

PRO FORMA AND AUDITED FINANCIAL INFORMATION AND FINANCIAL STATEMENTS

The compiled unaudited pro forma historical statement for financial years 2012, 2013 and 2014, the audited consolidated financial statement (2015) of financial position and the compiled unaudited pro forma historical statement of comprehensive income presented below have been prepared on the basis set out in the notes and in accordance with the requirements of Annex 1, Article 19.4(b) of the Offering and Listing Rulebook of Securities issued by the QFMA.

The compiled unaudited pro forma financial statements for the years 2012, 2013 and 2014, and the audited consolidated financial statements for 2015, as used in this Prospectus, include the financial performance and positions of the eight Subsidiaries. The audited consolidated financial statements for 2015 also include the Company's interest in EL Sewedy Cables W.L.L., which was subsequently sold in 2016, and hence does not form part of this IPO. The related assets, liabilities, and profit and expense of this subsidiary are adequately and separately classified under Discontinued Operations; thus, have not been considered in the management analysis of this Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

Prospective investors should read the "MANAGEMENT DISCUSSION AND ANALYSIS" section together with the whole of this Prospectus, including the sections entitled "RISK FACTORS" and "AUDITOR'S REPORT ON THE PREPERATION OF THE FINANCIAL INFORMATION", and should not rely solely on the information set out in this section. See "PRO FORMA AND AUDITED FINANCIAL INFORMATION AND FINANCIAL STATEMENTS" All statements other than statements of historical fact, such as statements regarding the future financial position and risks related to the Group's business, plans and objectives for future operations, are forward-looking statements.

A. Pro Forma Combined Statements of the Group

The following table sets out IHG's pro forma combined statements of the Group for the financial years ending on 31 December 2012, 2013, 2014 and the audited financial statements for financial year 2015. The historical audited financial statements (except 2015) include ten subsidiaries of which eight only are to be listed. The management believes that the historical audited numbers do not reflect the true financial performance and position. Therefore, we are presenting the compiled financial statements for the years ending on 31 December 2012, 2013 and 2014. These compiled financial statements represent the financial position of the eight Subsidiaries and thus give a fair representation of the historical performance of the Group.

Income Statement

<i>in QAR</i>	2012	2013	2014	2015
Sales	501,497,026	474,958,150	498,368,226	561,633,698
Direct cost	(333,046,893)	(333,290,979)	(335,956,367)	(382,579,633)
Gross profit	168,450,133	141,667,171	162,411,859	179,054,065
Other income	19,626,200	17,573,259	15,069,616	15,051,391
General and administrative expenses	(87,471,283)	(78,591,045)	(99,615,952)	(86,922,078)
EBITDA	100,605,050	80,649,385	77,865,523	107,183,378
Depreciation of property and equipment	(5,271,654)	(5,550,506)	(5,856,172)	(5,464,543)
EBIT	95,333,396	75,098,879	72,009,351	101,718,835
Interest expense	(7,511,936)	(6,316,594)	(7,357,262)	(7,709,673)
Provision for anticipated losses	(553,000)	-	-	-
Loss on revaluation of investment properties at fair value	-	(605,773)	(605,773)	(605,773)
Share of profit of associates	-	-	-	56,438
Net profit before management fees and income tax	87,268,460	68,176,512	64,046,316	93,459,827
Management fees	(6,003,106)	(9,971,615)	(6,991,297)	(5,227,322)
EBT	81,265,354	58,204,897	57,055,019	88,232,505
Income tax	(8,661,381)	(6,075,268)	(7,314,341)	(5,333,540)
Net income from continuing operations	72,603,973	52,129,629	49,740,678	82,898,965
Discontinued operations	-	-	-	57,036,346
Net income	72,603,973	52,129,629	49,740,678	139,935,311
Attributable to:				
Equity holders of the parent	43,524,124	31,225,607	27,432,061	109,372,151
Non – controlling interests	29,079,849	20,904,022	22,308,617	30,563,160
Total	72,603,973	52,129,629	49,740,678	139,935,311

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015

The profit of the year generated from the operations halted in 2015 was QAR 57 million, including QAR 31 million as a profit of the year from the operations halted and resulting from the exclusion of the group's share in Elsewedy Cables - Qatar LLC. (joint venture) and another QAR 26 million as a profit resulting from the exclusion of Orientals Enterprises OPC.

