

Aamal Company Q.P.S.C.

Condensed consolidated interim financial
information for the six-month period ended
30 June 2021

Aamal Company Q.P.S.C.

Condensed consolidated interim financial information for the six-month period ended 30 June 2021

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AAMAL COMPANY Q.P.S.C.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Aamal Company Q.P.S.C. (the "Company") and its subsidiaries (together referred to as the "Group"), as at 30 June 2021 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 'Interim Financial Reporting' as issued by the International Accounting Standard Board (IASB). Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

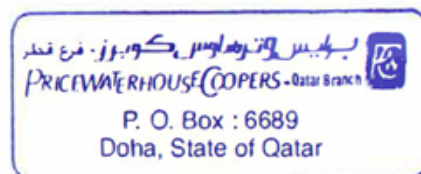
Emphasis of matter - Material valuation uncertainty on investment properties

We draw attention to note 5 to the Group's condensed consolidated interim financial information, which explains the material valuation uncertainty on investment properties highlighted by the Group's external valuers, due to the COVID-19 outbreak and the higher degree of caution that should therefore be attached to the valuations than would otherwise be the case. Our conclusion is not modified in respect of this matter.

For and on behalf of PricewaterhouseCoopers – Qatar Branch
Qatar Financial Market Authority registration number 120155

Mark Menton

Auditor's registration number 364
10 August 2021



Aamal Company Q.P.S.C.

Condensed consolidated interim financial information as at 30 June 2021

(All amounts expressed in Qatari Riyals unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2021 (reviewed)	At 31 December 2020 (audited)
ASSETS			
Non-current assets			
Retention receivables		4,250,439	4,031,144
Equity-accounted investees	4	288,132,806	266,447,909
Investment properties	5	7,148,312,730	7,118,342,519
Property, plant and equipment	6	271,665,941	274,769,914
Right-of use-assets	7	37,465,578	43,574,390
Total non-current assets		7,749,827,494	7,707,165,876
Current assets			
Cash and bank balances	8	171,205,783	290,351,281
Trade and other receivables	9	634,850,510	502,193,147
Amounts due from related parties	16	95,826,662	237,304,489
Inventories	10	198,619,908	161,144,301
Total current assets		1,100,502,863	1,190,993,220
Total assets		8,850,330,357	8,898,159,396
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	6,300,000,000	6,300,000,000
Legal reserve		660,684,612	660,684,612
Retained earnings		728,661,052	851,173,400
Equity attributable to owners of the Parent		7,689,345,664	7,811,858,012
Non-controlling interests		37,120,204	35,552,780
Total equity		7,726,465,868	7,847,410,792
LIABILITIES			
Non-current liabilities			
Borrowings	12	391,771,878	443,938,592
Lease liabilities	7	22,975,604	31,194,380
Employees' end of service benefits		26,227,595	26,057,048
Total non-current liabilities		440,975,077	501,190,020
Current liabilities			
Trade and other payables	11	507,555,391	363,387,897
Amounts due to related parties	16	32,605,535	30,740,984
Borrowings	12	124,665,164	139,474,580
Lease liabilities	7	18,063,322	15,955,123
Total current liabilities		682,889,412	549,558,584
Total liabilities		1,123,864,489	1,050,748,604
Total liabilities and equity		8,850,330,357	8,898,159,396

The condensed consolidated interim financial information on pages 2 to 22 were approved and authorised for issue by the Board of Directors on 10 August 2021 and were signed on its behalf by:

Sheikh Faisal Bin Qassim Al Thani
Chairman

Sheikh Mohamed Bin Faisal Al Thani
Chief Executive Officer
and Managing Director

Report on review of condensed consolidated financial information is set out on page 1.

The notes on pages 6 to 22 form an integral part of these condensed consolidated interim financial information.



Aamal Company Q.P.S.C.

