

Al Mahhar Holding Company W.L.L.
(A limited liability company under conversion into a
Public Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
30 SEPTEMBER 2022

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AL MAHAR 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 September 2022, which comprise the interim consolidated statement of financial position as at 30 September 2022, and the related interim consolidated statement of profit or loss and other comprehensive income for the three month and nine month periods then ended and the related interim consolidated statements of changes in equity and cash flows for the nine 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

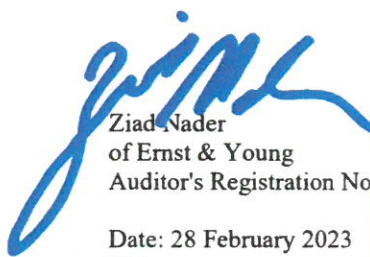
We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 to the interim condensed consolidated financial statements, these represent the first nine-month interim condensed consolidated financial statements prepared by the Group. Accordingly, the comparative financial information for the three-month and nine-month periods ended 30 September 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: 28 February 2023
Doha



Al Mahhar Holding Company W.L.L.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three-month and nine-month periods ended 30 September 2022

		<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
		<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
		<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
		<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>Notes</i>	<i>(Reviewed)</i>	<i>(Not Reviewed or Audited)</i>	<i>(Reviewed)</i>	<i>(Not Reviewed or Audited)</i>
Revenue	4	167,217,433	28,404,426	382,618,755	97,094,913
Cost of sales	5	(134,838,205)	(19,821,610)	(302,287,360)	(71,283,559)
GROSS PROFIT		32,379,228	8,582,816	80,331,395	25,811,354
General and administrative expenses		(26,812,174)	(7,883,112)	(65,923,685)	(22,523,241)
Depreciation of right-of-use assets		(1,200,230)	(66,453)	(2,845,592)	(333,386)
(Loss) gain on foreign exchange		(1,281,146)	154,528	(2,253,867)	410,699
OPERATING PROFIT		3,085,678	787,779	9,308,251	3,365,426
Other income		1,605,144	845,897	4,099,607	1,757,238
Finance income		248,574	21,356	980,287	317,401
Finance costs		(2,145,171)	(265,008)	(3,145,997)	(1,294,928)
Interest on lease liabilities		(213,889)	(305,610)	(548,100)	(916,831)
Share of results from associates and a joint venture		(100,501)	431,642	459,465	1,561,552
PROFIT FOR THE PERIOD		2,479,835	1,516,056	11,153,513	4,789,858
Profit for the period attributable to:					
Equity holders of the parent		2,444,334	1,571,629	10,656,346	3,498,631
Non-controlling interests		35,501	(55,573)	497,167	1,291,227
		2,479,835	1,516,056	11,153,513	4,789,858
Earnings per share:					
Basic and Diluted earnings per share	6	18.16	157.16	79.19	349.86

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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 OTHER COMPREHENSIVE INCOME

For the three-month and nine-month periods ended 30 September 2022

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Not Reviewed or Audited)</i>	<i>(Reviewed)</i>	<i>(Not Reviewed or Audited)</i>
Profit for the period	2,479,835	1,516,056	11,153,513	4,789,858
<i>Other comprehensive income not to be reclassified 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	27,225	-	(103,084)	-
<i>Other comprehensive income that might be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation adjustment	(12,001)	-	18,799	-
Other comprehensive income (loss) for the period	15,224	-	(84,285)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,495,059	1,516,056	11,069,228	4,789,858
Total comprehensive income attributable to:				
Equity holders of the parent	2,459,558	1,571,629	10,567,441	3,498,631
Non-controlling interests	35,501	(55,573)	501,787	1,291,227
	2,495,059	1,516,056	11,069,228	4,789,858