The following discussion provides a high level analysis of the material factors affecting IHG's results of operations for the financial years ending on 31 December 2012, 2013, 2014 and 2015.

Sales

Sales represent the total turnover generated by IHG from trade of engineering and construction related materials, and contracting services.

Project revenue and cost are recognized based on the progress of work performed. The Group uses the "percentage-of-completion method" to determine the appropriate amount of revenue (and cost) to be recognized in a given period. The stage of completion is measured by reference to the contract cost incurred as a percentage of total actual or estimated project cost. Trading revenue and cost are recognized on delivering the product sold.

<i>in QAR</i>	2012	2013	2014	2015
Sales	501,497,026	474,958,150	498,368,226	561,633,698
Growth (y-o-y)		-5.3%	4.9%	12.7%

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015

Sales decreased by QAR 26.5 million or its equivalent to 5.3% by the end of 31 December 2013. The decline in sales was due to the completion of work related to the Hamad International Airport and Doha Convention Centre projects, with no new projects of the same scale during the year 2013.

While sales increased by QAR 23.4 million or its equivalent to 4.9% by the end of 31 December 2014 from QAR 475 million as of 31 December 2013 to QAR 498.4 million, driven by the start of new projects as a result of the continuous growth in the Qatari construction and infrastructure sectors.

In 2015, revenue increase by QAR 63.3 million was primarily due to revenues generated from two new projects:

- (a) QAR 48.7 million for Aspire Zone Foundation project; and
- (b) QAR 7.7 million for Mshereib Phase 3 project.

Direct cost

Direct costs include all operating material, equipment, labour, subcontract and indirect costs related to contract completion in addition to the cost of the products sold. Given the importance of operating costs for the sales, the following are the data related to it in absolute and percentage:

<i>in QAR</i>	2012	2013	2014	2015
Direct cost	333,046,893	333,290,979	335,956,367	382,579,633
As a % of revenue	66.4%	70.2%	67.4%	68.1%

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

Direct cost as a percentage of revenues has not witnessed large fluctuations as shown in the above table.

Gross Profit

The Group targets a gross profit margin of approximately 30% on the majority of its contracts. The below table shows that the gross profit margin has consistently remained around the targeted percentage:

<i>in QAR</i>	2012	2013	2014	2015
Gross Profit	168,450,133	141,667,171	162,411,859	179,054,065
Gross profit margin	33.6%	29.8%	32.6%	31.9%

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

Other income

Other income comprises of rental income and income from professional and consultancy services rendered. The below table shows the value of other income and growth percentage:

<i>in QAR</i>	2012	2013	2014	2015
Other income	19,626,200	17,573,259	15,069,616	15,051,391
Growth (y-o-y)	-	-10.5%	-14.2%	-0.1%

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

Other income decreased by QAR 2.1 million or its equivalent to 10.5% by the end of 31 December 2013 from QAR 19.6 million as of 31 December 2012 to QAR 17.6 million, decreased further by QAR 2.5 million or its equivalent to 14.2% by the end of 31 December 2014 from QAR 17.6 million as of 31 December 2013 to QAR 15 million, and decreased by 0.1% by the end of 31 December 2015.

In 2012 and 2013, one of the Subsidiaries has outsourced manpower to a joint venture; this was a one-off project which generated approximately QAR 6 million over the two years. In 2014, the supply of manpower was null since the Project was completed in 2013, which justifies the gradual decrease in other income.

Commission income is generated by Trelco Limited Company from sponsoring businesses; a standard fee of 1% of the sponsored companies' revenue is charged by Trelco. The income from such sources ceased starting 2016.

Rental income is generated from the rental of commercial buildings owned by Trelco Limited Company. Rental income decreased by QAR 2.6 million between years 2013 and 2014 due to the decrease in occupancy rates, and increased in 2014 due to the revival in occupancy rates. Rental income increased by QAR 1.4 million in 2015 due to the increase in rental rates by 20%.

