Aamal Company Q.P.S.C.

Consolidated financial statements
and independent auditor's report
for the year ended 31 December 2021

CONTENTS

Independent auditor's report to the shareholders of Aamal Company Q.P.S.C.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated financial statements of Aamal Company Q.P.S.C. (the "Company") and its subsidiaries (together the "Group") present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

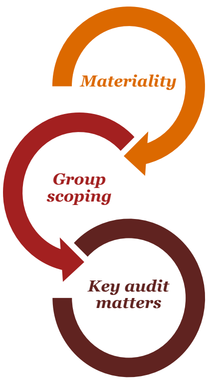
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the Key audit matter*
Fair valuation of investment properties The fair value of investment properties comprises the fair value of land, commercial and residential properties and properties under construction. The Group's properties are based in the State of Qatar. The fair value of the investment properties were determined as follows: • Vacant land: comparable market approach • Income generating assets: depreciated replacement cost method and comparable market approach • Properties under development: cost method where fair value cannot be reliably measured. The fair valuation of investment property is inherently subjective and impacted by, among other factors, prevailing market conditions, the individual nature and condition of each property and its location. The following key assumptions are used in the valuation of investment properties amongst others: • Life of the assets • Rebuild cost • Comparable market rate for the land value. We considered this a key audit matter because of the: • Financial significance of the investment property balance in the consolidated statement of financial position and of the impact of changes in the fair value of the investment properties on the Group's profit or loss. The value of the Group's investment properties of QR 7.2 billion accounts for 80% of the Group's total assets of QR 9 billion as at 31 December 2021. • Sensitivity of valuations to key input assumptions, specifically inputs based upon comparable market transactions.	Our audit procedures in relation to the valuation of investment properties included: • Obtaining and reviewing the latest valuation reports prepared by the external valuers, and assessing their independence and competencies; • Verifying on a test basis the key assumption (i.e. useful life of the asset, rebuild cost and the comparable market rate for the land value), valuation methodologies adopted, and the appropriateness of the valuation outcomes; • Using our own property valuation experts to independently review the appropriateness of the valuation methodologies adopted and the comparable evidence for all valuation assumptions to ensure alignment to the real estate market; • Comparing useful life of the assets, depreciated build rates and the land rates against external market data, where available and re-calculating the external valuations; and • Evaluating the sensitivity analysis performed by management and the appropriateness of the disclosures relating to the valuation.

Other information

The directors are responsible for the other information. The other information comprises the Board of Directors' Report and the complete Annual Report. (but does not include the financial statements and our auditor's report there on), which were provided to us prior to the date of this report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and with the requirements of the Qatar Commercial Companies Law number 11 of 2015, as amended by law number 8 of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As mentioned in note 1, the Qatar Commercial Companies Law Number 8 of 2021 came into effect amending certain provisions of the previous Law number 11 of 2015. Management has completed the impact assessment and the company's article of association were updated and are in the process of getting approved by the general assembly.

Further, as required by the Qatar Commercial Companies Law number 11 of 2015, as amended by law number 8 of 2021, we report that:

- We have obtained all the information we considered necessary for the purpose of our audit;
- The Company has carried out a physical verification of inventories at the year-end in accordance with observed principles;
- The Company has maintained proper books of account and the consolidated financial statements are in agreement therewith;
- The financial information included in the Board of Directors' Report is in agreement with the books and records of the Company; and
- Nothing has come to our attention, which causes us to believe that the Company has breached any of the provisions of the Qatar Commercial Companies Law number 11 of 2015, as amended by law number 8 of 2021, or of its Articles of Association, which would materially affect the reported results of its operations or its consolidated financial position as at 31 December 2021.

