the Group's Energy and Infrastructure Sector customers pay for imported items in foreign currency.

Most of the foreign currency gains and losses are incurred due to the revaluation of receivables and payables to reflect the exchange rate as at the balance sheet date.

Wherever necessary and possible, hedging contracts are entered into to minimize the foreign exchange losses.

#### ***Finance costs***

Finance costs represent interest and charges related to term loans, trade related bank facilities and overdrafts.

### **21.3. Key Factors Affecting Results of Operations**

The Group believes that the following factors have had and/or will have a significant effect on its business and the results of its operations:

#### ***Energy and infrastructure projects in Qatar***

The Group is primarily involved in sales of goods and services to the existing clientele in the Energy and Infrastructure Sectors in Qatar. However, new projects in the Energy and Infrastructure Sectors such as North Field East ("NFE"), North Field South Project ("NFS") and other projects in the Energy and Infrastructure Sectors could boost revenues and increase the installed base of the Group. As per the Group, estimated spend on the projects is between USD 80-100 billion.

#### ***Availability and cost of skilled manpower***

The availability of skilled manpower is critical to execution of contracts for the Group. The Group may miss out on potential opportunities due to an inability to scale up its manpower base. Further, any increase in the budgeted cost of manpower may lead to pressure on margins.

#### ***Inflationary impact on cost of operations***

Higher than anticipated inflation may impact the operating costs and create pressure on operating margins. The Group tries to build in inflation expectations for its quotations and works with OEMs and other service providers on procurement to reduce the impact.

#### ***Availability of engineering goods and spares***

The Group imports engineered goods and spares from OEM's manufacturing facilities primarily based in other regions. Any delay or disruption in the availability of engineering goods may impact revenue and margins. The Group tries to forecast supplies to minimize potential disruptions and maintain operational efficiencies.

### **21.4. Statement of profit and loss data for the six months ended 30 June 2022 and statement**

**of financial position data as at 30 June 2022 for Al Mahhar Holding Company Q.P.S.C.**

The Company acquired Petrotec on 11 April 2022 and management performed consolidation from 11 April 2022. As a result of the internal restructuring exercise, the statement of profit and loss for the six months ended 30 June 2021 is not comparable to the six months ended 30 June 2022 for the Company.

<b>Al Mahhar Holding Company Q.P.S.C.</b>		
<b>Statement of Profit and Loss Data</b>	<b>Amount (QAR million)</b>	
For the period ended	30 June 2021	30 June 2022
	<b>H1 2021</b>	<b>H1 2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	68.7	215.4
Cost of sales	(51.5)	(167.4)
<b>Gross Profit</b>	<b>17.2</b>	<b>48.0</b>
Other income	1.2	3.2
General and administrative expenses	(14.6)	(39.1)
Depreciation of right-of-use assets	(0.3)	(1.6)
Finance costs	(1.0)	(1.0)
Interest on lease liabilities	(0.6)	(0.3)
(Loss) gain on foreign exchange	0.3	(1.0)
Share of results from associates and a joint venture	1.1	0.6
<b>Profit before Income Tax</b>	<b>3.3</b>	<b>8.7</b>
Income tax	-	-
<b>Profit for the period</b>	<b>3.3</b>	<b>8.7</b>

<b><u>Profit for the Period attributable to:</u></b>		
Equity holders of the parent	1.9	8.2
Non-Controlling Interests	1.3	0.5
<b>Total</b>	<b>3.3</b>	<b>8.7</b>

*Source: Unaudited interim condensed consolidated financial statements for Al Mahhar Holding Company as at and for the six months ended 30 June 2022*

Please note that the statement of financial position data for the Company as at 30 June 2022 is not comparable to statement of financial position data for the Company as at 31 December 2021 due to the acquisition of Petrotec by Al Mahhar Holding Company Q.P.S.C. on 11 April 2022.

<b>Al Mahhar Holding Company Q.P.S.C.</b>		
<b>Summary of Financial Position</b>	<b>Amount (QAR million)</b>	
As at	31 December 2021	30 June 2022
		<b>(Unaudited)</b>
<b><u>Assets</u></b>		
<b><u>Non-Current Assets</u></b>		
Property and Equipment	40.5	97.1

Other Non-Current Assets	48.4 <sup>28</sup>	74.3 <sup>29</sup>
<b><u>Current Assets</u></b>		
Inventories	45.9	91.5
Trade and other receivables	86.7	239.1
Bank balances and cash	18.5	58.0
<b><u>Equity</u></b>		
Capital	10.0	10.0
Contribution towards share capital increase	-	197.0
Legal reserve	2.0	2.9
Fair value reserve	0.5	0.4
Foreign currency translation reserve	0.0	0.0
Merger reserve	0.0	1.7
Retained earnings	89.8	97.1
Non-controlling interests	16.6	23.6
<b><u>Liabilities</u></b>		
<b><u>Non-Current Liabilities</u></b>		
Interest-bearing loans and borrowings	18.6	27.7
Other Non-Current Liabilities <sup>30</sup>	12.4	46.8
<b><u>Current Liabilities</u></b>		
Accounts payable and accruals	81.6	136.3
Interest-bearing loans and borrowings	6.8	15.7
Lease liabilities	1.6	0.8

*Source: Unaudited interim condensed consolidated financial statements for Al Mahhar Holding Company as at and for the six months ended 30 June 2022*

In order to provide a better representation of the Group on a going concern basis going forward, Management has presented its analysis on the Pro Forma Financial Information of the Company considering Petrotec and its portfolio companies to be a part of the Group from 1 January 2021 onwards, which is prior to the Group's corporate restructuring effective date of 11 April 2022.

#### 21.5. Statement of profit and loss and EBITDA analysis for the year ended 31 December 2021 and six months ended 30 June 2022

Al Mahhar Holding Company Q.P.S.C.				
Statement of Profit and Loss Data	Amount (QAR million)		% of Revenue	
	2021	H1 2022	2021	H1 2022
Revenue	620.0	347.4	100.0%	100.0%
Cost of sales	(489.7)	(268.0)	(79.0)%	(77.1)%
<b>Gross Profit</b>	<b>130.3</b>	<b>79.4</b>	<b>21.0%</b>	<b>22.9%</b>

<sup>28</sup> Other non-current assets includes: Investment property, Right to use-of-assets, Utilisation right advance, Notes receivable – net, Investments in associates, Intangible asset, Deferred tax assets, Financial assets at fair value through other comprehensive income

<sup>29</sup> Other non-current assets includes: Investment property, Right of use-of-assets, Utilisation right advance, Notes receivable – net, Investments in associates, Investment in a joint venture, Intangible asset, Deferred tax assets, Financial assets at fair value through other comprehensive income

<sup>30</sup> Other non-current liabilities includes: Lease liabilities, Accounts payable and accruals, Employees' end of service benefits