General and administrative expenses

General and administrative expenses consist of expenses that are not directly allocated to projects, including non-project specific wages and salaries, employee benefits, marketing, and other expenses as shown in the following table:

<i>in QAR</i>	2012	2013	2014	2015
General and administrative expenses	87,471,283	78,591,045	99,615,952	86,922,078
As a % of revenue	17.4%	16.5%	20.0%	15.5%
Growth (y-o-y)		-10.2%	26.8%	-12.7%

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

General and administrative expenses decreased by QR 8.9 million or its equivalent to 10.2% by the end of 31 December 2013 from QAR 87.5 million as of 31 December 2012 to QAR 78.6 million. It increased by QAR 21.0 million or its equivalent to 26.8% by the end of 31 December 2014 from QAR 78.6 million as of 31 December 2013 to QAR 99.6 million. Historically, over the period from 2012 to 2015, salaries and fringe benefits have accounted for approximately 63-68% of general and administrative expenses. The increase in 2014 was largely due to the increase in compensation packages of key management personnel that has also increased the provisions for employees' end of service benefits, with a retrospective effect, and provisions for annual leave pay. In 2015, salaries and fringe benefits decreased to a stabilized level of 16% as a percentage of revenues.

Interest expense

Interest expense represents costs of loans and borrowings. The below table shows the amounts of such expenses and its percentage of revenue:

<i>in QAR</i>	2012	2013	2014	2015
Interest expense	7,511,936	6,316,594	7,357,262	7,709,673
As a % of revenue	1.5%	1.3%	1.5%	1.4%

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

Interest expense decreased by QAR 1.2 million or 15.9% by the end of 31 December 2013 from QAR 7.5 million as of 31 December 2012 to QAR 6.3 million. It increased by QAR 1 million or 16.5% by the end of 31 December 2014 from QAR 6.3 million as of 31 December 2013 to QAR 7.3 million. It increased by 5% by the end of 31 December 2015. Interest expense is directly related to the level of borrowing which is driven by the level of activity. It has been consistent at 1.3%-1.5% of revenues over the last four years.

Depreciation expense

Depreciation expense has marginally fluctuated over the years 2012 to 2015 whether the annual variation or as a percentage of the income as demonstrated in the following table:

<i>in QAR</i>	2012	2013	2014	2015
Depreciation of property and equipment	5,271,654	5,550,506	5,856,172	5,464,543
Growth (y-o-y)		5.3%	5.5%	-6.7%
As a % of revenue	1.1%	1.2%	1.2%	1.0%

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

Depreciation expense is driven by the level of activity and has been at a constant rate of (1.1%-1.2%) of sales.

Loss on revaluation of investment properties at fair value

Loss on revaluation of investment properties at fair value represents the amortization of the cost of the buildings that were built on a leased land. The land will be transferred back to the land owner at the expiry of the lease agreement at no consideration. The below table shows that value of such losses as a loss on revaluation of investment properties at fair value:

<i>in QAR</i>	2012	2013	2014	2015
Loss on revaluation of investment properties at fair value	-	605,773	605,773	605,773

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

Taxation

Income tax liabilities for each year are accrued monthly and are paid in April of the following year. It represents income tax liability on net income attributable to foreign shareholders.

<i>in QAR</i>	2012	2013	2014	2015
IHG - EBT	43,524,124	31,225,607	27,432,061	52,335,805
Others shareholders - EBT	37,741,230	26,979,290	29,622,958	35,896,700
Income tax	(8,661,381)	(6,075,268)	(7,314,341)	(5,333,540)
Non – controlling interests - Net Income	29,079,849	20,904,022	22,308,617	30,563,160
<i>Net income from continuing operations</i>	72,603,973	52,129,629	49,740,678	82,898,965

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

The fluctuation in Income tax expense during the period from 2012 to 2015 is directly linked to changes in profitability of and the shares of foreign investors in the Subsidiaries.

Net income from continuing operations increased from QAR 47.4 million in 2014 to QAR 83 million in 2015, mainly due to higher revenues and decreased general and administrative expenses.

Material Adverse Changes

There are no material adverse changes in financial or commercial status of the Company since the issuance of the latest financial statements.

General trends related to production, sales and the cost of sales pricing

The following are the trends relating to production, sales and cost of sales prices in the view of the Group's management:

- In 2015, sales have grown compared with the previous financial year; and
- Costs of sales have not materially changed during the period from 2013 to 2015; thus, the Group's management expects to maintain a gross profit margin in line with those of the three years (2013 to 2015) with an expected slight improvement in margins on account of improving efficiency of operations.