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

Mark Menton
Auditor's registration number 364

Doha, State of Qatar
23 February 2022

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December

	Notes	2021	2020
Assets			
Non-current assets			
Retention receivables	8	**2,904,207**	4,031,144
Equity-accounted investees	4	**288,158,206**	266,447,909
Investment properties	5	**7,163,011,939**	7,118,342,519
Property, plant and equipment	6	**268,865,820**	274,769,914
Right-of-use assets	3.1	**36,479,755**	43,574,390
Total non-current assets		**7,759,419,927**	7,707,165,876
Current assets			
Cash and bank balances	7	**148,569,058**	290,351,283
Trade and other receivables	8	**721,446,239**	502,193,447
Amounts due from related parties	9	**189,476,849**	237,304,489
Inventories	10	**175,016,860**	161,144,301
Investments held for trading		**407,597**	-
Total current assets		**1,234,916,603**	1,190,993,520
Total assets		**8,994,336,530**	8,898,159,396
Equity and liabilities			
Equity			
Share capital	11	**6,300,000,000**	6,300,000,000
Legal reserve	12	**682,071,679**	660,684,612
Retained earnings		**875,091,007**	851,173,400
Equity attributable to equity holders of the parent		**7,857,162,686**	7,811,858,012
Non-controlling interests	11.1	**42,610,405**	35,552,780
Total equity		**7,899,773,091**	7,847,410,792
Liabilities			
Non-current liabilities			
Borrowings	13	**285,937,876**	443,938,592
Lease liabilities	3.2	**20,795,998**	31,194,380
Employees' end of service benefits	14	**26,539,597**	26,057,048
Total non-current liabilities		**333,273,471**	501,190,020
Current liabilities			
Accounts payable and accruals	15	**436,424,338**	363,387,897
Amounts due to related parties	16	**111,347,583**	30,740,984
Borrowings	13	**194,231,732**	139,474,580
Lease liabilities	3.2	**19,286,315**	15,955,123
Total current liabilities		**761,289,968**	549,558,584
Total liabilities		**1,094,563,439**	1,050,748,604
Total equity and liabilities		**8,994,336,530**	8,898,159,396

The consolidated financial statements on pages 6 to 47 were authorised for issue by the Board of Directors on 23 February 2022 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

The notes on pages 10 to 47 are an integral part of these consolidated financial statements.
Independent auditors' report is set out on pages 1 to 5.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December

	Notes	2021	2020
Revenues	17	**1,594,096,844**	1,306,840,888
Direct costs	18	**(1,168,575,522)**	(965,867,117)
Gross profit		**425,521,322**	340,973,771
Other income	19	**7,606,720**	13,703,858
Marketing and promotion expenses		**(8,579,759)**	(6,351,611)
General and administrative expenses	20	**(128,759,786)**	(133,123,065)
Net impairment losses on financial assets	8	**(6,051,302)**	(77,403)
Net fair value loss on investment properties	5	**-**	(121,591,633)
Operating profit for the year		**289,737,195**	93,533,917
Finance income		**4,312,783**	2,385,939
Finance costs	22	**(22,557,591)**	(24,632,293)
Finance costs - net		**(18,244,808)**	(22,246,354)
Share in results of equity-accounted investees	4	**40,493,109**	50,427,494
Profit for the year		**311,985,496**	121,715,057
Other comprehensive income		**-**	-
Total comprehensive income for the year		**311,985,496**	121,715,057
Attributable to:			
Equity holders of the parent		**304,927,871**	123,292,937
Non-controlling interests		**7,057,625**	(1,577,880)
		311,985,496	121,715,057
Basic and diluted earnings per share (attributable to equity holders of the parent) (expressed in QR per share)	23	**0.05**	0.02

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent					
	Share capital	**Legal reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2020	6,300,000,000	658,717,197	984,930,201	7,943,647,398	37,130,660	7,980,778,058
Profit for the year	-	-	123,292,937	123,292,937	(1,577,880)	121,715,057
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	123,292,937	123,292,937	(1,577,880)	121,715,057
Transfer to legal reserve	-	1,967,415	(1,967,415)	-	-	-
Contribution to social and sports fund (Note 28)	-	-	(3,082,323)	(3,082,323)	-	(3,082,323)
	-	1,967,415	(5,049,738)	(3,082,323)	-	(3,082,323)
Transactions with owners in their capacity as owners						
Dividends (Note 27)	-	-	(252,000,000)	(252,000,000)	-	(252,000,000)
Total transactions with owners	-	-	(252,000,000)	(252,000,000)	-	(252,000,000)
Balance at 31 December 2020	6,300,000,000	660,684,612	851,173,400	7,811,858,012	35,552,780	7,847,410,792
Balance at 1 January 2021	**6,300,000,000**	**660,684,612**	**851,173,400**	**7,811,858,012**	**35,552,780**	**7,847,410,792**
Profit for the year	**-**	**-**	**304,927,871**	**304,927,871**	**7,057,625**	**311,985,496**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**304,927,871**	**304,927,871**	**7,057,625**	**311,985,496**
Transfer to legal reserve	**-**	**21,387,067**	**(21,387,067)**	**-**	**-**	**-**
Contribution to social and sports fund (Note 28)	**-**	**-**	**(7,623,197)**	**(7,623,197)**	**-**	**(7,623,197)**
	-	**21,387,067**	**(29,010,264)**	**(7,623,197)**	**-**	**(7,623,197)**
Transactions with owners in their capacity as owners						
Dividends (Note 27)	**-**	**-**	**(252,000,000)**	**(252,000,000)**	**-**	**(252,000,000)**
Total transactions with owners	**-**	**-**	**(252,000,000)**	**(252,000,000)**	**-**	**(252,000,000)**
Balance at 31 December 2021	**6,300,000,000**	**682,071,679**	**875,091,007**	**7,857,162,686**	**42,610,405**	**7,899,773,091**