Condensed consolidated interim financial information for the six-month period ended 30 June 2021

(All amounts expressed in Qatari Riyals unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For six-month period ended 30 June	
		2021 (reviewed)	2020 (reviewed)
Revenue	17	710,674,894	634,016,612
Direct costs	18	(518,229,049)	(479,199,576)
Gross profit		192,445,845	154,817,036
Other income		97,429	1,161,511
Marketing and promotion expenses		(3,505,260)	(3,556,583)
General and administrative expenses		(71,697,342)	(77,542,866)
Reversals of expected credit losses on financial assets		475,688	553,367
Net fair value loss on investment properties		-	(74,377,079)
Operating profit		117,816,360	1,055,386
Finance income		2,750,480	1,444,211
Finance costs		(11,196,661)	(11,317,854)
Finance costs - net		(8,446,181)	(9,873,643)
Share of results of equity-accounted investees	4	21,684,897	28,498,160
Profit for the period		131,055,076	19,679,903
Other comprehensive income		-	-
Total comprehensive income for the period		131,055,076	19,679,903
Attributable to:			
Equity holders of the Company		129,487,652	20,340,904
Non-controlling interests		1,567,424	(661,001)
		131,055,076	19,679,903
Basic and diluted earnings per share attributable to equity holders of the Company			
(expressed in QR per share)	13	0.021	0.003



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(All amounts expressed in Qatari Riyals unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital	Legal reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2020 (audited)	6,300,000,000	658,717,197	984,930,201	7,943,647,398	37,130,660	7,980,778,058
Profit for the period	-	-	20,340,904	20,340,904	(661,001)	19,679,903
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	20,340,904	20,340,904	(661,001)	19,679,903
Transactions with owners in their capacity as owners:						
Dividends (Note 13)	-	-	(252,000,000)	(252,000,000)	-	(252,000,000)
At 30 June 2020 (reviewed)	6,300,000,000	658,717,197	753,271,105	7,711,988,302	36,469,659	7,748,457,961
At 31 December 2020 (audited)	6,300,000,000	660,684,612	851,173,400	7,811,858,012	35,552,780	7,847,410,792
Profit for the period	-	-	129,487,652	129,487,652	1,567,424	131,055,076
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	129,487,652	129,487,652	1,567,424	131,055,076
Transactions with owners in their capacity as owners:						
Dividends (Note 13)	-	-	(252,000,000)	(252,000,000)	-	(252,000,000)
At 30 June 2021 (reviewed)	6,300,000,000	660,684,612	728,661,052	7,689,345,664	37,120,204	7,726,465,868

Report on review of condensed consolidated financial information is set out on page 1.

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(All amounts expressed in Qatari Riyals unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Notes	For six-month period ended 30 June	
		2021 (reviewed)	2020 (reviewed)
Cash flows from operating activities			
Profit for the period		131,055,076	19,679,903
Adjustments for:			
Net fair value loss on investment properties	5	-	74,377,079
Depreciation	6	14,061,702	14,583,485
Amortisation of right-of-use assets	7.1	6,139,436	7,355,789
Expected credit losses on financial assets		(475,688)	(553,367)
Net movement in provision for employees' end of service benefits		170,547	371,582
Share of results of equity-accounted investees	4	(21,684,897)	(28,498,160)
Provision for obsolete and slow-moving inventories		125,000	-
Finance costs		10,007,008	9,304,205
Interest expense on leases	7.2	1,189,653	4,832,438
Finance income		(2,750,480)	(1,444,211)
Operating profit before working capital changes		137,837,357	100,008,743
Changes in working capital:			
Change in inventories		(37,600,607)	4,106,767
Change in trade and other receivables		(132,400,670)	(73,461,757)
Change in trade and other payables		144,167,494	15,758,488
Net movement in amounts due from and due to related parties		143,342,378	45,074,178
Cash generated from operations		255,345,952	91,486,419
Finance costs paid		(10,007,008)	(9,304,205)
Net cash generated from operating activities		245,338,944	82,182,214
Cash flows from investing activities			
Additions to property, plant and equipment	6	(10,957,729)	(1,401,041)
Additions to investment properties	5	(29,970,211)	(24,084,905)
Proceeds from disposal of property, plant and equipment		-	11,385
Finance income received		2,750,480	1,444,211
Net cash used in investing activities		(38,177,460)	(24,030,350)
Cash flows from financing activities			
Repayment on borrowings	12	(66,976,130)	(44,623,108)
Principal elements of lease payments	7.2	(7,330,854)	(10,010,930)
Changes in restricted cash		-	2,703,860
Dividends paid	13	(252,000,000)	(252,000,000)
Net cash used in financing activities		(326,306,984)	(303,930,178)
Net decrease in cash and cash equivalents		(119,145,500)	(245,778,314)
Cash and cash equivalents at beginning of period		288,345,489	514,703,723
Cash and cash equivalents at end of period	8	169,199,989	268,925,409

Report on review of condensed consolidated financial information is set out on page 1.

The notes on pages 6 to 22 form an integral part of these condensed consolidated interim financial information.