Other income	8.8	4.6	1.4%	1.3%
General and administrative expenses	(98.1)	(55.8)	(15.8)%	(16.0)%
Depreciation of right-of-use assets	(4.9)	(2.4)	(0.8)%	(0.7)%
Finance costs	(2.9)	(1.7)	(0.5)%	(0.5)%
Interest on lease liabilities	(1.2)	(0.4)	(0.2)%	(0.1)%
Share of results from associates and a joint venture	2.4	2.5	0.4%	0.7%
(Loss) gain on foreign exchange	(3.5)	(1.7)	(0.6)%	(0.5)%
<b>Profit before income tax</b>	<b>31.0</b>	<b>24.5</b>	<b>5.0%</b>	<b>7.1%</b>
Income tax	0.0	0.0	0.0%	0.0%
<b>Profit for the year/period</b>	<b>31.0</b>	<b>24.5</b>	<b>5.0%</b>	<b>7.1%</b>

**Profit for the year/period attributable to:**

Equity holders of the parent	28.2	23.2	4.6%	6.7%
Non-controlling interests	2.8	1.4	0.4%	0.4%
<b>Total</b>	<b>31.0</b>	<b>24.5</b>	<b>5.0%</b>	<b>7.1%</b>

*Source: Pro Forma Financial Information for Al Mahhar Holding Company*

The following table presents the reconciliation of EBITDA to the nearest comparable IFRS measure:-

<b>Al Mahhar Holding Company Q.P.S.C.</b>				
<b>EBITDA:</b>	<b>Amount (QAR million)</b>		<b>% of Revenue</b>	
	<b>2021</b>	<b>H1 2022</b>	<b>2021</b>	<b>H1 2022</b>
Profit for the year/period	31.0	24.5	5.0%	7.1%
Add: Income tax	0.0	0.0	0.0%	0.0%
Add: Depreciation of property and equipment <sup>31</sup>	13.9	7.2	2.2%	2.1%
Add: Depreciation of investment property	0.8	0.4	0.1%	0.1%
Add: Depreciation of right-of-use assets	4.9	2.4	0.8%	0.7%
Add: Amortisation of intangible assets	0.2	0.1	0.0%	0.0%
Add: Amortisation of utilisation right advance	0.3	0.1	0.0%	0.0%
Add: Interest on lease liabilities	1.2	0.4	0.2%	0.1%
Add: Finance cost	2.9	1.7	0.5%	0.5%
<b>EBITDA</b>	<b>55.2</b>	<b>36.8</b>	<b>8.9%</b>	<b>10.6%</b>

*Source: Management Information*

**Revenue**

The Group reported revenues of approximately QAR 620 million in 2021. Approximately 78% of the revenue was from the Energy Sector Segment, which comprises companies primarily working with the Energy Sector companies. This segment comprises Petrotec, TSR, QCAL, Petrotec Kuwait, Solarca and GTS. Of these, Petrotec, TSR, QCAL and Petrotec Kuwait are fully consolidated, as subsidiaries, in the financial statements, and Solarca and GTS are treated as

<sup>31</sup> Presented as a part of cost of sales and general and administrative expense in the Pro Forma Financial Information

a joint venture and as an associate, respectively for the consolidation.

The Infrastructure Sector Segment comprises the following companies: QFAB, EEC, KOOP and Al Mahhar Kuwait. QFAB, EEC and Al Mahhar Kuwait are engaged in the business of sale of equipment, spare parts and MRO services to contractors engaged in the Infrastructure and Energy Sectors as well as other sectors. Al Mahhar Kuwait was established in 2019 with the intention of expanding the Group's heavy equipment foothold in Kuwait. KOOP is a contracting company offering specialized dewatering systems and services.

Al Mahhar Holding Company				
Revenue	Amount (QAR million)		% of Revenue	
	2021	H1 2022	2021	H1 2022
Revenue from the Energy Sector Segment	484.9	254.1	78.2%	73.1%
Revenue from the Infrastructure Sector Segment	135.1	93.3	21.8%	26.9%
<b>Total Revenue</b>	<b>620.0</b>	<b>347.4</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Management Information

The revenue presented has been considered after eliminating inter-segment revenue between the Energy Sector Segment and the Infrastructure Sector Segment Portfolio Companies for 2021 and H1 2022. Similar intra-group adjustments considered while presenting the revenue, cost of sales and gross profit for Portfolio Companies.

Contribution from the Infrastructure Sector Segment grew as a % of total revenue from approximately 22% in 2021 to approximately 27% in H1 2022 due to growth witnessed in the Infrastructure Sector Segment vis-à-vis Energy Sector Segment.

Energy Sector Segment				
Revenue	Amount (QAR million)		% of Energy Sector Segment Revenue	
	2021	H1 2022	2021	H1 2022
<b>Petrotec</b>				
<b>Sale of goods:</b>				
Electrical and Automation	101.7	48.2	21.0%	19.0%
Process and Chemical	63.5	30.9	13.1%	12.2%
Drilling Equipment	53.4	24.8	11.0%	9.8%
Instrumentation Systems	30.3	21.1	6.2%	8.3%
Field Instrumentation	40.4	19.5	8.3%	7.7%
Pumps and Seals	35.9	19.2	7.4%	7.5%
Rotating Equipment	13.3	6.1	2.7%	2.4%
Others	1.1	2.6	0.2%	1.0%
<b>Service income:</b>				
Cargo Carrying Units	29.7	14.3	6.1%	5.6%
Pumps and Seals	19.8	13.0	4.1%	5.1%
Specialist Services	29.9	11.1	6.2%	4.4%
Valve Services	11.6	8.6	2.4%	3.4%
Hydraulic services	9.6	6.5	2.0%	2.6%
Aqua cleaning	7.0	5.5	1.4%	2.2%

Others	3.2	1.9	0.7%	0.7%
Training Services	1.6	1.0	0.3%	0.4%
<b>Total Revenue for Petrotec</b>	<b>451.9</b>	<b>234.2</b>	<b>93.2%</b>	<b>92.2%</b>
QCAL	15.0	8.9	3.1%	3.5%
TSR	17.9	11.0	3.7%	4.3%
<b>Total revenue for Energy Sector Segment</b>	<b>484.9</b>	<b>254.1</b>	<b>100.0%</b>	<b>100.0%</b>

*Source: Management Information*

Petrotec is the largest company in the Group and contributed approximately 92% - 93% of revenue for the Energy Sector Segment in 2021 and H1 2022. It operates largely in the Energy Sector and generates revenue from the sale of equipment and products, provision of specialised MRO services, equipment rental and from the design and assembly of electric switchgear.

#### *Revenue from sales for the Energy Sector Segment*

Revenue from Electrical and Automation witnessed a slight decline in H1 2022 (compared to 2021 as a % of revenue for the Energy Sector Segment) due to timing differences in completion of projects. Management expects strong growth in the Electrical and Automation segment with new agency/vendor tie-ups in explosion proof junction boxes going forward.

Process and Chemicals witnessed decline in H1 2022 as a % of revenue for the Energy Sector Segment compared to 2021 due to prudent decision-making by the Group to decrease sales of lower gross margin products. However, the Group expects to maintain gross profits due to a better mix of higher gross margin products.