The notes on pages 10 to 47 are an integral part of these consolidated financial statements.
Independent auditors' report is set out on pages 1 to 5.

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CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December

	Notes	2021	2020
Cash flows from operating activities			
Profit for the year		**311,985,496**	121,715,057
Adjustments for:			
Net fair value loss on investment properties		**-**	121,591,633
Depreciation	6	**27,242,382**	28,738,383
Amortisation of right-of-use assets		**13,126,893**	19,488,775
Net movement in provision for employees' end of service benefits	14	**482,549**	(36,029)
Net impairment losses on financial assets	8	**6,051,302**	77,403
Loss/(Gain) on disposal of property, plant and equipment	19	**617,287**	(499,996)
Provision for obsolete and slow-moving inventories	10	**829,843**	1,400,430
Interest income		**(4,312,783)**	(2,385,939)
Finance costs		**20,052,228**	16,929,877
Interest expense on leases	22	**2,505,363**	7,702,416
Share in results of equity-accounted investees	4	**(40,493,109)**	(50,427,494)
Operating profit before working capital changes:		**338,087,451**	264,294,516
Trade and other receivables	8	**(224,177,157)**	(87,526,061)
Inventories	10	**(14,702,402)**	1,435,722
Accounts payable and accruals	15	**65,413,244**	(40,164,268)
Net movement in amounts due from and due to relat parties		**128,434,239**	(193,474,451)
Cash generated from/(used in) operations		**293,055,375**	(55,434,542)
Finance costs paid		**(20,052,228)**	(16,929,877)
Net cash generated from/(used in) operating activities		**273,003,147**	(72,364,419)
Cash flows from investing activities			
Interest income received		**4,312,783**	2,385,939
Proceeds from disposal of property, plant and equipment		**-**	608,276
Dividends received from equity-accounted investees		**18,782,812**	91,136,475
Additions to investment properties	5	**(44,669,420)**	(31,820,462)
Net Movement in investments held for trading		**(407,597)**	-
Additions to property, plant and equipment	6	**(21,955,575)**	(10,772,217)
Net cash (used in)/generated from investing activities		**(43,936,997)**	51,538,011
Cash flows from financing activities			
Changes in restricted deposits		**-**	2,607,860
Principal elements of lease payments		**(15,604,811)**	(24,628,971)
Repayments of borrowings		**(159,739,522)**	(114,485,715)
Proceeds from borrowings		**56,495,958**	182,975,000
Dividends paid	27	**(252,000,000)**	(252,000,000)
Net cash used in financing activities		**(370,848,375)**	(205,531,826)
Net decrease in cash and cash equivalents		**(141,782,225)**	(226,358,234)
Cash and cash equivalents at beginning of year		**288,345,489**	514,703,723
Cash and cash equivalents at end of year	7	**146,563,264**	288,345,489

The notes on pages 10 to 47 are an integral part of these consolidated financial statements.
Independent auditors' is report set out on pages 1 to 5.

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Aamal Company was formed on 13 January 2001 as a private shareholding company under the Commercial Registration Number 23245 in the State of Qatar. On 12 July 2007, the shareholders resolved to transform Aamal into a Qatari Public Shareholding Company (Q.P.S.C.) (the "Company" or "Parent Company"). Accordingly, the Company was listed on Qatari Stock Exchange on 5 December 2007. The Company's registered office is at P.O. Box 22477, Doha, State of Qatar.

The principal business activities of the Company and its subsidiaries (collectively the "Group") are disclosed in note 2.2.4 of the consolidated financial statements.

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 consolidated financial statements were authorised for issue by the representatives of the Board of Directors of Aamal Company Q.P.S.C. on 23 February 2022.

During the year, law Number 8 of 2021 came into effect amending certain provisions of the previous Qatar Commercial Companies Law number 11 of 2015. Management has completed the impact assessment and the company's article of association were updated and are in the process of getting approved by the general assembly. These amendments did not have any significant financial impact on the Company.