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Notes to the condensed consolidated interim financial information
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1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Aamal Company Q.P.S.C. (the “Company” or the “Parent”) was formed on 13 January 2001 pursuant to the provisions of Commercial Companies Law number 11 of 2015 as a private shareholding company with limited liability (W.L.L.) under the Commercial Registration Number 23245 in the State of Qatar. On 12 July 2007, the private shareholders resolved to transform Aamal into a Qatari Shareholding Company (Q.P.S.C.) (the “Company”). Accordingly, the Company was listed on Qatar Stock Exchange on 5 December 2007. The Company’s registered office is at P.O. Box 22477, Doha, State of Qatar.

The ultimate parent and controlling shareholder of the Company is Al Faisal Holding Company W.L.L., which is controlled by Sheikh Faisal Bin Qassim Al Thani.

The condensed consolidated interim financial information comprises that of the Company and its subsidiaries (together referred to as the “Group”).

The condensed consolidated interim financial information was authorised for issue by the representatives of the Board of Directors of Aamal Company Q.P.S.C. on 10 August 2021.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The condensed consolidated interim financial information for the six-month period ended 30 June 2021 has been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting and have been presented in Qatari Riyals (“QR”), which is the Group’s presentation currency and functional currency of the Company and its subsidiaries.

The condensed consolidated interim financial information does not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020. In addition, results for the six months period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except of the adoption of new and amended standards as set out below.

2.2. Changes to significant accounting policies

A. New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, and the Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Amendments regarding the classification of liabilities
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods of the Group’s financial statements.

B. Impact of new standards (issued but not yet adopted by the Group)

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been adopted by the Group. The management of the Group is in the process of assessing the impact of these new standards, interpretation and amendments which will be adopted in the Group’s financial statement as and when they are applicable.

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3. ACCOUNTING ESTIMATES

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

In preparing these condensed consolidated interim financial information, the significant judgments made by 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 2020.

The significant estimates in relation to the determination of the fair value of the Group's investment properties are disclosed in note 5.

4. EQUITY-ACCOUNTED INVESTEEES

The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also the principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held except for Aamal ECE W.L.L. and Ecco Gulf W.L.L. where the Company and other shareholders have joint control and equal voting rights.

	Country of incorporation	% of ownership		Nature of relationship	Carrying amount as at 30 June 2021	Carrying amount as at 31 December 2020
		2021	2020		(reviewed)	(audited)
Aamal ECE W.L.L.	Qatar	51%	51%	Joint Venture	11,811,141	9,516,715
Frijns Structural Steel Middle East W.L.L.	Qatar	20%	20%	Associate	22,932,515	21,221,225
Senyar Industries Qatar Holding W.L.L.	Qatar	50%	50%	Joint Venture	238,644,571	221,260,320
Ecco Gulf W.L.L.	Qatar	51%	51%	Joint Venture	10,745,061	9,442,704
Advanced Pipes and Casts Industries W.L.L.	Qatar	50%	50%	Joint Venture	3,999,518	5,006,945
					288,132,806	266,447,909

Reconciliation to carrying amounts

	30 June 2021	30 June 2020
	(reviewed)	(reviewed)
Opening net assets	595,815,987	633,953,082
Profit for the period	48,362,614	66,563,892
Closing net assets	644,178,601	700,516,974
Group share of profits of equity-accounted investees	21,684,897	28,498,160
Carrying amount	288,132,806	323,155,051

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5. INVESTMENT PROPERTIES

Below is a summary of movement of investment properties during the period:

	30 June 2021 (reviewed)	30 June 2020 (reviewed)
At 1 January	7,118,342,519	7,208,113,690
Additions during the period	29,970,211	24,084,905
Net fair value loss on investment properties	-	(74,377,079)
At the end of the period	7,148,312,730	7,157,821,516

Investment properties are located in the State of Qatar. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase investment properties. Commitments for future capital expenditure is disclosed in note 14.

The investment properties are stated at fair value, which has been determined based on valuations performed by independent valuers as at 30 June 2021. Those valuers are accredited with recognised and relevant professional qualifications and with recent experience in the location and category of those investment properties being valued. In arriving at estimated market values, the valuers have used their market knowledge and professional judgement and not only relied on historical comparable transactions. In the absence of current prices in an active market, the valuations are based on investment, comparable, and depreciated replacement cost (DRC) method with inputs based upon comparable market transactions on arm's length terms.