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Al Mahhar Holding Company W.L.L.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		30 September 2022 QR (Reviewed)	31 December 2021 QR (Audited)
	Notes		
ASSETS			
Non-current assets			
Property and equipment	7	96,747,099	40,547,769
Investment property		13,594,964	14,163,753
Right of use-of-assets		21,501,586	8,721,645
Utilisation right advance		4,303,821	3,750,000
Notes receivable - net		14,993,583	3,876,269
Investments in associates	8	8,887,715	16,918,393
Investment in a joint venture	8	3,185,937	-
Intangible asset		253,501	365,393
Deferred tax assets		62,374	62,374
Financial assets at fair value through other comprehensive income		2,940,740	552,970
		<u>166,471,320</u>	<u>88,958,566</u>
Current assets			
Inventories		118,405,663	45,922,424
Trade and other receivables	9	250,982,904	86,693,573
Bank balances and cash	10	54,500,750	18,453,338
		<u>423,889,317</u>	<u>151,069,335</u>
TOTAL ASSETS		<u><u>590,360,637</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 September 2022

	Notes	30 September 2022 QR (Reviewed)	31 December 2021 QR (Audited)
EQUITY AND LIABILITIES			
Equity			
Capital	11	10,000,000	10,000,000
Contribution towards share capital increase	11	197,000,000	-
Legal reserve		3,108,318	1,992,967
Fair value reserve		429,325	532,409
Foreign currency translation reserve		14,179	-
Merger reserve	3	1,651,154	-
Retained earnings		97,214,515	89,773,520
Equity attributable to equity holders of the parent		309,417,491	102,298,896
Non-controlling interests		23,653,347	16,630,606
Total equity		333,070,838	118,929,502
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	12	23,320,375	18,607,505
Lease liabilities		20,600,063	6,969,689
Accounts payable and accruals		4,018,460	2,250,506
Employees' end of service benefits		21,590,069	3,207,704
		69,528,967	31,035,404
Current liabilities			
Accounts payable and accruals		171,502,668	81,610,144
Lease liabilities		1,083,196	1,604,351
Interest-bearing loans and borrowings	12	15,174,968	6,848,500
		187,760,832	90,062,995
Total liabilities		257,289,799	121,098,399
TOTAL EQUITY AND LIABILITIES		590,360,637	240,027,901



Salah Al-Jaidah
Partner



Clifford W. Lasrado
Director

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Al Mahhar Holding Company W.L.L.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2022

	<i>For the nine-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>
	<i>2022</i>	<i>2021</i>
<i>Notes</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Not Reviewed or Audited)</i>
OPERATING ACTIVITIES		
Profit for the period	11,153,513	4,789,858
<i>Adjustments for:</i>		
Share of results from associates and a joint venture	(459,465)	(1,561,552)
Gain on disposal of property and equipment	(377,181)	(301,108)
Depreciation of investment property	569,219	569,212
Depreciation of property and equipment	8,295,838	3,439,990
Depreciation of right-of-use assets	2,845,592	333,386
Provision for employees' end of service benefits	3,373,995	2,182,760
Provision for expected credit losses	7,840,387	3,108,108
Amortisation of intangible asset	111,892	110,243
Amortisation of deferred lease premium	165,104	112,500
Interest on lease liabilities	548,100	269,398
Finance costs	3,145,998	1,294,928
Finance income	(980,287)	(317,401)
Operating profit before working capital changes	36,232,705	14,030,322
<i>Changes in assets and liabilities:</i>		
Inventories	(33,288,607)	(3,177,477)
Trade and other receivables	57,855,494	(9,591,309)
Notes receivable	(11,117,314)	3,799,990
Accounts payable and accrual	(47,530,632)	(2,796,368)
Net cash (used in) generated from operations	2,151,646	2,265,158
Employees end of service benefits paid	(1,878,792)	(931,842)
Interest received	980,287	317,401
Net cash flows from operating activities	1,253,141	1,650,717
INVESTING ACTIVITIES		
Purchase of property and equipment	(5,733,880)	(5,371,729)
Net cash acquired from acquisition of Petrotec Group (i)	58,870,193	-
Proceeds from disposal of property and equipment	583,339	477,254
Net cash flows from (used in) investing activities	53,719,652	(4,894,475)
FINANCING ACTIVITIES		
Net movement in interest-bearing loans and borrowings	(11,922,716)	1,553,373
Interest paid	(3,145,998)	(1,294,928)
Payment of lease liabilities	(3,856,667)	(972,267)
Net cash flows (used in) from financing activities	(18,925,381)	(713,822)
NET INCREASE (DECREASE) IN BANK BALANCES AND CASH	36,047,412	(3,957,580)
Bank balances and cash at 1 January	18,453,338	19,957,515
BANK BALANCES AND CASH AT 30 SEPTEMBER	54,500,750	15,999,935