2. BASIS OF PREPARATION AND CONSOLIDATION

The consolidated financial statements comprise the financial statements of Aamal Company Q.P.S.C. (the "Company") and its subsidiaries.

2.1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties which have been measured at fair value.

The consolidated financial statements have been presented in Qatari Riyals (QR), which is the Group's functional and presentation currency and have been rounded to the nearest Qatari Riyal.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to consolidated financial statements are disclosed in note 32.

2.1.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Covid-19-related Rent Concessions – Amendments to IFRS 16;
- Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments listed above and other pronouncements did not have any impact on the amounts recognized in prior and current periods and are not expected to significantly affect the future reporting periods.

2.1.2. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 December 2021 reporting periods and have not been early adopted by the Group. The management is in the process of assessing the potential impact on the entity in the current or/and future reporting periods.

2.2 Principles of consolidation and equity accounting

2.2.1 Business combinations

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, the equity interests issued by the Group, the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of profit or loss and other comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income.

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in the profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs or group of CGUs that is expected to benefit from the synergies of the combination. Goodwill impairment testing is undertaken annually. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of profit or loss and other comprehensive income, changes in equity and financial position respectively.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss and other comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and charges the amount to the consolidated statement of profit or loss and other comprehensive income. Dilution gains and losses arising in investments in associates are recognised in the consolidated statement of profit or loss and other comprehensive income.

2.2.3 Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint ventures are accounted for using the equity method. Under the equity method, the interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses, dividends and movements in other comprehensive income.

When the Group's share of losses in a joint venture equals to or exceeds its interests in the joint ventures, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The reporting dates of the equity-accounted investees and the Group are identical and the equity-accounted investees' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

2.2.4 Group companies

Set out below are the Group's principal subsidiaries at 31 December 2021. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals to the voting rights held by Group. The country of incorporation or registration is also their principal place of business.

The principal subsidiaries of the Group are as follows:

Name of the subsidiary	Country of incorporation	Principal activities	Group effective shareholding percentage	
			2021	2020
City Center Company W.L.L.	Qatar	Leasing the facilities of a retail outlet complex in City Center Doha	100%	100%
Aamal Real Estate W.L.L.	Qatar	Residential and commercial real estate investment and property rental	100%	100%
Aamal Readymix W.L.L.	Qatar	Production and sale of readymix concrete	100%	100%
Ebn Sina Medical W.L.L.	Qatar	Wholesale and retail distribution of pharmaceuticals and general consumable products	100%	100%
Aamal Medical W.L.L.	Qatar	Wholesale distribution of medical equipment	100%	100%
Aamal Trading and Distribution Company W.L.L.	Qatar	Sale of tyres, lubricants, batteries and home appliances	100%	100%
Aamal Services W.L.L.	Qatar	Providing facilities management and cleaning services	100%	100%
Aamal Travel and Tourism W.L.L.	Qatar	Operating a travel agency	100%	100%
Foot Care Center W.L.L.	Qatar	Sale of footwear, clinical activities and general commercial trading products	100%	100%
Ebn Sina Health Care Pharmacy Solutions W.L.L.	Qatar	Sale of pharmaceuticals, baby care products, medicine and general consumable products	100%	100%
Aamal Cement Industries W.L.L.	Qatar	Development and management of factories and the production of curb stone, interlock slabs and cement bricks	99%	99%
IMO Qatar Company W.L.L.**	Qatar	Construction and repair of power plant, establishment and management of industrial enterprises and acting as a representative for the international companies	100%	100%
Ci-San Trading W.L.L.	Qatar	Holding company of Gulf Rocks. The Group controls Ci-San Trading W.L.L. by virtue of a shareholders' agreement	50%	50%
Gulf Rocks Company W.L.L.	Qatar	Retail distribution of aggregates	74.5%	74.5%
Aamal Maritime Transportation W.L.L.	Qatar	Purchasing and leasing of ships for transportation of goods	74.7%	74.7%
Al Farazdaq Company W.L.L.	Qatar	Trading of office supplies and providing printing and laminating services	65%	65%
Family Entertainment Center Company W.L.L.	Qatar	Providing family entertainment park facilities in City Center Doha Mall	100%	100%
Winter Wonder Land W.L.L.	Qatar	Providing entertainment facilities in City Center Doha Mall	100%	100%
Aamal for Industrial Projects W.L.L.**	Qatar	Industrial investments	100%	100%
Legend Trading and Distribution W.L.L.	Qatar	Trading of automobile products	100%	100%
Aamal for Car Maintenance W.L.L.	Qatar	Trading of car spare parts	100%	100%