Investment properties are measured at fair value using significant unobservable inputs (Level 3). Description of valuation techniques used by the Group and key inputs to the valuation on some of the investment properties are as follows:

Types of properties	Valuation techniques	Estimated value
Commercial properties	Market approach	2,750-3,400 QR/sqft Land rate
	Depreciated replacement cost	1,706-3,988 QR Depreciated rebuild rate
Residential properties	Market approach	350-2,150 QR/sqft Land rate
	Depreciated replacement cost	2,041-4,888 QR Depreciated rebuild rate
Vacant land	Market approach	575 - 775 QR/sqft Land rate

The key assumptions used at 30 June 2021 are not significantly different from year end. There has also been no change in the status of the valuation uncertainty as set out below.

Material valuation uncertainty

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, lesser weight can be attached to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID 19 means that an unprecedented set of circumstances are encountered on which to base a judgement.

The valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, it is recommended that the valuation of these properties is kept under frequent review.

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The inclusion of the 'material valuation uncertainty' declaration in the valuation reports does not mean that the valuation cannot be relied upon. It is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case.

6. PROPERTY, PLANT AND EQUIPMENT

	At 30 June 2021 (reviewed)	At 30 June 2020 (reviewed)
Cost:		
Balance at the beginning of the period	561,665,973	561,108,641
Additions during the period	10,957,729	1,401,041
Disposals/write off during the period	-	(2,696,274)
Balance at the end of the period	572,623,702	559,813,408
Accumulated depreciation:		
Balance at the beginning of the period	286,896,059	268,264,281
Depreciation for the period	14,061,702	14,583,485
Disposals/write off during the period	-	(2,684,889)
Balance at the end of the period	300,957,761	280,162,877
Net carrying amount:		
At the beginning of the period	274,769,914	292,844,360
At the end of the period	271,665,941	279,650,531

Depreciation charge for the period amounting to QR 8,537,357 (30 June 2020: QR 8,842,283) is included in direct costs.

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

7.1. Right-of-use assets

	At 30 June 2021 (reviewed)	At 30 June 2020 (reviewed)
Cost:		
Balance at the beginning of the period	73,962,939	94,922,691
Additions during the period	30,624	-
Lease modification	-	(5,810,820)
Balance at the end of the period	73,993,563	89,111,871
Accumulated amortisation:		
Balance at the beginning of the period	30,388,549	10,899,774
Amortisation for the period	6,139,436	7,355,789
Balance at the end of the period	36,527,985	18,255,563
Net carrying amount:		
At the beginning of the period	43,574,390	84,022,917
At the end of the period	37,465,578	70,856,308

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The amortisation charge for the period has been disclosed in the profit or loss and other comprehensive income as follows:

	At 30 June 2021 (reviewed)	At 30 June 2020 (reviewed)
Direct costs	149,037	169,636
General and administrative expenses	5,990,399	7,186,153
	6,139,436	7,355,789

7.2. Lease liabilities

	At 30 June 2021 (reviewed)	At 30 June 2020 (reviewed)
Balance at the beginning of the period	47,149,503	85,035,811
Lease modification	5,719	(5,810,820)
Less: Lease payments made by the entity	(7,305,949)	(10,010,930)
Interest expense	1,189,653	4,832,438
Balance at the end of the period	41,038,926	74,046,499
Classification of:		
Current	18,063,322	17,063,591
Non-current	22,975,604	56,982,908
Total lease liabilities	41,038,926	74,046,499

8. CASH AND BANK BALANCES

	As at 30 June 2021 (reviewed)	As at 31 December 2020 (audited)
Cash on hand	443,698	33,398
Cash in banks – current accounts	132,840,083	184,512,205
Cash in banks – call accounts	31,646,961	100,847,398
Short-term bank deposits	4,269,247	2,952,488
Restricted deposits relating to letters of guarantee	2,005,794	2,005,794
Cash and bank balances	171,205,783	290,351,283
Restricted deposits relating to letters of guarantee	(2,005,794)	(2,005,794)
Cash and cash equivalents	169,199,989	288,345,489

The short-term bank deposits are placed for varying periods between one day and three months, depending on the immediate cash requirements of the Group.

For purposes of condensed consolidated interim statement of cash flows, cash and cash equivalents exclude restricted deposits relating to letters of guarantee.