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

(ii) Interim dividend declared has been offset against the due to balances with shareholders, hence a non-cash transaction.

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 nine-month period ended 30 September 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	-	-	-	-	-	-	3,498,631	3,498,631	1,291,227	4,789,858
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	3,498,631	3,498,631	1,291,227	4,789,858
Transfer to legal reserve	-	-	322,831	-	-	-	(322,831)	-	-	-
Balance at 30 September 2021 (Not Reviewed or Audited)	10,000,000	-	1,891,184	544,267	-	-	92,127,798	104,563,249	16,685,088	121,248,337
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	-	-	-	-	-	-	10,656,346	10,656,346	497,167	11,153,513
Other comprehensive income for the period	-	-	-	(103,084)	14,179	-	-	(88,905)	4,620	(84,285)
Total comprehensive income for the period	-	-	-	(103,084)	14,179	-	10,656,346	10,567,441	501,787	11,069,228
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	8,181,952	9,833,106
Acquisition of NCI *	-	-	-	-	-	-	-	-	(1,660,998)	(1,660,998)
Interim dividend (Note 11)	-	-	-	-	-	-	(2,100,000)	(2,100,000)	-	(2,100,000)
Transfer to legal reserve	-	-	1,115,351	-	-	-	(1,115,351)	-	-	-
Balance at 30 September 2022 (Reviewed)	10,000,000	197,000,000	3,108,318	429,325	14,179	1,651,154	97,214,515	309,417,491	23,653,347	333,070,838

* 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.

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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 Public Joint Stock 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.

Subsequent to the reporting period date, the Company has been converted to a Public Joint Stock Company after obtaining the necessary approvals from the shareholders and the relevant regulators in the State of Qatar.

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 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 period ended 30 September 2022 were authorised for issue by the Directors of the Company on 28 February 2023.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The preparation of 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 nine-month interim condensed consolidated financial statements prepared by the Group. Accordingly, the comparative financial information for the three-month and nine-month periods ended 30 September 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 were 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 period ended 30 September 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.

Al Mahhar Holding Company W.L.L.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2022

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 September 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 September 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. (ii)	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 11th April 2022.

(ii) In November 2022, the Group transferred 70% ownership of Hill Contracting Company to its shareholders.

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) and its subsidiaries, which engages in marketing and sale of various products and services related to oil and gas industry and other industrial sectors were acquired from the shareholders of the Group on 11 April 2022.

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

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

Al Mahhar Holding Company W.L.L.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2022

3 BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

The acquisition of Petrotec and its subsidiaries 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 and its subsidiaries 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. Subsequent to the period end, the Company obtained the necessary approvals to reflect its the change in the share capital.

4 REVENUE

Revenue by product/service type are as follows:

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022 QR (Reviewed)</i>	<i>2021 QR (Not Reviewed or Audited)</i>	<i>2022 QR (Reviewed)</i>	<i>2021 QR (Not Reviewed or Audited)</i>
Sale of equipment	129,236,247	17,105,871	287,189,944	61,563,948
Service income	29,456,151	6,978,314	57,029,997	25,041,955
Equipment rental income	8,525,035	4,320,241	38,398,814	10,489,010
	<u>167,217,433</u>	<u>28,404,426</u>	<u>382,618,755</u>	<u>97,094,913</u>

Revenue based on region:

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022 QR (Reviewed)</i>	<i>2021 QR (Not Reviewed or Audited)</i>	<i>2022 QR (Reviewed)</i>	<i>2021 QR (Not Reviewed or Audited)</i>
Qatar	151,029,930	25,929,035	349,067,356	88,233,288
Others	16,187,503	2,475,391	33,551,399	8,861,625
	<u>167,217,433</u>	<u>28,404,426</u>	<u>382,618,755</u>	<u>97,094,913</u>

Timing of revenue recognition:

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022 QR (Reviewed)</i>	<i>2021 QR (Not Reviewed or Audited)</i>	<i>2022 QR (Reviewed)</i>	<i>2021 QR (Not Reviewed or Audited)</i>
Point in time	154,191,349	24,084,185	338,239,412	86,605,903
Over time	13,026,084	4,320,241	44,379,343	10,489,010
	<u>167,217,433</u>	<u>28,404,426</u>	<u>382,618,755</u>	<u>97,094,913</u>

Al Mahhar Holding Company W.L.L.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2022

5 COST OF SALES

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Not Reviewed or Audited)</i>	<i>(Reviewed)</i>	<i>(Not Reviewed or Audited)</i>
Cost of goods sold	110,075,880	13,323,513	241,531,529	50,914,500
Cost of equipment rental	5,226,414	1,517,943	19,013,819	3,046,288
Cost of service	11,130,905	2,016,978	17,295,210	6,741,358
Depreciation of property and equipment	1,538,419	825,083	3,924,602	2,324,406
Other direct cost	6,866,587	2,138,093	20,522,200	8,257,007
	<u>134,838,205</u>	<u>19,821,610</u>	<u>302,287,360</u>	<u>71,283,559</u>

6 EARNINGS PER SHARE

Basic earnings per share

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

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Not Reviewed or Audited)</i>	<i>(Reviewed)</i>	<i>(Not Reviewed or Audited)</i>
Profit for the period attributable to equity holders of the Company	2,444,334	1,571,629	10,656,346	3,498,631
Weighted average number of shares outstanding during the period	<u>134,574</u>	<u>10,000</u>	<u>134,574</u>	<u>10,000</u>
Basic earnings per share	<u>18.16</u>	<u>157.16</u>	<u>79.19</u>	<u>349.86</u>

The weighted average number of shares is as follows:

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Not Reviewed or Audited)</i>	<i>(Reviewed)</i>	<i>(Not Reviewed or Audited)</i>
Qualifying shares at the beginning of the period	10,000	10,000	10,000	10,000
Weighted average number of shares related to the Petrotec and its subsidiaries acquisition	<u>124,574</u>	<u>-</u>	<u>124,574</u>	<u>-</u>
Qualifying shares for the period	<u>134,574</u>	<u>10,000</u>	<u>134,574</u>	<u>10,000</u>

Subsequent to the period end, the Company obtained the necessary legal approval to reduce the par value of the ordinary share from QR 1,000 to QR 1.

Diluted earnings per share

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

7 PROPERTY AND EQUIPMENT**Acquisitions**

During the nine-month period ended 30 September 2022, the Group acquired assets with a cost of QR 5,733,880 (year ended 31 December 2021: QR 5,371,729). Property and equipment acquired as a part of acquisition of Petrotec and its subsidiaries is disclosed in Note 3. Depreciation charged during the period amounted to QR 8,295,838 (for the nine-month period ended 30 September 2021: QR 3,439,990).

Disposals and write off

During the nine-month period ended 30 September 2022, the Group has disposed assets with a carrying amount of QR 206,158 (year ended 31 December 2021: QR 192,184).

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 September 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%	-	8,887,715	-
				<u>8,887,715</u>	<u>16,918,393</u>

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

	<i>30 September 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 (Note 3)	8,743,233	-
Share of results for the period / year	144,482	2,134,263
Disposal	(16,918,393)	-
Movement in shareholders loan account and partners current account	-	(2,744,609)
As at 30 September /31 December	<u>8,887,715</u>	<u>16,918,393</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 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.