Name of the subsidiary	Country of incorporation	Principal activities	Group effective shareholding percentage	
			2021	2020
Innovative Lighting W.L.L.*	Qatar	Trading of Light Emitting Diode (LED) Lamps and other lighting products	70%	70%
Johnson Controls Qatar W.L.L.*	Qatar	Provision of facilities management services, energy services, and building maintenance and cleaning services to corporate clients	51%	51%
Aamal Cables for Trading and Contracting	Qatar	Trading of cables	100%	100%
Tiga Information Technologies	Qatar	Administration Consultancy, and Various kinds of studies Electronic Programs	51%	-

** Inactive operations.

* These entities are under liquidation.

Details of the equity-accounted investees of the Group are as follows:

Company name	Country of incorporation	Principal activity	Proportion of ownership and voting power held by the Group	
			2021	2020
Joint ventures				
Senyar Industries Qatar Holding W.L.L.	Qatar	Owning of patents, businesses and subletting them and provision of investment portfolio management for its subsidiaries and associates	50%	50%
Advanced Pipes and Casts Industries W.L.L.	Qatar	Manufacturing of wide range of cement and glass reinforced pipes systems for infrastructure and pipeline projects	50%	50%
Aamal ECE W.L.L.*	Qatar	Property management	51%	51%
Ecco Gulf Company W.L.L.*	Qatar	Offers professional and business process outsourcing and call centre services	51%	51%
Associate				
Frijns Structural Steel Middle East W.L.L.	Qatar	Steel fabrications	20%	20%

*Whilst the Parent Company's ownership proportion in Aamal ECE W.L.L. and Ecco Gulf Company W.L.L. is 51%, the joint venture agreements between the Company and other shareholders indicate joint control and hence, the investments are equity-accounted by the Parent Company.

2.3 Foreign currency translation

2.3.1 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Qatari Riyal which is the Parent Company, all subsidiaries, and all equity accounted investees' functional and presentation currency.

2.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income. Foreign exchange gains and losses that relate to borrowings are also presented in the consolidated statement of profit or loss and other comprehensive income, within 'finance costs – net'. All foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within 'other income'.

2.4 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

All leases that meet the definition of investment property are classified as investment property and measured at fair value.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value.

After initial recognition, investment property is carried at fair value. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- the provisions of the construction contract;
- the stage of completion;
- whether the project/property is standard (typical for the market) or non-standard;
- the level of reliability of cash inflows after completion;
- the development risk specific to the property;
- past experience with similar constructions; and
- status of construction permits.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the consolidated statement of financial position is added back to arrive at the carrying value of the investment property for accounting purposes.

Changes in fair values are recognised in the consolidated statement of profit or loss and other comprehensive income. Investment properties are derecognised when they have been disposed of.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the consolidated statement of profit or loss within net gain from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in consolidated statement of profit or loss and other comprehensive income to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to consolidated statement of profit or loss and other comprehensive income.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items cost including borrowing costs that are eligible for capitalisation and excluding the costs of day-to-day servicing, less accumulated depreciation and any impairment in value. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

From time to time, the Group's vessels are required to be dry-docked for inspection and re-licensing at which time major repairs and maintenance that cannot be performed while the vessels are in operation are generally performed. The Group capitalises the costs associated with dry-docking as they occur by adding them to the cost of the vessel and amortises these costs on the straight-line basis over 3-5 years, which is generally the period until the next scheduled dry-docking.

Depreciation is provided on a straight-line basis on all property, plant and equipment. The rates of depreciation are based upon the following estimated useful lives:

Buildings	20-25 years
Leasehold improvements	2 - 8 years or over the period of lease term, whichever is shorter
Truck mixers and motor vehicles	4-15 years
Plant and machinery	8-25 years
Furniture, fixtures and office equipment	3-5 years
Vessels	20 years

Construction work in progress is not depreciated.

The carrying amounts are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss and other comprehensive income.

2.6 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances, unrestricted balances held with banks and short term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

2.7 Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

Trade receivables are recognised initially at amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using effective interest method less loss allowance. See note 30.1(b) for a description of the Group's impairment policies.

2.8 Inventories

Raw materials, work in progress, finished goods and goods for resale are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.9 Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Group as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the shareholders of the Group.