Pumps and Seals are a new area of focus for the Group which is expected to witness growth considering the Energy Sector outlook for new projects. Growth in the pumps segment is also expected to increase the installed base of the Group and drive growth in service revenue going forward.

Revenue from Field Instrumentation sales declined as a % of revenue in H1 2022 vis-à-vis 2021 as revenue for the department is based on shut down maintenance, routine maintenance and material replacement operations which are planned differently by each customer based on their business case. Moreover, there is a higher lead time for the department which varies from 24 weeks to 48 weeks. The decline in revenue from Field Instrumentation was driven by timing differences between maintenance cycles for the Group's customers during the observed period and higher lead times.

Under sales from Drilling Equipment, the Group secured contracts from key customers and demand from existing customers also increased with a customer resuming operation post COVID-19 in October 2021. Instrumentation systems witnessed healthy growth due to an uptick in demand from a key customer.

#### *Revenue from services for the Energy Sector Segment*

Under the service income, Valve Services and Aqua Cleaning grew in H1 2022 as a % of revenue vis-à-vis 2021 due to turnaround activity for key customers in this segment. Hydraulic Services are a key management focus area which witnessed a sharp increase due to new customer orders

and turnaround activities for key customers. Growth in these departments is driven both by new customer contracts added during the year and existing customer contracts.

Revenue from Cargo Carrying Units witnessed a decline as % of revenue in H1 2022 vis-à-vis 2021 due to a one-time uptick in H1 2021. It is expected to remain stable going forward. Revenue from Specialist Services declined during H1 2022 due to completion of a contract with key customer.

QCAL grew in H1 2022 with the company augmenting its service offerings while TSR witnessed growth in H1 2022 as % of revenue vis-à-vis 2021 due to oil flushing, pressure vessel cleaning and other services for key customers during the period.

#### *Revenue from the Infrastructure Sector Segment*

Infrastructure Sector segment				
Revenue	Amount (QAR million)		% of Infrastructure Sector Segment Revenue	
	2021	H1 2022	2021	H1 2022
QFAB	69.3	44.6	51.3%	47.8%
EEC	26.7	20.6	19.8%	22.1%
KOOP	29.0	11.2	21.4%	12.0%
Al Mahhar Kuwait	10.2	17.0	7.5%	18.2%
<b>Total Revenue for Infrastructure Sector Segment</b>	<b>135.1</b>	<b>93.3</b>	<b>100.0%</b>	<b>100.0%</b>

*Source: Management Information*

Revenue from the Infrastructure Sector Segment grew in H1 2022 as a % of revenue vis-à-vis 2021 due to growth in revenue from sales of equipment and spares which grew due to an increase in sales of road and construction equipment and welding equipment for customers in the Energy and Infrastructure Sectors. Revenue from equipment rental and services witnessed a decline due to completion of dewatering projects towards the end of 2021 and a subsequent reduction in currently ongoing projects due to FIFA WC 2022.

Revenue for QFAB decreased as a % of revenue in H1 2022 vis-à-vis 2021 due to higher growth in other companies. QFAB witnessed increase in sales of equipment which also included sales of some rental equipment by the Group as per customer demand. Revenue from rentals also showed healthy growth. This was on account of higher utilization of rental equipment by customers.

More than 95% of the revenue for EEC is driven by sales of goods/equipment and/or spares. Revenue contribution grew due to an increase in sale of equipment.

Revenue contribution from dewatering services under KOOP decreased due to completion of an ongoing project towards the end of 2021. The revenue remained subdued in 2022 due to deferment of new projects after the FIFA WC 2022.

Revenue for Al Mahhar Kuwait had remained subdued in 2021 due to COVID-19 related travel restrictions. This impacted the business operations as Qatar-based staff was unable to travel to Kuwait. The revenue for Al Mahhar Kuwait witnessed strong growth in H1 2022 as the restrictions



lifted and operations normalized.

### **Cost of Sales and Gross Margins**

The Group witnessed strong improvement in gross profit with overall gross margin expanding to 22.9% in H1 2022 vis-à-vis 21.0% in 2021. Gross margin improved in the Energy Sector Segment while the gross margin declined for the Infrastructure Sector Segment due to a decrease in revenue from services and rental.

<b>Al Mahhar Holding Company</b>				
<b>Gross profit</b>	<b>Amount (QAR million)</b>		<b>% of Revenue</b>	
	<b>2021</b>	<b>H1 2022</b>	<b>2021</b>	<b>H1 2022</b>
Gross profit for the Energy Sector Segment	94.7	58.7	19.5%	23.1%
Gross profit for the Infrastructure Sector Segment	35.6	20.7	26.3%	22.2%
<b>Total gross profit</b>	<b>130.3</b>	<b>79.4</b>	<b>21.0%</b>	<b>22.9%</b>

*Source: Management Information*

### **Gross margins for the Energy Sector Segment**

For the Energy Sector Segment, gross margins improved from 19.5% as % of revenue in 2021 to 23.1% as % of revenue in H1 2022. The breakup of gross margins for the companies grouped under the Energy Sector Segment is as follows:

<b>Energy Sector segment</b>		
<b>Gross Margins</b>	<b>% of Revenue</b>	
	<b>2021</b>	<b>H1 2022</b>
Petrotec	17.6%	20.8%
QCAL	57.9%	60.3%
TSR	36.6%	42.7%
<b>Gross Margins for the Energy Sector Segment</b>	<b>19.5%</b>	<b>23.1%</b>

*Source: Management Information*

Gross margins vary across various departments and clients based on the nature of product and service, volume etc. Please refer below for the further analysis of gross margins for the Energy Sector Segment:

### **Petrotec**

The Group has been focussed on expanding gross margins along with sustainable revenue to drive profitability. H1 2022 gross margins increased due to the following reasons:

- 1) Change in revenue mix with higher revenue contribution from Pumps and Seals, and Instrumentation Systems which are a higher margin segment;
- 2) Expansion in gross margins in Process and Chemicals and Field Instrumentation due to a change in product mix; and
- 3) Expansion in gross margins in services in H1 2022 due to revenue growth coupled with

the direct fixed cost nature of services rendered. This resulted in better utilisation of resources.

#### *QCAL and TSR*

Gross margin expansion was also witnessed in QCAL and TSR in H1 2022 vis-à-vis 2021 due to a higher revenue base, along with the direct fixed/semi-fixed nature of costs under cost of sales. Margins also expanded due to a favourable service mix and high margin projects for key customers.

#### *Gross margins for the Infrastructure Sector Segment*

<b>Infrastructure Sector Segment</b>		
<b>Gross Margins</b>	<b>% of Revenue</b>	
	<b>2021</b>	<b>H1 2022</b>
QFAB	19.8%	19.5%
EEC	19.3%	18.8%
KOOP	52.1%	50.7%
Al Mahhar Kuwait	15.8%	14.6%
<b>Gross margin for the Infrastructure Sector Segment</b>	<b>26.3%</b>	<b>22.2%</b>

*Source: Management Information*

Gross margin declined for the Infrastructure Sector Segment from 26.3% as % of revenue in 2021 to 22.2% as % of revenue in H1 2022. While the overall revenue grew, there was a change in the product mix with an increase in revenue from sales of equipment and spares. This led to an impact on gross margins as sales of equipment and spares is a lower margin segment as against equipment rental and service revenue. The Group also witnessed higher direct labour costs (under cost of sales) which impacted the gross margins. Management expects sale of equipment and spares to drive growth in the Energy Sector Segment in Qatar and Kuwait while revenue from dewatering services is expected to remain stable.