Historically, the Group was able to pass on inflation to its clients through higher pricing of its projects. The specialized nature of the Group's largest part of the business gives it the flexibility to do so. Additionally, with the Group's strong gross profit margins, it still has a cushion to weather downward pressures on pricing in the future. Moreover, the relatively short term tenure for a large part of the Company's projects—18 to 24 months—makes the Company less vulnerable to fluctuations in raw material prices.

Information about the capital resources of the Company

Financial Position

<i>in QAR</i>	31 December			
	2012*	2013*	2014*	2015
ASSETS				
Current assets				
Bank balances and cash	90,624,435	91,690,658	101,082,423	120,022,176
Accounts receivable and other debit balances	118,195,892	163,836,867	181,378,457	182,453,066
Gross amounts due from customers on contract work	46,121,729	91,833,702	132,092,769	153,450,721
Due from related parties	172,295,168	96,198,506	113,246,001	52,495,912
Inventories	87,486,650	67,183,681	68,469,247	62,943,544
	514,723,874	510,743,414	596,268,897	571,365,419
Assets classified as held for sale - Discontinued Operations	-	-	-	321,683,790
Total current assets	514,723,874	510,743,414	596,268,897	893,049,209
Non-current assets				
Retentions receivable	55,624,319	68,369,865	65,456,776	71,629,653
Available for sale investments	2,250,000	2,250,000	2,250,000	2,250,000
Investment properties	4,593,784	3,988,011	3,382,238	2,776,465
Investment in associates	-	-	39,543	95,981
Property and equipment	27,869,768	14,056,786	16,150,986	19,948,885
Total non-current assets	90,337,871	88,664,662	87,279,543	96,700,984
Total assets	605,061,745	599,408,076	683,548,440	989,750,193
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdraft	58,163,631	93,393,310	116,705,388	78,341,182
Short term loans	42,015,746	63,216,427	65,760,929	120,769,521
Due to related parties	42,514,110	44,482,019	74,992,233	17,036,624
Gross amounts due to customers on contract work	134,701,116	121,187,327	80,133,117	55,006,020
Accounts payable and accruals	121,833,178	142,718,365	168,925,229	188,322,256
Income tax payable	5,063,001	3,516,928	4,255,318	5,333,540
	404,290,782	468,514,376	510,772,214	464,809,143
Liabilities directly associated with assets classified as held for sale - Discontinued Operations	-	-	-	253,180,673
Total current liabilities	404,290,782	468,514,376	510,772,214	717,989,816
Non-current liabilities				
Borrowings	167,958	259,194	400,339	4,421,153
Retentions payable	540,044	3,174,572	15,995,474	4,296,843
Employees' end of service benefits	13,663,181	18,299,852	22,282,956	26,470,146
Total non-current liabilities	14,371,183	21,733,618	38,678,769	35,188,142
Total liabilities	418,661,965	490,247,994	549,450,983	753,177,958
Equity and reserves				
Share capital	10,000,000	10,000,000	10,000,000	10,000,000
Capital reserve	18,468,265	18,468,265	18,468,265	18,468,265
Legal reserve	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	122,921,411	53,966,201	73,089,020	93,761,495
Equity attributable to equity holders of the parent	156,389,676	87,434,466	106,557,285	127,229,760
Non – controlling interests	30,010,104	21,725,616	27,540,172	40,839,358
Total	186,399,780	109,160,082	134,097,457	168,069,118
Discontinued Operations	-	-	-	68,503,117
Total equity	186,399,780	109,160,082	134,097,457	236,572,235
Total liabilities and equity	605,061,745	599,408,076	683,548,440	989,750,193

Note: * The amounts related to discontinued operations were not included in the pro forma combined financial statements of IHG for 2012, 2013 and 2014.

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

Current Assets

The majority of the assets of the Group are current in nature. Current assets – excluding those related to discontinued operations – decreased from QAR 514.7 million in 2012 to QAR 510.7 million in 2013 (0.8%), increased to QAR 596.3 million in 2014 (16.7%) and decreased to QAR 571.3 million in 2015 (4.2%). The significant increase in assets in 2015 is attributed to the assets of El Sewedy Cables Qatar W.L.L., a subsidiary that was subsequently sold by IHG in 2016. This subsidiary does not form part of this IPO and thus was not included in IHG's valuation.