2.10 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss and other comprehensive income as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the consolidated statement of profit or loss and other comprehensive income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the year these are incurred. Borrowing costs consist of the interest and other costs that the Group incurs in connection with the borrowing of funds.

2.12 Accounts payable and accruals

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Tenant deposits

Tenant deposit liabilities are initially recognised at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of rental income and recognised on a straight-line basis over the lease term.

2.14 Financial assets

2.14.1 Classification

The Group classifies its financial assets as those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.14.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.14.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories. The Group classifies all their debt instruments into the amortised cost category.

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are included within the general and administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

2.14.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9 for trade receivables and other contract assets, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 30.1(b) for further details.

2.15 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 Employees' end of service benefits

2.16.1 Defined benefit plan

A defined benefit plan is a pension plan made in accordance with the Qatar Labour Law number 14 of 2004, where the Group makes payments to non-Qatari employees on their retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of employees' end of service indemnity is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by management using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related benefit obligation. Where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions (remeasurements) are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

2.16.2 Other short-term employees benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be measured reliably.

2.17 Revenue

(i) Sale of goods manufactured by the Group

The Group manufactures and sells ready mix concrete, curb stone, interlock slabs and cement bricks. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered. As there is only one performance obligation, the revenue is recognised at point in time when these goods are delivered.

(ii) Sale of goods

The Group operates wholesale and retail distribution of pharmaceuticals and general consumable products, wholesale distribution of medical equipment, retail sale of tyres, lubricants, batteries, home appliances, footwear, general commercial trading products, baby care products, medicine and general consumable products, aggregates, office supplies, automobile products and car spare parts. Revenue from the sale of goods is recognised when a Group entity sells a product to the customer. Payment of the transaction price is due within 30 to 60 days when the customer purchases the goods.

(iii) Rendering of services

The Group provides various services including installation of medical equipment, clinical activities, family entertainment park facilities, facilities management and cleaning services, business process outsourcing and call centre services and printing and lamination services. The Group also operates a travel agency.

Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. For cleaning services and call centre services, this is determined using the input method approach and is based on the actual labour hours spent relative to the total expected labour hours.

Some contracts include multiple deliverables, such as selling and installation of medical equipment. However, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. If the contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(iv) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

2.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group measures its investment properties at fair value at each reporting date.

The Group's management determines the policies and procedures for valuation of investment properties. External valuers are involved for the valuation of investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management discusses and reviews, the Group's external valuers, valuation techniques and assumptions used for each property (note 5).

2.19 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.20 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.21 Income tax

The Group calculates its income tax liability in accordance with the Qatar Income Tax Law No. 24 of 2018. The law has replaced the old Qatar Income Tax Law No. 21 of 2009.

3 Right-of-use assets / Lease liabilities

3.1 Right-of-use assets

	2021	2020
Cost:		
Balance at the beginning of the year	**73,962,939**	94,922,691
Additions during the year	**6,032,258**	36,851,783
Lease modification	**-**	(57,811,535)
Balance at the end of the year	**79,995,197**	73,962,939
Accumulated amortisation:		
Balance at the beginning of the year	**30,388,549**	10,899,774
Amortisation for the year	**13,126,893**	19,488,775
Balance at the end of the year	**43,515,442**	30,388,549
Net carrying amount:		
At the beginning of the year	**43,574,390**	84,022,917
At the end of the year	**36,479,755**	43,574,390

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

	2021	2020
General and administrative expenses	**12,828,819**	19,267,123
Direct costs	**298,074**	221,652
	13,126,893	19,488,775

3.2 Lease liabilities

	2021	2020
Balance at the beginning of the year	**47,149,503**	85,035,811
Additions during the year	**6,007,354**	38,524,965
Lease modification	**-**	(64,426,829)
Less: Lease payments made by the entity	**(15,579,907)**	(19,686,860)
Interest expense	**2,505,363**	7,702,416
Balance at the end of the year	**40,082,313**	47,149,503
Classification of:		
Current	**19,286,315**	15,955,123
Non-current	**20,795,998**	31,194,380
Total lease liabilities	**40,082,313**	47,149,503

4 EQUITY-ACCOUNTED INVESTEES

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.