Gross margins declined for QFAB and Al Mahhar Kuwait in H1 2022 vis-à-vis 2021 due to increase in sales of equipment and spares. However, the gross profits improved as the company witnessed strong growth in H1 2022.

Gross margins for EEC expanded due to an increase in gross margins for sales of spares in H1 2022 over 2021. Gross margins were subdued for sales of spares in 2021 due to sale of old parts at lower gross margins.

Gross margin declined for KOOP in H1 2022 vis-à-vis 2021 due to decrease in revenue from deferment of projects and fixed cost nature of expenses.

#### **General and administrative expenses ("G&A")**

<b>Al Mahhar Holding Company</b>				
<b>General and administrative expenses:</b>	<b>Amount (QAR million)</b>		<b>% of Revenue</b>	
	<b>2021</b>	<b>H1 2022</b>	<b>2021</b>	<b>H1 2022</b>
Staff Costs	(66.0)	(35.8)	(10.6)%	(10.3)%

Depreciation	(8.5)	(4.1)	(1.4)%	(1.2)%
Provision for expected credit losses	(6.6)	(3.4)	(1.1)%	(1.0)%
One-time expenses	-	(1.7)	0.0%	(0.5)%
Other general and administrative expenses	(16.9)	(10.8)	(2.7)%	(3.1)%
<b>General and administrative expenses</b>	<b>(98.0)</b>	<b>(55.8)</b>	<b>(15.8)%</b>	<b>(16.0)%</b>

*Source: Pro Forma Financial Information for Al Mahhar Holding Company*

Staff costs is a major cost item under general and administrative expenses, contributing approximately 67% of the associated general and administrative costs in 2021. The Group has invested heavily on creating a competent workforce which has been a major driver of competitive advantage. It envisages continued investments to maintain the competitive edge going forward. Staff costs increased in H1 2022 as the Group increased head counts for the transitioning staff, leading to a temporary increase in transition related staff costs.

Management also focussed on counterparty risk and reduced its exposure to low recoverability customers. Provision for expected credit losses remained stable in H1 2022.

One-time expenses pertain to listing related expenses incurred by the Group in H1 2022 which amount to QAR 1.7 million for the period.

Other general and administrative expenses after account for one-time expenses grew as % of revenue in H1 2022 vis-à-vis 2021 due to growth in the scale of business operations in the Infrastructure Sector Segment.

### ***Finance Cost***

Finance costs witnessed a marginal increase as % of revenue in H1 2022 over 2021 due to an increase in outstanding borrowings as at 31 December 2021. This was due to the increase in trust receipts outstanding as at 31 December 2021. Subsequently, there was a reduction in outstanding borrowings to QAR 43.5 million as at 30 June 2022 (as against QAR 65.5 million for the Group as at 31 December 2021). It should be noted that the Group has maintained a net debt free status for the period with the cash and cash equivalents exceeding the total interest bearing loans and borrowings.

### ***Share of Profit/Loss in JV and Associate Companies***

Solarca and GTS are treated as a joint venture and as an associate, respectively, for the consolidation. Net profit for Solarca and GTS increased in H1 2022 due to turnaround services offered for key customers.

### ***Loss / gain on foreign exchange***

Exchange losses witnessed a marginal decline as % of revenue in H1 2022 over 2021. However, appreciation of the USD this year against other currencies can lead to a potential impact on the Group's profits due to potential increase in exchange losses. Management uses forward contracts to hedge foreign currency exposure when and where possible.

### ***EBITDA***

Al Mahhar Holding Company				
EBITDA:	Amount (QAR million)		% of Revenue	
	2021	H1 2022	2021	H1 2022
EBITDA	55.2	36.8	8.9%	10.6%

Source: Management Information

EBITDA margins improved from 8.9% in 2021 to 10.6% in H1 2022. This expansion was primarily driven by growth in revenue and increase in gross margins, while maintaining control on the indirect costs.

## 21.6. Summary of financial position as at 31 December 2021 and 30 June 2022

As explained earlier, Al Mahhar Holding Company acquired Petrotec and its portfolio companies on 11 April 2022. As a result, the audited statement of financial position as at 31 December 2021 for Petrotec and Al Mahhar Holding Company is not indicative of the latest financial position of the Group going forward. Please see below the statement of financial position data for Petrotec and its portfolio companies and Al Mahhar Holding Company and its portfolio companies as at 31 December 2021:

Summary of financial position	Amount (QAR million)	
	Petrotec	Al Mahhar Holding Company
As at	31 December 2021	31 December 2021
<b><u>Assets</u></b>		
<b><u>Non-Current Assets</u></b>		
Property and equipment	54.9	40.5
Other non-current assets	27.3 <sup>32</sup>	48.4 <sup>33</sup>
<b><u>Current Assets</u></b>		
Inventories	44.8	45.9
Trade and other receivables <sup>34</sup>	194.9	86.7
Bank balances and cash <sup>35</sup>	69.8	18.5
<b><u>Equity</u></b>		
Capital	10.0	10.0
Legal reserve	5.0	2.0
Fair value reserve	1.9	0.5
Retained earnings	182.0	89.8
Non-controlling interests	18.4	16.6
<b><u>Liabilities</u></b>		

<sup>32</sup> Other non-current assets includes: Intangible asset, Right-of-use assets, Investment in an associate, Investment in a joint venture, Utilisation right advance, Financial assets at fair value through other comprehensive income

<sup>33</sup> Other non-current assets includes: Investment property, Right to use-of-assets, Utilisation right advance, Notes receivable – net, Investments in associates, Intangible asset, Deferred tax assets, Financial assets at fair value through other comprehensive income

<sup>34</sup> Labelled as “Accounts receivable and prepayments” in the Audited Financial Statements of Petrotec

<sup>35</sup> Labelled as “Cash and cash equivalents” in the Audited Financial Statements of Petrotec

**Non-Current Liabilities**

Interest-bearing loans and borrowings	5.7	18.6
Other non-current liabilities	31.4 <sup>36</sup>	12.4 <sup>37</sup>

**Current Liabilities**

Accounts payable and accruals	99.8	81.1
Interest-bearing loans and borrowings	34.4	6.8
Other current liabilities	3.1 <sup>38</sup>	2.1 <sup>39</sup>

Source: Audited Financial Statements for Petrotec and Al Mahhar Holding Company

Please see below the statement of financial position data for Al Mahhar Holding Company Q.P.S.C. as at 30 June 2022. The impact of acquisition of Petrotec by Al Mahhar Holding Company Q.P.S.C. has been reflected in the financials.