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9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 (reviewed)	As at 31 December 2020 (audited)
Trade receivables	613,534,154	461,065,438
Less: expected credit losses	(67,802,818)	(68,348,357)
	545,731,336	392,717,081
Advances to suppliers and prepayments	65,475,614	72,593,080
Retention receivables – current portion	7,488,928	7,701,993
Other receivables	16,154,632	29,181,293
	634,850,510	502,193,447

The total retention receivables as at the reporting period is as follows:

	As at 30 June 2021 (reviewed)	As at 31 December 2020 (audited)
Current portion	7,488,928	7,701,993
Non-current portion	4,250,439	4,031,144
	11,739,367	11,733,137

The movement in the expected credit losses on trade accounts receivable were as follows:

	As at 30 June 2021 (reviewed)	As at 30 June 2020 (reviewed)
At 1 January	68,348,357	75,636,730
Charges net of recoveries for the period	(475,688)	(553,367)
Amounts written-off	(69,851)	-
At 30 June	67,802,818	75,083,363

10. INVENTORIES

	As at 30 June 2021 (reviewed)	As at 31 December 2020 (audited)
Goods for resale	178,088,151	150,456,795
Raw materials and spare parts	20,142,986	11,865,701
Work in progress	1,357,521	91,556
Goods in transit	1,531,613	1,531,617
	201,120,271	163,945,669
Less: write-down of inventories to net realisable value	(2,500,363)	(2,801,368)
	198,619,908	161,144,301

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11. ACCOUNTS PAYABLE AND ACCRUALS

	As at 30 June 2021 (reviewed)	As at 31 December 2020 (audited)
Trade accounts payable	325,716,867	196,831,557
Advances from customers and tenants	52,798,686	48,929,273
Accruals	62,114,589	53,558,611
Other payables	66,925,249	64,068,456
	507,555,391	363,387,897

12. BORROWINGS

Facility fees were payable to the lender upon signing the new loan agreement. These were debited as transaction cost to the loan account on payment.

	At 30 June 2021 (reviewed)	At 30 June 2020 (reviewed)
Balance at the beginning of the period	583,413,172	514,923,887
Repayment during the period	(66,976,130)	(44,623,108)
	516,437,042	470,300,779

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

	As at 30 June 2021 (reviewed)	As at 31 December 2020 (audited)
Current portion	124,665,164	139,474,580
Non-current portion	391,771,878	443,938,592
	516,437,042	583,413,172

No loans as at 30 June 2021 and 31 December 2020 were collateralised.

13. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

There were no potentially diluted shares outstanding at any time during the period and therefore, the diluted earnings per share is equal to the basic earnings per share.

	For six-month period ended 30 June	
	2021 (reviewed)	2020 (reviewed)
Profit for the period attributable to owners of the Company (QR)	129,487,652	20,340,904
Weighted average number of shares outstanding during the period	6,300,000,000	6,300,000,000
Basic and diluted earnings per share (QR)	0.021	0.003

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DIVIDENDS

The Board of Directors the Company approved at the Annual General Meeting held on 30 March 2021 a cash dividend of 4% of the share capital amounting to QR 252 million (QR 0.04 per share) from the profit of 2020 (2020: QR 252 million – QR 0.04 per share).

14. COMMITMENTS

Contracts placed for future capital expenditure at the reporting date but not recognised:

	As at 30 June 2021 (reviewed)	As at 31 December 2020 (audited)
Estimated capital expenditure approved and contracted for at the period/year-end but not recognised:		
Investment properties	10,905,971	12,776,160
Property, plant and equipment	366,212	99,322
	11,272,183	12,875,482

15. CONTINGENT LIABILITIES

The Group has the following contingent liabilities from which it is anticipated that no material liabilities will arise.

	As at 30 June 2021 (reviewed)	As at 31 December 2020 (audited)
Letters of guarantee	118,568,383	145,147,702
Letters of credit	22,031,748	22,424,562

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16. RELATED PARTY DISCLOSURES

Related parties represent major shareholders, directors and key management personnel of the group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