Summarised financial information of equity-accounted investees:

Reconciliation to carrying amounts

31 December 2021	**Frijns Structural Steel Middle East W.L.L.**	**Senyar Industries Qatar Holding W.L.L.**	**Others**	**Total**
Opening net assets	**106,106,124**	**442,520,642**	**47,189,221**	**595,815,987**
Other adjustments	**569,079**	**-**	**(1,073,779)**	**(504,700)**
Adjusted opening net assets	**106,675,203**	**442,520,642**	**46,115,442**	**595,311,287**
Profit for the year	**16,639,221**	**67,572,023**	**5,505,246**	**89,716,490**
Capital contribution	**-**	**-**	**-**	**-**
Dividends paid	**-**	**(18,838,194)**	**(18,360,226)**	**(37,198,420)**
Closing net assets	**123,314,424**	**491,254,471**	**33,260,462**	**647,829,357**
Group share in %	**20%**	**50%**		
Group share	**24,662,885**	**245,627,236**	**17,868,085**	**288,158,206**
Carrying amount	**24,662,885**	**245,627,236**	**17,868,085**	**288,158,206**
Group share in profit including other adjustments	**3,441,660**	**33,786,012**	**3,265,437**	**40,493,109**
31 December 2020				
Opening net assets	80,241,852	532,443,587	21,267,644	633,953,083
Other adjustments	16,193,147	-	(480,429)	15,712,718
Adjusted opening net assets	96,434,999	532,443,587	20,787,215	649,665,801
Profit for the year	9,671,125	92,350,005	1,402,006	103,423,136
Capital contribution	-	-	25,000,000	25,000,000
Dividends paid	-	(182,272,950)	-	(182,272,950)
Closing net assets	106,106,124	442,520,642	47,189,221	595,815,987
Group share in %	20%	50%		
Group share	21,221,225	221,260,321	23,966,363	266,447,909
Carrying amount	21,221,225	221,260,321	23,966,363	266,447,909
Group share in profit including other adjustments	5,172,854	46,175,003	(920,363)	50,427,494

Summarised statement of financial position

31 December 2021	**Frijns Structural Steel Middle East W.L.L.**	**Senyar Industries Qatar Holding W.L.L.**	**Others**
Current assets			
Cash and bank balances	**8,631,150**	**26,864,755**	**19,320,686**
Other current assets	**132,362,567**	**944,754,171**	**71,731,874**
Total current assets	**140,993,717**	**971,618,926**	**91,052,560**
Non-current assets	**59,954,753**	**290,974,098**	**136,271,252**
Current liabilities			
Financial liabilities (excluding trade payables)	**(4,205,454)**	**(600,121,648)**	**(36,736,431)**
Other current liabilities	**(41,301,029)**	**(120,356,590)**	**(42,761,338)**
Total current liabilities	**(45,506,483)**	**(720,478,238)**	**(79,497,769)**
Non- current liabilities			
Financial liabilities (excluding trade payables)	**(22,797,805)**	**-**	**(103,366,564)**
Other non-current liabilities	**(9,329,758)**	**(18,334,782)**	**(11,199,018)**
Total non-current liabilities	**(32,127,563)**	**(18,334,782)**	**(114,565,582)**
Non-controlling interests	**-**	**(47,243,552)**	**-**
Net assets	**123,314,424**	**476,536,452**	**33,260,461**

31 December 2020			
Current assets			
Cash and bank balances	10,345,200	59,320,327	32,023,537
Other current assets	136,948,987	775,604,169	70,186,899
Total current assets	147,294,187	834,924,496	102,210,436
Non-current assets	59,790,119	341,930,872	136,037,616
Current liabilities			
Financial liabilities (excluding trade payables)	(4,458,037)	(542,894,479)	(31,988,994)
Other current liabilities	(58,477,225)	(137,437,478)	(46,655,580)
Total current liabilities	(62,935,262)	(680,331,957)	(78,644,574)
Non- current liabilities			
Financial liabilities (excluding trade payables)	(29,233,765)	-	(108,289,928)
Other non-current liabilities	(8,809,155)	(18,014,692)	(4,124,329)
Total non-current liabilities	(38,042,920)	(18,014,692)	(112,414,257)
Non-controlling interests	-	(50,656,055)	-
Net assets	106,106,124	427,852,664	47,189,221