**Al Mahhar Holding Company****Summary of financial position****Amount (QAR million)****As at 30 June 2022****Assets****Non-Current Assets**

Property and equipment	97.1
Other non-current assets <sup>40</sup>	74.3

**Current Assets**

Inventories	91.5
Trade and other receivables	239.1
Bank balances and cash	58.0

**Equity**

Capital	10.0
Contribution towards share capital increase	197.0
Legal reserve	2.9
Fair value reserve	0.4
Foreign currency translation reserve	0.0
Merger reserve	1.7
Retained earnings	97.1
Non-controlling interests	23.6

**Liabilities****Non-Current Liabilities**

Interest-bearing loans and borrowings	27.7
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<sup>36</sup> Other non-current liabilities includes: Lease liabilities, Employees' end of service benefits, Retention payable

<sup>37</sup> Other non-current liabilities includes: Lease liabilities, Employees' end of service benefits, Accounts payable and accruals

<sup>38</sup> Other current liabilities includes: Lease liabilities

<sup>39</sup> Other current liabilities includes: Lease liabilities and Provision for future liability in joint venture

<sup>40</sup> Other non-current assets includes: Investment property, Right of use-of-assets, Utilisation right advance, Notes receivable – net, Investment in associates, Investment in a joint venture, Intangible asset, Deferred tax assets, Financial assets at fair value through other comprehensive income

Other non-current liabilities <sup>41</sup>	46.8
<b>Current Liabilities</b>	
Accounts payable and accruals	136.3
Interest-bearing loans and borrowings	15.7
Lease liabilities	0.8

*Source: Unaudited interim condensed consolidated financial statements for Al Mahhar Holding Company for Al Mahhar Holding Company as at and for the six months ended 30 June 2022*

### **Non-Current Assets**

Property and equipment mainly comprises buildings, workshop equipment, office equipment, furniture and fixtures and motor vehicles. Please refer to the table below for a further breakdown of property and equipment for the Group as at 30 June 2022.

Property and equipment	Amount (QAR millions)
<b>As at</b>	<b>30 June 2022</b>
Buildings	77.0
Furniture and fixtures	0.5
Office equipment	2.6
Workshop equipment	9.2
Rental equipment	6.6
Motor vehicles	0.8
Capital work in progress	0.4
<b>Total</b>	<b>97.1</b>

*Source: Management Information*

Property and equipment for entities	Amount (QAR million)
<b>As at</b>	<b>30 June 2022</b>
Petrotec	54.3
QCAL	1.6
TSR	1.0
QFAB	36.0
EEC	0.0
KOOP	1.1
Al Mahhar Kuwait	3.0
<b>Total</b>	<b>97.1</b>

*Source: Management Information*

Buildings for workshop, offices and warehouses and workshop equipment for providing repair and maintenance services are major sources of capital investment for the Group. The Group also invested in assembly workshop for the Electrical and Automation department for the purpose of assembly of junction box and switchgears. QCAL's capital investments were made in calibration equipment required for the calibration services offered by the Company. TSR's

<sup>41</sup> Other non-current liabilities includes: Lease liabilities, Accounts payable and accruals, Employees' end of service benefits

capital investments were made for the specialized equipment used for providing repair and overhaul services. EEC does not have any significant PPE and shares the facilities and machinery with QFAB. Property, plant and equipment increased for Al Mahhar Kuwait due to a shift to a new facility during the second half of 2021.

Other non-current assets consist of right-of-use assets, investments in equity, associates, and joint ventures, utilisation right advance etc.:

Other non-current assets	Amount (QAR million)
As at	30 June 2022
Right of use-of-assets	22.2
Utilisation right advance	4.3
Investment in a joint venture	3.1
Notes receivable – net	18.7
Investment in associates	9.1
Financial assets at fair value through other comprehensive income	2.8
Intangible asset	0.3
Investment property	13.8
Deferred tax assets	0.1
<b>Total other non-current assets</b>	<b>74.3</b>

*Source: Unaudited interim condensed consolidated financial statements for Al Mahhar Holding Company as at and for the six months ended 30 June 2022*

Notes receivable – net of QAR 18.7 million as at 30 June 2022 are account receivables with extended credit terms secured by cheques with maturity of more than one year.

Investment in a joint venture and Investment in associates comprise of the investments held in Solarca and GTS by the Group.

Financial assets at fair value through other comprehensive income relates to investment in listed QSE securities carried at fair value. They primarily comprise of Qatar Fuel Company Q.P.S.C., The Commercial Bank (P.S.Q.C.), Doha Bank Q.P.S.C., Industries Qatar Q.P.S.C., and Qatar Navigation Q.P.S.C.

Investment properties refers to ten residential apartments in The Pearl Island, Doha, Qatar acquired by KOOP in 2020 and held for investment purposes. These properties are carried on the balance sheet at cost less depreciation.

Intangible assets with a carrying value of QAR 292,501 as at 30 June 2022 related from the compensation paid over the value of inventory purchased from Al Zabin (erstwhile Wirtgen dealer) to secure Wirtgen dealership.

### ***Non-cash working capital***

**Al Mahhar Holding Company**

Non-Cash working capital	Amount (QAR million)
As at	30 June 2022

#### **Current Assets**

Inventories	91.5
Trade and other receivables	239.1

#### **Current Liabilities**

Accounts payable and accruals	136.3
Lease liabilities	0.8

*Source: Unaudited interim condensed consolidated financial statements for Al Mahhar Holding Company as at and for the six months ended 30 June 2022*

For the purpose of Non-cash working capital, current assets comprise primarily of inventories, trade and other receivables.

Management is focussed on managing its working capital more efficiently by engaging with high recoverability customers and periodically provisioning for outstanding balances as per expected credit loss analysis.

### ***Borrowings***

#### ***Breakdown of borrowings***

Al Mahhar Holding Company	Amount (QAR million)
As at	30 June 2022
Current interest-bearing loans and borrowings	(15.7)
Non-current interest-bearing loans & borrowings	(27.7)
<b>Total borrowings</b>	<b>(43.5)</b>
Bank balance and cash	58.0
<b>Net cash/(borrowings)</b>	<b>14.5</b>

*Source: Management information*

Borrowings mainly consist of term loan facilities and loans against trust receipts. Term loan facilities are utilized for the purpose of financing capital expenditure requirements for the Group's facilities. Loans against trust receipts includes trade finance for the import of goods and payments to suppliers. All borrowings facilities are availed by the Qatari based affiliates of the Group and no borrowing facilities are currently being availed by Al Mahhar Kuwait or Petrotec Kuwait. Management aims to maintain optimal capital structure to meet short and long-term liquidity requirements going forward.

It should be noted that the Group has maintained a net debt free status and Bank balance and cash have exceeded the total interest bearing loans and borrowings as at 30 June 2022.

### ***Other Liabilities***



Al Mahhar Holding Company	
Other non-current liabilities	Amount (QAR million)
As at	30 June 2022

**Other Non-Current Liabilities**

Lease liabilities	21.2
Account payables and accruals	3.9
Employees' end of service benefits	21.8
<b>Total other non-current liabilities</b>	<b>46.8</b>

*Source: Unaudited interim condensed consolidated financial statements for Al Mahhar Holding Company as at and for the six months ended 30 June 2022*

Other non-current liabilities consist of employees' end of service benefits, lease liabilities and Account payables and accruals. Employees' end of service benefits increased over the period due to an increase in the increments and tenure of the Group's employees.