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8 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)

(b) Investment in a joint venture

The Group has investment in the following joint venture:

			<i>30 September 2022</i>	<i>31 December 2021</i>
	<i>Country of incorporation</i>	<i>Holding percentage</i>	<i>QR (Reviewed)</i>	<i>QR (Audited)</i>
Solarca Qatar W.L.L.	State of Qatar	50%	<u>3,185,937</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.

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

	<i>30 September 2022</i>	<i>31 December 2021</i>
	<i>QR (Reviewed)</i>	<i>QR (Audited)</i>
At 1 January	-	-
Acquisition of Solarca (Note 3)	2,870,954	-
Share of results	<u>314,983</u>	<u>-</u>
At 30 September / 31 December	<u>3,185,937</u>	<u>-</u>

9 TRADE AND OTHER RECEIVABLES

	<i>30 September 2022</i>	<i>31 December 2021</i>
	<i>QR (Reviewed)</i>	<i>QR (Audited)</i>
Trade receivables	212,490,163	83,822,699
Notes receivable	<u>49,529,370</u>	<u>12,010,561</u>
	262,019,533	95,833,260
Less: Allowance for expected credit losses (Note i)	<u>(30,332,908)</u>	<u>(14,040,808)</u>
	231,686,625	81,792,452
Amounts due from related parties (Note 14)	232,987	1,177,135
Prepayments and other receivables	<u>19,063,292</u>	<u>3,723,986</u>
	<u>250,982,904</u>	<u>86,693,573</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2022

9 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	<i>30 September 2022 QR (Reviewed)</i>	<i>31 December 2021 QR (Audited)</i>
At 1 January	14,040,808	20,826,104
Transfer from Petrotec and its subsidiaries	9,265,718	-
Provided during the period / year	7,840,387	4,927,002
Amounts written off	<u>(814,005)</u>	<u>(11,712,298)</u>
At 30 September /31 December	<u>30,332,908</u>	<u>14,040,808</u>

10 BANK BALANCES AND CASH

	<i>30 September 2022 QR (Reviewed)</i>	<i>31 December 2021 QR (Audited)</i>
Cash on hand	669,915	61,375
Bank balances (i)	<u>53,830,835</u>	<u>18,391,963</u>
Bank balances and cash	<u>54,500,750</u>	<u>18,453,338</u>

Note:

(i) The bank balances include current bank account and short-term placement with original maturity of less than three months.

11 CAPITAL AND CONTRIBUTION TOWARDS SHARE CAPITAL INCREASE

	<i>30 September 2022 QR (Reviewed)</i>	<i>31 December 2021 QR (Audited)</i>
<i>Issued and 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.

Furthermore, the Board of Directors of the Group have resolved to declare a dividend amounting to QR 7,900,000 to the shareholders on 20 December 2022.

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 has obtained the approval from the relevant regulators in the State of Qatar to increase the share capital of the Company to QR 207,000,000 effective from February 2023.

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12 INTEREST-BEARING LOANS AND BORROWINGS

		30 September 2022 QR (Reviewed)	31 December 2021 QR (Audited)
Term loan 1	(i)	19,362,356	21,259,651
Trust receipts	(ii)	12,387,783	2,350,437
Term loan 2	(iii)	6,708,812	1,787,555
Vehicle loan	(iv)	36,392	58,362
		38,495,343	25,456,005

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

	30 September 2022 QR (Reviewed)	31 December 2021 QR (Audited)
Current portion	15,174,968	6,848,500
Non-current portion	23,320,375	18,607,505
	38,495,343	25,456,005

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 facilities were obtained for import and local purchases needs, the borrowing is secured by a guarantee from Petroleum Technology Company W.L.L. and carry commercial interest rates.
- (iii) This represents import loans and loans against trust receipts. These short-term borrowings are secured by the joint and several guarantees of the partners and corporate guarantee from Petroleum Technology Company W.L.L. and assignment 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 September 2022, the Group had contingent liabilities amounting to QR 159,264,617 (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.