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

	As at 30 June 2021 (reviewed)	As at 31 December 2020 (audited)
Amounts due from related parties		
<i>Ultimate parent</i>		
Al Faisal Holding Company W.L.L.	37,645,525	175,927,754
<i>Entities controlled by ultimate parent</i>		
Al Rayyan Tourism Investment Company W.L.L.	7,275,301	6,809,985
Derwind Trading & Contracting Company W.L.L.	11,814,263	7,684,854
Al Farman for Investment & International Trading Company W.L.L.	37,768	14,250
Maintenance Management Group Qatar W.L.L.	361,438	353,268
Al-Arabia Land Transporting Company W.L.L.	882,090	882,090
Gulf English School	879,786	33,989
Other related parties	14,971,864	26,318,974
	36,222,510	42,097,410
<i>Joint ventures and associate</i>		
Advanced Pipes and Casts Company W.L.L.	18,105,468	15,006,291
ECCO Gulf Company W.L.L.	3,832,854	3,695,476
Senyar Industries Qatar Holding W.L.L.	-	558,703
Frijns Steel Construction Middle East W.L.L.	20,305	18,855
	21,958,627	19,279,325
	95,826,662	237,304,489

The result of applying the expected credit risk model is immaterial and hence the Group has not recognised any loss allowance as of 30 June 2021.

	As at 30 June 2021 (reviewed)	As at 31 December 2020 (audited)
Amounts due to related parties		
<i>Entities controlled by ultimate parent</i>		
Integrated Information Systems W.L.L.	623,115	1,061,540
Al Jazi Real Estate Investment Company W.L.L.	1,600,451	943,761
Gettco Company W.L.L. – Refrigeration and Air-conditioning	1,045,768	1,494,790
Al Sawari Holding Company W.L.L.	-	7,145,966
Other related parties	2,349,821	3,525,440
	5,619,155	14,171,497
<i>Joint venture</i>		
Aamal ECE W.L.L.	21,086,226	16,569,487
Senyar Industries Qatar Holding W.L.L.	5,900,154	-
	26,986,380	16,569,487
	32,605,535	30,740,984

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Transactions with related parties included in the condensed consolidated interim financial information are as follows:

	For six-month period ended 30 June	
	2021 (reviewed)	2020 (reviewed)
Entities controlled by ultimate parent		
Sale of goods and services to:		
Ultimate parent	1,575,086	1,335,058
Entities controlled by ultimate parent	10,519,819	3,979,820
Associate	3,313,821	24,050
	15,408,726	5,338,928
Rental income from:		
Ultimate parent	85,200	189,200
Entities controlled by ultimate parent	8,563,018	-
	8,648,218	189,200
Purchase of goods and services from:		
Entities controlled by ultimate parent	16,237,844	2,310,067
Rental expense:		
Ultimate parent	990,330	900,300
Entities controlled by ultimate parent	10,202,385	4,435,523
	11,192,715	5,335,823
Corporate management fees:		
Ultimate parent	5,380,000	4,050,000
Purchase of property, plant and equipment:		
Entities controlled by ultimate parent	2,113,080	-
Operator's management fees:		
Joint venture	4,603,536	3,591,996

Compensation of directors and other key management personnel

	For six-month period ended 30 June	
	2021 (reviewed)	2020 (reviewed)
Short-term benefits	1,707,607	1,032,000
Employees' end of service benefits	85,640	75,293
Total key management staff benefits (Group basis)	1,793,247	1,107,293

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17. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their nature of activities and has four reportable segments and the Head Office as follows:

(i) Property

The segment involves leasing the facilities of retail outlet complex, real estate investments and property rental businesses.

(ii) Trading and distribution

The segment represents wholesale and/or retail distribution of pharmaceutical and consumable items, home appliances, medical equipment, tyres and lubricants.

(iii) Industrial manufacturing

The segment involves manufacturing, wholesale and/or retail distribution of electric cables and tools, aggregates, ready-mix concrete and cement blocks and provision of services in relation to industrial investment, repair and construction of power plants, trading of LED lighting products and management of industrial enterprises.

(iv) Managed services

The segment involves provision of housekeeping and cleaning services, entertainment and amusement services, industrial printing services, call centre services and acting as travel agents.

(v) Head office

Head office provides corporate services to the subsidiaries of the Group.

The Group's managing director (the chief operating decision maker) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the financial position and operating profit or loss of these segments. Transfer pricing between operating segments are at amounts agreed between the parties.