Other components of current assets, such as accounts receivable and other debit balances, gross amount due from customers on contract work, and inventories are largely driven by the overall changes in the Company's activities. Inventories mainly arose from the trading business of the Group which accounts for less than 10% of the Group's overall revenue.

<i>in QAR</i>	2012	2013	2014	2015
Accounts receivable and other debit balances	118,195,892	163,836,867	181,378,457	182,453,066
Growth (y-o-y)		38.6%	10.7%	0.6%
Gross amounts due from customers on contract work	46,121,729	91,833,702	132,092,769	153,450,721
Growth (y-o-y)		99.1%	43.8%	16.2%
Inventories	87,486,650	67,183,681	68,469,247	62,943,544
Growth (y-o-y)		-23.2%	1.9%	-8.1%
Sales	501,497,026	474,958,150	498,368,226	561,633,698
Growth (y-o-y)		-5.3%	4.9%	12.7%

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

Accounts receivable and other debit balances

The average collection period stood at 86 days in 2012, 126 days in 2013, 133 days in 2014 and 119 days in 2015. The Group's terms of sales require amounts to be paid within a 60 - 90 days. However, due to the industry dynamics, the collection period usually takes longer. The following table shows the aging of accounts receivable and other debit balances.

<i>in QAR</i>	2012	2013	2014	2015
As of 31 December				
Less than 60 days	36,676,329	62,734,237	60,434,558	66,780,385
61-90 days	8,056,882	17,744,468	27,221,605	21,754,245
91-180 days	10,012,440	14,202,277	20,879,320	19,188,272
181-365 days	18,740,119	13,646,211	13,065,673	11,566,533
More than 365 days	13,923,967	11,687,844	19,130,458	18,455,118
Total	87,409,737	120,015,037	140,731,614	137,744,553
Retention receivable	1,389,463	6,486,746	13,790,155	19,658,024
Pre-paid expenses	20,982,786	4,482,934	2,093,343	3,627,362
Other debit balances	8,413,906	32,852,150	24,763,345	21,423,127
Accounts receivable and other debit balances	118,195,892	163,836,867	181,378,457	182,453,066

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

Gross amounts due from customers on contract work

This represents unbilled revenue earned on contracts. There are three Subsidiaries that contributed to the gross amounts due from customers.

<i>in QAR</i>	2012	2013	2014	2015
Gross amounts due from customers				
Debbas				
Value of work performed at cost plus attributable profits	144,290,340	220,766,246	298,691,691	332,500,150
Less: Progress billing	(125,198,460)	(156,738,241)	(221,901,909)	(237,810,521)
Subtotal	19,091,880	64,028,005	76,789,782	94,689,629
CDCT				
Value of work performed at cost plus attributable profits	73,969,583	71,394,909	117,094,505	173,099,470
Less: Progress billing	(60,069,446)	(62,107,269)	(98,736,094)	(147,632,124)
Subtotal	13,900,137	9,287,640	18,358,411	25,467,346
EMEC				
Value of work performed at cost plus attributable profits	27,235,340	66,589,535	127,778,327	186,391,446
Less: Progress billing	(14,105,628)	(48,071,478)	(90,833,752)	(153,097,700)
Subtotal	13,129,712	18,518,057	36,944,575	33,293,746
Total	46,121,729	91,833,702	132,092,769	153,450,721

Source: Management information for the years 2012, 2013, 2014 and 2015

Due from related parties

This accounts for 5.3% of the total assets of the Group as of 31 December 2015. Annual movements are attributed to intercompany transactions among Subsidiaries and affiliates that are carried out at arm's length basis. In anticipation of the IPO, IHG's management has managed to reduce dues from shareholders to zero balance through offsetting the outstanding balance against the payment of dividends.

<i>in QAR</i>	2012	2013	2014	2015
Due from related parties				
Shareholders	131,950,960	84,180,835	82,669,717	-
Related parties	28,624,897	3,141,121	13,273,900	46,326,097
Others	11,719,311	8,876,550	17,302,384	6,169,815
Total	172,295,168	96,198,506	113,246,001	52,495,912

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

Non-Current Assets

The Group has maintained a low level of fixed assets. This is primarily due to the fact that the Group's operations are highly labour intensive rather than capital intensive, and the majority of capital expenditure incurred is billed to customers as part of the contracting cost of projects.