	30 September 2022 QR (Reviewed)	31 December 2021 QR (Audited)
Letters of credit on import purchases	60,684,010	15,153,710
Guarantees on bank facility	98,580,607	7,137,286
	159,264,617	22,290,996

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 nine-month period ended 30 September</i>	
	<i>2022</i>	<i>2021</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Not Reviewed or Audited)</i>
Rental income	<u>903,540</u>	<u>216,000</u>
Interest expenses	<u>-</u>	<u>175,742</u>
Direct cost	<u>701,913</u>	<u>691,528</u>
Management fee	<u>136,167</u>	<u>-</u>
Service income	<u>412,100</u>	<u>69,443</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 September 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 September 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>232,987</u>	<u>7,442,944</u>	<u>1,177,135</u>	<u>42,608,689</u>

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

Compensation of key management personnel

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

	<i>For the nine-month period ended 30 September</i>	
	<i>2022</i>	<i>2021</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Not Reviewed or Audited)</i>
Salaries and short-term benefits	<u>5,169,789</u>	<u>3,762,990</u>
Employees' end of service benefits	<u>679,513</u>	<u>230,368</u>
	<u>5,849,302</u>	<u>3,993,358</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 Level 1 QR</i>	<i>Significant observable inputs Level 2 QR</i>	<i>Significant unobservable inputs Level 3 QR</i>
30 September 2022 (Reviewed)	Total QR			
Financial assets				
Financial assets at fair value through other comprehensive income*	2,940,740	2,940,740	-	-
		<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets Level 1 QR</i>	<i>Significant observable inputs Level 2 QR</i>	<i>Significant unobservable inputs Level 3 QR</i>
31 December 2021 (Audited)	Total QR			
Financial assets				
Financial assets at fair value through other comprehensive income	552,970	552,970	-	-

During the period ended 30 September 2022 and year ended 31 December 2021, 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 2,409,847 through the acquisition of Petrotec and its subsidiaries.

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.

16 OPERATING SEGMENTS (CONTINUED)

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.

Nine-month period ended 30 September 2022 (Reviewed):

	<i>Energy QR</i>	<i>Infrastructure QR</i>	<i>Eliminations QR</i>	<i>Total QR</i>
External customer	250,049,767	132,568,988	-	382,618,755
Inter-segment		15,240,339	(15,240,339)	-
Total Revenue *	250,049,767	147,809,327	(15,240,339)	382,618,755
Cost of Sales	198,834,117	118,693,582	(15,240,339)	302,287,360
Profit for the period	7,620,966	7,832,619	(4,300,072)	11,153,513

Nine-month period ended 30 September 2021 (Not Reviewed or Audited):

	<i>Energy QR</i>	<i>Infrastructure QR</i>	<i>Eliminations QR</i>	<i>Total QR</i>
External customer	-	97,094,913	-	97,094,913
Inter-segment	-	2,522,272	(2,522,272)	-
Total Revenue *	-	99,617,185	(2,522,272)	97,094,913
Cost of Sales	-	73,805,831	(2,522,272)	71,283,559
Profit for the period	-	4,789,858	-	4,789,858

*There are no intersegmental revenues

Segment assets:

	<i>Energy QR</i>	<i>Infrastructure QR</i>	<i>Eliminations QR</i>	<i>Total QR</i>
30 September 2022 (Reviewed)	362,294,175	557,165,228	(329,098,766)	590,360,637
31 December 2021 (Audited)	-	240,027,901	-	240,027,901

Segment liabilities:

	<i>Energy QR</i>	<i>Infrastructure QR</i>	<i>Eliminations QR</i>	<i>Total QR</i>
30 September 2022 (Reviewed)	149,990,940	191,329,797	(84,030,938)	257,289,799
31 December 2021 (Audited)	-	121,098,399	-	121,098,399

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 September 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 reclassifications 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.