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Six-month period ended 30 June 2021 (reviewed)							
	Property	Trading and distribution	Industrial manufacturing	Managed services	Head office	Eliminations	Total
Revenues							
- External parties	119,070,406	406,195,646	161,865,814	23,543,028	-	-	710,674,894
- Inter-segment	1,287,212	3,652,074	11,106,701	3,711,832	-	(19,757,819)	-
Total revenue	120,357,618	409,847,720	172,972,515	27,254,860	-	(19,757,819)	710,674,894
<i>Timing of recognition of revenue from contracts with customers</i>							
- At a point in time	4,949,618	409,422,152	155,709,437	2,922,311	-	(15,209,808)	557,793,710
- Over time	-	425,568	-	24,332,549	-	(3,260,799)	21,497,318
Rental income (over time)	115,408,000	-	17,263,078	-	-	(1,287,212)	131,383,866
	120,357,618	409,847,720	172,972,515	27,254,860	-	(19,757,819)	710,674,894
Profit for the period	93,302,391	45,868,799	24,435,710	705,388	(33,257,212)	-	131,055,076
Depreciation	3,923,604	722,771	8,285,875	1,110,232	19,220	-	14,061,702

Six-month period ended 30 June 2020 (reviewed)							
	Property	Trading and distribution	Industrial manufacturing	Managed services	Head office	Eliminations	Total
Revenues							
- External parties	73,254,640	452,510,336	85,847,723	22,403,913	-	-	634,016,612
- Inter-segment	2,007,658	5,005,587	10,783,906	2,706,957	-	(20,504,108)	-
Total revenue	75,262,298	457,515,923	96,631,629	25,110,870	-	(20,504,108)	634,016,612
<i>Timing of recognition of revenue from contracts with customers</i>							
- At a point in time	2,868,018	456,862,081	89,421,573	3,466,346	-	(16,216,905)	536,401,113
- Over time	-	653,842	-	21,644,524	-	(2,279,545)	20,018,821
Rental income (over time)	72,394,280	-	7,210,056	-	-	(2,007,658)	77,596,678
	75,262,298	457,515,923	96,631,629	25,110,870	-	(20,504,108)	634,016,612
Profit/(loss) for the period	(26,020,794)	65,166,606	19,058,368	(1,637,842)	(36,886,435)	-	19,679,903
Depreciation	3,954,285	929,604	7,641,916	2,035,479	22,201	-	14,583,485

Operating segments: The operating segment is presented as follows, after elimination of inter branch and inter-company transactions.

Note: Inter-segment revenues and gains are eliminated at the consolidated level.

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The following table presents the segment's assets and liabilities:

	Property	Trading and distribution	Industrial manufacturing	Managed services	Head office	Eliminations (i)	Total
At 30 June 2021							
Current assets	116,522,766	572,317,863	314,122,582	80,182,565	172,652,329	(155,295,242)	1,100,502,863
Non-current assets	7,248,452,196	29,447,782	170,576,791	38,490,229	309,293,302	(46,432,806)	7,749,827,494
Total assets	7,364,974,962	601,765,645	484,699,373	118,672,794	481,945,631	(201,728,048)	8,850,330,357
Current liabilities	129,334,919	265,218,906	235,653,419	30,892,750	185,186,422	(163,397,004)	682,889,412
Non-current liabilities	25,852,328	19,290,331	8,710,860	36,214,566	389,909,535	(39,002,543)	440,975,077
Total liabilities	155,187,247	284,509,237	244,364,279	67,107,316	575,095,957	(202,399,547)	1,123,864,489
Capital expenditure (ii)	31,244,116	2,413,223	7,068,587	189,702	12,312	-	40,927,940
At 31 December 2020							
Current assets	151,763,741	546,612,298	198,782,874	76,666,713	327,967,331	(110,799,437)	1,190,993,520
Non-current assets	7,219,183,934	32,011,988	171,954,488	41,097,413	289,534,502	(46,616,449)	7,707,165,876
Total assets	7,370,947,675	578,624,286	370,737,362	117,764,126	617,501,833	(157,415,886)	8,898,159,396
Current liabilities	131,289,640	180,863,491	127,803,243	29,076,549	198,890,922	(118,365,261)	549,558,584
Non-current liabilities	50,180,880	24,195,053	8,946,612	36,525,115	418,963,136	(37,620,776)	501,190,020
Total liabilities	181,470,520	205,058,544	136,749,855	65,601,664	617,854,058	(155,986,037)	1,050,748,604
Capital expenditure (ii)	32,926,308	2,661,283	6,277,687	707,634	19,766	-	42,592,678

Notes:

- (i) Inter-segment balances are eliminated on consolidation.
- (ii) Capital expenditure consists of additions to property, plant and equipment, investment properties and properties under development.