The largest component of non-current assets is the retention receivables. This has directly fluctuated with IHG's revenues. Over the years 2013, 2014 and 2015, the retention receivable has been constant at around 13% as a percentage of revenue.

Current Liabilities

Current liabilities, excluding those related to discontinued operation, are mainly driven by changes in accounts payable and accruals and short-term borrowings which, in general, move in line with the Group's volume of business activities. The significant increase in current liabilities in 2015 is due to the related party liabilities of El Sewedy Cables Qatar W.L.L., a subsidiary that was subsequently sold by IHG in 2016. This subsidiary does not form part of this IPO; thus, was not included in IHG's valuation.

<i>in QAR</i>	2012	2013	2014	2015
Bank overdraft	58,163,631	93,393,310	116,705,388	78,341,182
Growth (y-o-y)		60.6%	25.0%	-32.9%
Short-term borrowings	42,015,746	63,216,427	65,760,929	120,769,521
Growth (y-o-y)		50.5%	4.0%	83.6%
Gross amounts due to customers on contract work	134,701,116	121,187,327	80,133,117	55,006,020
Growth (y-o-y)		-10.0%	-33.9%	-31.4%
Accounts payable and accruals	121,833,178	142,718,365	168,925,229	188,322,256
Growth (y-o-y)		17.1%	18.4%	11.5%
Sales	501,497,026	474,958,150	498,368,226	561,633,698
Growth (y-o-y)		-5.3%	4.9%	12.7%

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

Bank overdraft and borrowings

Overdrafts bear interest rate ranging between 4.5% and 8.5%.

Short-term borrowings include loans against guarantee receipts and term loans. Loans against guarantee receipts are used for purchase of raw materials, financing the Group's projects and working capital requirements.

These loans reach maturity within 1 year and bear an interest rate ranging between 4% and 8%. The 2015 balance includes loans against guarantee receipts previously presented as part of the overdrafts in 2014.

Overall, 2015 short-term borrowings increased from QAR 42 million in 2012 to QAR 120.7 million in 2015 due to additional letters of credit drawn in relation to new projects by the Company during the period from 2012 to 2015. These projects include construction of a factory and store for QCBC, construction of a Woqod Station for Qatar Fuel, renovation of Mamoura Park for Ministry of Municipality and Environment (MME), and projects for the Qatari Ministry of Defense and the Qatari Army.

<i>in QAR</i>	2012	2013	2014	2015
Bank overdrafts	58,163,631	93,393,310	116,705,388	78,341,182

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

<i>in QAR</i>	2012	2013	2014	2015
Short-term loans				
Loans against guarantee receipts	22,867,812	63,022,183	65,322,055	118,193,471
Term loans	19,147,934	194,244	438,874	1,856,088
Murabaha loan	-	-	-	622,570
Vehicle loan	-	-	-	97,392
subtotal	42,015,746	63,216,427	65,760,929	120,769,521

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

Non-Current Liabilities

Non-current liabilities are primarily driven by the movement in retentions payable. Retentions payable decreased in 2015 following the completion of a number of the Group's projects.

Non-current liabilities also include accruals for employees' end of service benefits and non-current portion of loans against guarantee receipts (project financing) and term and vehicle loans.

<i>in QAR</i>	2012	2013	2014	2015
Borrowings- Non-current				
Project financing	-	-	-	1,785,000
Term loans	167,958	259,194	400,339	2,554,993
Vehicle loan	-	-	-	81,160
Subtotal	167,958	259,194	400,339	4,421,153

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

Shareholders' Equity

<i>in QAR</i>	2012	2013	2014	2015
Equity attributable to equity holders of the parent	156,389,676	87,434,466	106,557,285	127,229,760
Non – controlling interests	30,010,104	21,725,616	27,540,172	40,839,358
Total	186,399,780	109,160,082	134,097,457	168,069,118
Discontinued operation	-	-	-	68,503,117
Total equity	186,399,780	109,160,082	134,097,457	236,572,235

Source: Pro Forma combined financial statements of Investment Holding Group for 2012, 2013, 2014, the audited financial statements for 2015 and IHG analysis.

Total Shareholders' equity changes based on the respective year's level of profitability and dividend distribution. The net equity in El Sewedy Cables Qatar W.L.L. was QAR 68.5 million as of 31 December 2015.