**Breakdown of equity of affiliates as at 31 December 2021 and 30 June 2022**

Amount (QAR million) as at 31 December 2021	Capital	Legal reserve	Fair value reserve	Retained earnings / (Accumulated losses)	Partner advances	Total Equity/ Capital
Petrotec	10.0	5.0	1.9	139.3	-	15.6x
TSR	0.2	0.9	-	26.3	-	136.7x
QCAL	0.2	0.9	-	14.1	-	75.9x
Petrotec Kuwait	0.0	-	-	(0.7)	-	(61.4x)
Al Mahhar Holding Company	10.0	0.0	-	20.4	-	3.0x
QFAB	10.0	5.0	0.5	63.0	15.0	9.4x
Al Mahhar Kuwait	2.4	-	-	(11.4)	-	(3.8x)
EEC	1.0	1.0	-	14.9	-	16.8x
KOOP	0.2	0.1	-	17.0	5.8	115.7x
GTS	2.0	1.0	-	13.8	-	8.4x
Solarca	0.2	0.1	-	5.9	-	31.1x

*Source: Management Information*

Amount (QAR million) as at 30 June 2022	Capital	Legal reserve	Fair value reserve	Retained earnings / (Accumulated losses)	Advance towards share capital	Contributi on towards share capital increase	Total Equity/ Capital
Petrotec	10.0	5.0	1.9	140.4	-	-	15.7x
TSR	0.2	0.9	-	29.8	-	-	154.4x
QCAL	0.2	0.9	-	16.3	-	-	86.9x
Petrotec Kuwait	0.0	-	-	(0.9)	-	-	(75.0x)
Al Mahhar Holding Company	10.0	0.0	0.0	32.6	-	197.0	24.0x
QFAB	10.0	5.0	0.5	66.7	-	-	8.2x
Al Mahhar Kuwait	2.4	-	-	(12.8)	-	-	(4.3x)

EEC	1.0	1.0	-	15.9	-	-	17.8x
KOOP	0.2	0.1	-	17.1	5.8	-	115.8x
GTS	2.0	1.0	-	17.2	-	-	10.1x
Solarca	0.2	0.1	-	5.9	-	-	30.9x

*Source: Management Information*

#### 21.7. Cash flow analysis for the six months ended 30 June 2022

AI Mahhar Holding Company	
For the period ended	Amount (QAR million) H1 2022 (Unaudited)
Net Cash Flows used in Operating Activities	(5.5)
Net Cash Flows from Investing Activities	54.8
Net Cash Flows used in Financing Activities	(9.8)
<b>Net Increase in Bank balances and cash</b>	<b>39.5</b>
Bank balances and cash at Start of Period	18.5
<b>Bank balances and cash at End of Period</b>	<b>58.0</b>

*Source: Unaudited interim condensed consolidated financial statements for AI Mahhar Holding Company as at and for the six months ended 30 June 2022*

It should be noted that the cash flow statement for AI Mahhar Holding Company Q.P.S.C. for the six month ended 30 June 2022 is not indicative of the cash flow statement for the Group for the six month period ended 30 June 2022 as the Company acquired Petrotec on 11 April 2022. As a result, there was a cash inflow of QAR 58.9 million in cash flow from acquisition of Petrotec and its portfolio companies.

The Company's Management believes that its operating cash flows as of the date of this Listing Prospectus and available revolving credit facility will be sufficient to fund working capital requirements, anticipated capital expenditures and debt service requirements for the next 12 months.

#### 21.8. Selected financial information for the interim condensed consolidated financial statements for the three month and nine month period ended 30 September 2022

The Company has released its unaudited interim condensed consolidated financial statements for the nine month period ended 30 September 2022. At the period end, the Company reported total assets of QAR 590.4 million. Total revenue for the three month period ended 30 September 2022 was QAR 167.2 million (QAR 382.6 million for the nine month period ended 30 September 2022). Profit for the three months ended period 30 September 2022 was QAR 2.5 million and QAR 11.2 million for the nine month period ended 30 September 2022.

The Company acquired Petrotec on 11 April 2022 and management performed consolidation from 11 April 2022. As a result of the consolidation being effective from 11 April 2022, the statement of profit or loss for Petrotec and its portfolio companies for the period before the consolidation, has not been considered in the Group's consolidated statement of profit or loss for the nine months ended 30 September 2022.

Full details of these financial statements are available on the website of the Company under

'Investor Relations' section (<https://www.almahharholding.com/en/investor-relations/financial-statements>). These financial statements have been reviewed by the Independent Auditor and they have issued an unqualified review conclusion on these financial statements.

## 21.9. **Selected financial information for the audited consolidated financial statements for the year ended 31 December 2022**

The Company has released its audited consolidated financial statements for the year ended 31 December 2022. At the year end, the Company reported total assets of QAR 626.7 million. Total revenue for the year ended 31 December 2022 was QAR 570.9 million and profit for the year ended 31 December 2022 was QAR 19.2 million.

The Company acquired Petrotec on 11 April 2022 and management performed consolidation from 11 April 2022. As a result of the consolidation being effective from 11 April 2022, the statement of profit or loss for Petrotec and its portfolio companies for the period before the consolidation, has not been considered in the Group's consolidated statement of profit or loss for the year ended 31 December 2022.

The full audited consolidated financial statements of the Company for the year ended 31 December 2022 are available on the website of the Company under the 'Investor Relations' section (<https://www.almahharholding.com/en/investor-relations/financial-statements>). These financial statements have been audited by the Independent Auditor and they have issued an unqualified audit opinion on these financial statements.

## 21.10. **Key operational performance indicators**

In order to provide a better representation of the Group on a going concern basis going forward, Management has presented its analysis on the Pro Forma Financial Information of the Company considering Petrotec and its portfolio companies to be a part of the Group from 1 January 2021 onwards, which is prior to the Group's corporate restructuring effective date of 11 April 2022.

### **Revenue and gross profit per employee**

The employees are the key strength of the Group. Revenue per employee is a key indicator that impacts the overall financial performance of the Group. This, along with gross profit generated per employee, indicates the overall efficiency of the operations.

<b>Al Mahhar Holding Company</b>		
<b>QAR million</b>	<b>2021*</b>	<b>H1 2022**</b>
Revenue per Employee	1.19	1.15
Gross profit (excluding direct permanent employee costs) and Other Income per Employee	0.32	0.17

Source: Management Information

Note: \*Based on full-time, permanent employee headcount of 523 as of 31 December 2021 (excluding joint ventures and associates); \*\* Based on full-time, permanent employee headcount of 602 as of 31 June 2022 respectively (excluding joint ventures and associates).

Growth in revenue and expansion in gross margins have also led to growth in gross profit and other income per employee. The Group is expected to improve these further with a growth in the scale of operations and a focus on expanding margins.