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18. DIRECT COSTS

	For six-month period ended 30 June	
	2021 (reviewed)	2020 (reviewed)
Cost of goods	446,043,158	413,454,720
Cost of services	72,185,891	65,744,856
	518,229,049	479,199,576

19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

19.1 Financial risk factors

The Group's activities are exposed to a variety of financial risks: (including currency risk, fair value interest rate risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements. These should be read in conjunction with the Group's annual financial statements as at 31 December 2020.

There have been no changes in the risk management policies since the year end.

19.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its 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 and is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans and borrowings.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of financial assets (e.g. trade receivables) and projected cash flows from operations. The Group's terms of sales or services require amounts to be paid within 30-60 days from the invoiced date.

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The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	0 to 3 months	3 to 12 months	1 – 5 years	> 5 years	Total
30 June 2021 (reviewed)					
Borrowings	41,103,080	128,741,360	387,045,409	-	556,889,849
Lease liabilities	4,589,497	13,390,512	48,618,179	31,252,447	97,850,635
Trade accounts payable	325,716,867	-	-	-	325,716,867
Other payables	66,925,264	-	-	-	66,925,264
Amounts due to related parties	32,605,535	-	-	-	32,605,535
	470,940,243	142,131,872	435,663,588	31,252,447	1,079,988,150

	0 to 3 months	3 to 12 months	1 – 5 years	> 5 years	Total
31 December 2020 (audited)					
Borrowings	35,649,886	123,891,977	472,824,364	-	632,366,227
Lease liabilities	5,761,044	16,803,498	73,081,795	100,611,441	196,257,778
Trade accounts payable	196,831,557	-	-	-	196,831,557
Other payables	64,068,456	-	-	-	64,068,456
Amounts due to related parties	30,740,984	-	-	-	30,740,984
	333,051,927	140,695,475	545,906,159	100,611,441	1,120,265,002

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19.3 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's exposure to credit risk is indicated by the carrying amount of its financial assets, which consist principally of trade receivables, retention receivables, amounts due from related parties, other receivables and bank balances.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and retention receivables.

To measure the expected credit losses, trade receivables and retention receivables have been grouped based on shared credit risk characteristics and the days past due. The retention receivables relate to the billed works which were held by the customer until the defect period is over and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets with the presumption that default does not occur later than when a financial asset is 90 days past due.

Trade receivables and retention receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

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

There has been no significant change in the calculated ECL rates disclosed in the year end financial statements.

19.4 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2021.

	Level 1 reviewed	Level 2 reviewed	Level 3 reviewed	Total reviewed
Assets				
Investment properties	-	-	7,148,312,730	7,148,312,730
Total	-	-	7,148,312,730	7,148,312,730

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2020.

	Level 1 audited	Level 2 audited	Level 3 audited	Total audited
Assets				
Investment properties	-	-	7,118,342,519	7,118,342,519
Total	-	-	7,118,342,519	7,118,342,519

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The Group has no liabilities measured at fair value as at 30 June 2021 and 31 December 2020.

There were no transfers between Levels 1, 2 and 3 during the period.

Fair value of financial assets and liabilities measured at amortised cost

The fair values of the following financial assets and liabilities approximate their carrying value due to their short maturities and as borrowings carry variable interest rate:

	Book value		Fair value	
	30 June 2021 (reviewed)	31 December 2020 (audited)	30 June 2021 (reviewed)	31 December 2020 (audited)
Financial assets				
Bank balances	170,762,085	290,317,885	170,762,085	290,317,885
Trade and other receivables	573,625,335	433,631,511	573,625,335	433,631,505
Amounts due from related parties	95,826,662	237,304,489	95,826,662	237,304,489
	840,214,082	961,253,885	840,214,082	961,253,879
Financial liabilities				
Borrowings	516,437,042	583,413,172	516,437,042	583,413,172
Lease liabilities	41,038,926	47,149,503	41,038,927	47,149,503
Trade and other payables	507,555,391	363,387,897	507,555,391	363,387,897
Amounts due to related parties	32,605,535	30,740,984	32,605,536	30,740,984
	1,097,636,894	1,024,691,556	1,097,636,896	1,024,691,556

20. COVID-19 IMPACT

During the current period, due to continued uncertainties caused by COVID-19, Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the condensed consolidated interim financial statements.

The Group has reviewed its exposure to COVID-19 related and other emerging business risks and concluded that there is no major impact on the financial performance or position of the Group for the period ended 30 June 2021.

The Group will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance. COVID-19 impact with respect to the fair valuation of investment properties is disclosed in Note 5.

We also refer to disclosure of liquidity risk of the Group in note 19.2.