Description of the cash flow of the Company

The following table summarizes IHG's cash flow for the periods ending on 31 December 2013, 2014 and 2015.

<i>in QAR</i>	31 December		
	2013	2014	2015
Net cash from operating activities	65,528,959	16,035,668	59,710,182
Net cash generated from (used in) investing activities	8,384,995	(7,838,325)	54,635,249
Payment of dividends	(127,164,327)	(25,397,303)	(126,892,596)
Cash from financing activities	19,086,917	3,279,647	28,067,381
Net (decrease) increase in cash and cash equivalent	(34,163,456)	(13,920,313)	15,520,216
Cash and cash equivalent at end of 31 December	91,690,658	101,082,423	120,022,176

Source: Combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.

<i>in QAR</i>	2013	2014	2015
Bank balances and cash	91,690,658	101,082,423	120,022,176
Bank overdraft	(93,393,310)	(116,705,388)	(78,341,182)
Cash and cash equivalents at the end of the year	(1,702,652)	(15,622,965)	41,680,994

Source: Combined financial statements of Investment Holding Group for 2013, 2014 and the audited financial statements for 2015.

Net Cash Flow from Operating Activities

Over the years, the Group has maintained a positive cash flow from operations attributed to high profitability and sufficient working capital.

Net Cash Flow from (used in) Investing Activities

The Group divested a number of its assets during the last three years, which includes sale of land for QAR 14.3 million in 2013 and sale of a subsidiary for QAR 62.5 million in 2015. The proceeds from these were used to finance its annual capital expenditures for the acquisition of additional fixed assets amounting to QAR 5.9 million in

2013, QAR 8.3 million in 2014 and QAR 11.8 million in 2015. Additionally, the proceeds from the divestments have resulted in a net flow in 2013 and 2015.

Net Cash Flow used in Financing Activities

The Group regularly draws external financing to finance its projects which are a normal industry practice in its line of business. The Group also distributed dividend annually during the last three years. Significant portion of the dividends payment in 2014 represents accumulated prior years' earnings.

Information about the borrowing requirements and funding structure of the Company

In the normal course of its operations, in addition to cash generated from operations, the Group obtains external financing to support portion of its financing, working capital requirements and contingency requirements in line with normal industry practice.

Short-term financing mostly covers portion of the Group's working capital requirements and are structured in the form of overdraft facilities.

Long- term financing is usually obtained to address exposure from construction contracts which extends from the start of the bidding process to the expiration of the Group's liability towards the client upon delivery of the project in accordance with the terms of each respective contract. These facilities are structured in the form of advances, performance and retention guarantees or standby letters of credit which are required during the bidding stage of a project, execution and guarantee of deliverables. Terms of these facilities are structured to match the underlying construction contracts with the respective counterparties.

DIVIDEND POLICY

In accordance with the Constitutional Documents of the Company, the Board may pay dividends as it deems fit subject to the provisions of the Commercial Companies Law. The Company maintains a dividend policy and intends to pay dividends based on the Company's performance in each financial year with a view to maximising shareholder value commensurate with the Company's earnings, financial condition, conditions of the markets, general economic climate and all other relevant factors that may impact or have an effect on the Company's investments and business. All dividends of the Company will be distributed in Qatari Riyals subject to the Company having sufficient distributable reserves and to the decision of the Shareholders at the General Assembly. The Board shall not be obliged to recommend an amount of dividend in any year. Shares acquired by investors in the Offering will be eligible for dividends in line with the policies and recommendations of the Board and General Assembly approval.

Shareholders will be entitled to receive dividends for the Offer Shares declared in respect of the first financial year, if any, and subsequent financial years, if any, with respect to the shares of the IPO when awarded and held by them in accordance with the recommendations of the Board of Directors and the approval of the General Assembly.

Annual dividend distribution is based on the period's profitability and availability of cash. Moving forward, the Group will target an annual cash dividend pay-out ratio between 40% and 60% of future annual profits.

The cash dividend payments for financial years (2012-2015) were as follows:

<i>In QAR</i>	2012	2013	2014	2015
Dividends	28,343,516	127,164,327	25,397,303	126,892,596

Source: Combined financial statements of Investment Holding Group for 2012, 2013, 2014 and the audited financial statements for 2015.