### General and administrative expenses to gross profit plus other income

General and administrative expenses to gross profit plus other income is a key performance indicator benchmarking the incurred fixed costs to all the revenues generated as a percentage. This is another core efficiency parameter for the Group and is used in conjunction with the revenue and gross profit per employee parameters described above.

Al Mahhar Holding Company		
%	2021	H1 2022
General & administrative expenses to gross profit plus other income <sup>42</sup>	70.4%	66.4%

Source: Management Information

This efficiency parameter improved in H1 2022 driven by substantial improvement in gross profit and stable general and administrative expenses.

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<sup>42</sup> General and administrative expenses divided by the total of Gross profit and Other income as per Pro Forma Financial Information

## 22. SUMMARY OF THE COMPANY'S ARTICLES OF ASSOCIATION

The following is a summary of the Articles, noting that a copy of the Articles and memorandum of association of the Company along with a copy of this Listing Prospectus shall be available on the website of the Company within a reasonable period before the date of the Listing.

### 22.1. Shareholders' Rights

All the Shares are of equal value and enjoy equal voting and other inherent rights, which, in accordance with the Commercial Companies Law, include:

- (i) the right to receive dividends declared in the General Assembly meeting;
- (ii) preferential rights to subscribe for any new Shares, except as provided for under the law;
- (iii) the right to share in the distribution of the proceeds of the Company's assets on liquidation;
- (iv) the right to be invited to attend the General Assembly meeting and vote in such meeting personally or by proxy in accordance with the Articles; and
- (v) in addition to the requirements set out in the Commercial Companies Law, Articles and the QFMA Corporate Governance Code, a shareholder may only become a director if they hold at least 5% of the Company's Shares .

### 22.2. Ownership Restrictions

Except for the owners of the Shares in the Company prior to the Listing (as set out in *Section 11.3.1* of this Listing Prospectus) ("**Founders**") or companies owned or controlled by the Founders, a Shareholder cannot own, either directly or indirectly, more than 5% of the total issued share capital of the Company. Non-Qatari investors may own no more than 49% of the Company's total issued share capital.

### 22.3. Reports to Shareholders

The Board of Directors will prepare an annual statement for the Shareholders' consideration before the Ordinary General Assembly meeting which will include the following information that must be submitted at least one (1) week ahead of the OGA meeting:

- (i) all amounts obtained by the chairman and each of the directors during the financial year, such as salaries, wages, allowances, and attendance fees, expenditures and any other amounts;
- (ii) the benefits in kind and in cash enjoyed by the chairman or any of the directors for the financial year;
- (iii) the bonuses that the Board proposes to distribute to the directors;
- (iv) the amounts allocated for each current director;
- (v) the transactions and businesses in which any of the chairman of the Board of Directors, members of the Board and members of the Senior Executive Management team have an interest that conflicts with the interest of the Company and requires prior disclosure or approval in accordance with the provisions of Article 109 of the Commercial Companies Law, in addition to the details of those transactions and businesses;
- (vi) the amounts actually spent on advertising in any manner, together with details of each

amount;

- (vii) any donations made by the Company, together with information on beneficiary parties and details of each donation; and
- (viii) any allowances for any member of the Senior Executive Management team.

#### **22.4. Shareholders' Liabilities**

A Shareholder's liability is limited to the amount unpaid on each Share and it is not permissible to increase such liability.

#### **22.5. Dividend Policy**

The decision to pay dividends is taken by the OGA of the Company based on the recommendation of the Board of Directors.

The Company's dividend policy is aimed at striking a balance between the interests of the Shareholders and the Company's business needs. A number of factors therefore have an impact on the decision to pay, and the size and form of, any dividend.

#### **22.6. Transfer of Shares**

Title to the listed Shares will be transferred in accordance with the applicable rules of the QFMA and the QSE.

#### **22.7. OGA of Shareholders**

The Board of Directors will extend an invitation to all Shareholders to attend the OGA meeting within 4 months of the end of the financial year. The OGA will be responsible for the deliberation of the following:

- (i) hearing and ratifying the Board's and auditors' reports concerning the Company's activities and its financial position during the previous financial year;
- (ii) discussing and ratifying the Company's budget and its profit and loss account;
- (iii) discussing and adopting the corporate governance report;
- (iv) considering the Board's suggestions with regard to the approval and distribution of profits;
- (v) considering discharging and releasing the Board members from liability and payment and determination of their remuneration;
- (vi) considering the appointment or reappointment of auditors and agreeing on their fees; and
- (vii) electing the Board members, when necessary.

The Board will send invitations to Shareholders to attend the meeting by publishing such invitations in one (1) local newspaper which is published in Arabic, on the website of the financial market and the website of the Company, if available, at least 21 days prior to the date of the OGA meeting.

The invitation must be annexed with the agenda and all statements and documents pertaining to the matters to be deliberated at such meeting. When calling for a meeting of the OGA, the Chairman shall publish the invitation along with the balance sheet, profit and loss account, an

adequate summary of the Board's report and the full text of the auditors' report in 1 daily local newspaper which is published in Arabic and on the website of the Company, if available. A copy of all of the above documents will be sent to the MOCI at the same time such documents are sent to the Shareholders.

A Shareholder may appoint in writing another Shareholder to be their proxy to attend and vote on their behalf at the General Assembly meeting, but a Shareholder may not appoint a Director as their proxy and the number of Shares subject to the proxy should not exceed 5% of the Shares.

The OGA meeting shall not be deemed to have been duly convened unless attended by a number of Shareholders representing at least half of the Company's total issued share capital. If such quorum is not met, an invitation will be sent for a second meeting to be held within 15 days following the first meeting by way of publication in 2 daily local newspapers, at least one of which is published in Arabic, on the website of the financial market and the website of the Company, if available. The second meeting will be considered valid regardless of the number of Shares represented therein.

Resolutions at the OGA are passed by absolute majority of the votes represented at such meeting.

#### **22.8. EGA of Shareholders**

An EGA will be convened to decide on the following issues:

- (i) the amendment of the Company's Articles and memorandum;
- (ii) the increase or decrease of the Company's share capital;
- (iii) the extension of the Company's term;
- (iv) the dissolution, liquidation, transformation or merger with another company or acquisition of the Company;
- (v) the sale of the project for which the Company was created or disposing of it in any manner; and
- (vi) any transaction or business or several related transactions or matters of business aiming to sell the Company's assets or making any further disposal on those assets, or the assets that the Company will acquire if the total value of the transaction or the business, or of the several related transactions or matters of business, is equal to a total of 51% or more of the Company's market value or the value of its net assets according to the latest financial statements announced, whichever is lower. For the purposes of this paragraph, the Company's assets include the assets of any subsidiary of the Company.

Nonetheless, the EGA meeting is not entitled to make amendments to the Articles which may increase the liabilities of the Shareholders or change its nationality or transfer its location from Qatar to any other state. Any decision to the contrary will be null and void.

Subject to the provisions of Article 138 of the Companies Law, the Board shall call for an EGA whenever necessary or upon a written request by a Shareholder holding at least 25% of the Company's total issued share capital, in the latter case within 15 days from the submission of

the request, otherwise, the MOCI, based on the request of such Shareholders, will address the invitation on account of the Company within 15 days of receipt.

The EGA will not be valid unless the meeting is attended by Shareholders and/or proxies representing at least 75% of the Company's total issued share capital. If such quorum is not met, an invitation shall be sent for a second meeting to be held within 30 days following the first meeting. The second meeting shall be considered valid if attended by a number of Shareholders and/or proxies representing 50% of the Company's total issued share capital. If such quorum is not met, an invitation shall be sent for a third meeting to be held within 30 days following the first meeting. The third meeting shall be considered valid regardless of the number of Shareholders present.

If the matter to be considered is the dissolution of the Company, its liquidation, its transformation or its merger or the sale of the project for which the Company was set up or disposing of the project by any means of disposal, the meeting will be considered valid only if it is attended by a number of Shareholders representing at least 75% of the Company's total issued share capital.

EGA decisions are taken by absolute majority of the shares represented in the EGA. The Board of Directors shall publish EGA decisions which decide on the amendment of the Company's Articles.

#### **22.9. General Assembly Virtual Meeting**

The EGA and OGA may be held through modern means of technology instead of, or alongside, traditional attendance in person in accordance with the regulations set by the MOCI.

#### **22.10. Liquidation**

According to the Company's Articles, the Company will be subject to liquidation in any of the following events:

- (i) expiry of its term, unless it is extended in conformity with the Articles;
- (ii) termination of the object for which the Company was incorporated or if it becomes impossible for it to be achieved;
- (iii) the transfer of all the Shares to a number of Shareholders inferior to the legal minimum;
- (iv) the loss of the Company's entire share capital or most of it in a way that it becomes impossible to invest whatever is left in a useful manner;
- (v) a decision taken by the General Assembly to dissolve the Company prior to its expiry date;
- (vi) merger with another company or institution; or
- (vii) the issuance of a court order to dissolve the Company or declare it bankrupt.

The procedure to liquidate the Company will be as detailed in the Commercial Companies Law.

Furthermore, the Company shall comply with the regulations applicable to listed companies in relation to liquidation.



## **23. QFMA WAIVERS**

- 23.1. The QFMA allowed the Founders and major shareholders to trade no more than 30% of their shares during the first year only since the start of the trading, while adhering to the provisions of Article 83 of the QFMA Listing Rules, which prohibits the Founders or major shareholders to collectively reduce their percentage of ownership to less than 40% of the issued and paid up capital until two years have elapsed from the date of commencement of trading the Company's Shares.
- 23.2. Except as mentioned in section 23.1 above, no waivers, exemptions or other dispensations have been sought or obtained from the QFMA in relation to this Listing Prospectus or the Listing of the Shares.

## **24. GENERAL INFORMATION**

### ***Listing***

The Company will submit an application to the QFMA and the QSE to list 100% of its Shares on the QSEVM in accordance with the requirements of the QFMA and the QSE. Trading in the Shares will be effected on an electronic basis, as per the electronic trading system adopted by the QSE. It is anticipated that admission will occur during June 2023.

### ***Authorisations***

The Company has obtained all consents, approvals and authorisations in Qatar in connection with the Listing.

### ***Documents available for inspection***

Copies of this Listing Prospectus, the Articles, and the Financial Statements of the Company will be available for inspection free of charge, during normal business hours, at the registered office of the Company, on the website of the Company and the website of the QSE from the date of issuance of this Listing Prospectus.

### ***Security code***

The Qatar Stock Exchange Shares trading symbol is MHAR.

The address of the Company is: Suite 203 - D, Jaidah Square, Airport Road, Doha, Qatar, PO Box 16069.

### ***Guiding trading price***

The Shares have a nominal or par value of QAR 1 per Share. The guide trading price of QAR 2 per Share which includes the nominal value of QAR 1 per plus a premium of 1 per Share at the time of admission for trading was determined by the Company. There is no guarantee that trading will open, continue or persist at this price.

### ***Working Capital***

The Company has sufficient working capital to meet all obligations due for the twelve-month period from the date of approval of this Listing Prospectus by the QFMA.

## **25. INDEPENDENT AUDITOR'S DECLARATION**

Ernst & Young – (Qatar Branch) were appointed as the independent auditors of the Company to audit the consolidated financial statements of the Company for the financial year ending 31 December 2023.

Ernst & Young – (Qatar Branch) have given and have not withdrawn their written consent to the inclusion in this Listing Prospectus of the audit report on the Audited Financial Statements of the Company and Petrotec and the Interim Financial Statements of the Company.

## **26. UNDERTAKINGS BY THE COMPANY**

The Company undertakes to promptly inform the QFMA and the QSE about any material information that might affect the Company's Share price on the QSEVM, and to publish this information in daily newspapers in collaboration and coordination with the MOCI, the QFMA and the QSE, clearly and accurately. The Company further undertakes to provide the QFMA and the QSE with all periodic information and reports issued by the Company in the future.

The Company and the Board, acting jointly and severally, confirm that the information provided in this Listing Prospectus is true and accurate and that no facts were omitted, the omission of which would render any statement in this undertaking or in this Listing Prospectus misleading.

## 27. LEGAL COUNSEL REPORT

The following constitutes a translation of text included in the Arabic Listing Prospectus:

*We hereby confirm and certify that the listing of the Shares by Al Mahhar Holding Company Q.P.S.C is in accordance with the QFMA Securities Offering & Listing Rulebook issued by the Board of Directors of QFMA under decision number (4) of 2020 and that the admission of the Shares is made in accordance with the QSE Rulebook and the Company's Memorandum of Association and Articles of Association.*

*We further confirm that all legal procedures undertaken in this respect are in accordance with the applicable laws and regulations.*

*Name: Rashid Saad Al Saad Al Kuwari*

*Title: Managing Partner, Sharq Law Firm*

*Signature:*



*Doha, Qatar*

*Date: 17 May 2023*

## 28. ADVISORS TO THE COMPANY

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### Listing Advisor

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**Deloitte & Touche – Qatar Branch**

Al Ahli Bank – Head Office Building, Sheikh Suhaim bin Hamad Street, Al Sadd Area P.O. Box 431, Doha, Qatar

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### Strategic Advisor

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**MAROON CAPITAL**

**Maroon Capital Advisory LLC**

Al Fardan Office Towers, Floor No.26, Office No.02, West Bay, Doha

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### Financial Evaluator

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**PricewaterhouseCoopers**

Tornado Tower 41st Floor, P.O. Box 6689, Doha, State of Qatar

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### International Legal Advisor

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**EVERSHEDS  
SUTHERLAND**

**Eversheds Sutherland (International) LLP**

Qatar Financial Centre, 12th Floor, Tower 1, P.O. Box 24148, Doha, State of Qatar

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### Qatar Legal Advisor

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**Sharq Law Firm**

Alfardan Office Tower Level 22, West Bay, P.O. Box 6997, Doha, Qatar

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### Independent Auditor

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**Ernst & Young – (Qatar Branch)**

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