Summarised statement of profit or loss and other comprehensive income

31 December 2021	**Frijns Structural Steel Middle East W.L.L.**	**Senyar Industries Qatar Holding W.L.L.**	**Others**
Revenue	**168,350,551**	**1,440,249,309**	**143,622,667**
Direct costs	**(107,320,648)**	**(1,306,221,952)**	**(120,535,414)**
Gross profit	**61,029,903**	**134,027,357**	**23,087,253**
Other income	**2,512,483**	**1,347,055**	**29,962**
General expenses	**(26,737,729)**	**(34,791,491)**	**(11,823,588)**
Impairment losses on financial assets	**(18,975,884)**	**-**	**-**
Finance costs	**(1,189,552)**	**(27,178,637)**	**(5,788,378)**
Net profit	**16,639,221**	**73,404,284**	**5,505,249**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive income	**16,639,221**	**73,404,284**	**5,505,249**
Total comprehensive income attributable to non-controlling interests	**-**	**(5,832,260)**	**-**
Total comprehensive income attributable to equity holders of the parent	**16,639,221**	**67,572,024**	**5,505,249**
31 December 2020			
Revenue	114,312,580	1,395,953,232	106,275,319
Direct costs	(67,222,121)	(1,241,191,187)	(91,163,601)
Gross profit	47,090,459	154,762,045	15,111,718
Other income	(851,416)	(470,268)	1,130,826
General expenses	(27,490,063)	(36,349,296)	(10,150,243)
Impairment losses on financial assets	(7,347,793)	-	-
Finance costs	(1,730,062)	(16,345,938)	(4,690,295)
Net profit	9,671,125	101,596,543	1,402,006
Other comprehensive income	-	-	-
Total comprehensive income	9,671,125	101,596,543	1,402,006
Total comprehensive income attributable to non-controlling interest	-	(9,246,538)	-
Total comprehensive income attributable to equity holders of the parent	9,671,125	92,350,005	1,402,006

5 INVESTMENT PROPERTIES

	2021	2020
At 1 January	**7,118,342,519**	7,208,113,690
Additions during the year	**44,669,420**	31,820,462
Net loss from fair value adjustment	**-**	(121,591,633)
At 31 December	**7,163,011,939**	7,118,342,519

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 either purchase investment properties or repairs, maintenance and enhancements.

The investment properties are stated at fair value, which has been determined based on valuations performed by independent valuers as at 31 December 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 transactional comparable. 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 an arm's length terms.

Investment properties are measured at fair value using significant unobservable inputs (Level 3).

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December are as follows:

	2021	2020
Vacant land	**140,370,000**	134,370,000
Completed properties:		
Commercial properties	**4,358,887,230**	4,081,665,698
Residential properties	**838,358,104**	845,562,519
Mixed (residential and commercial)	**1,729,460,000**	1,727,570,000
Properties under construction	**95,936,605**	329,174,302
Total at 31 December	**7,163,011,939**	7,118,342,519

Movement in properties under construction is as follows:

	2021	2020
Beginning at 1 January	**329,174,302**	297,353,840
Additions during the year	**41,427,367**	25,540,768
Borrowing costs capitalized during the year	**3,242,053**	6,279,694
Transfer during the year	**(277,907,117)**	-
Ending at 31 December	**95,936,605**	329,174,302

Description of valuation techniques used by the Group and key inputs to valuation on all of the investment properties are as follows:

Types of properties	**Valuation techniques**	**Estimated value**	
Commercial properties	Market approach Depreciated replacement cost	2,750 to 3,300 QR/sqft 1,706 to 4,273 QR/sqft	Land rate Depreciated rebuild rate
Residential properties	Market approach Depreciated replacement cost	375 to 2,150 QR/sqft 2,041 to 5,031 QR/sqft	Land rate Depreciated rebuild rate
Vacant land	Market approach	575 to 775 QR/sqft	Land rate

Sensitivity analysis:

At 31 December 2021, if the price per square foot for investment properties (valued using market approach) had been higher/lower by 1% with all other variables held constant, the calculated fair valuation gains (losses) on investment properties for the year would have been QR 71 million higher/lower mainly as a result of higher/lower fair value gain (loss) on investment properties.

Minimum lease receivables on leases of investment properties are as follows:

	2021	2020
Within one year	**151,838,319**	147,688,255
Between 1 and 5 years	**274,795,422**	205,496,989
Total at 31 December	**426,633,741**	353,185,244

Amounts recognised in profit or loss for investment properties are as follows:

	2021	2020
Rental income	**250,883,342**	180,504,698
Direct operating expenses from properties that generated rental income	**16,347,691**	21,075,051
Fair value loss recognised	**-**	(121,591,633)

6 PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements	Truck mixers and motor vehicles	Plant and machinery	Furniture, fixtures and office equipment	Vessels	Capital work in progress	Total
Cost:							
At 1 January 2021	159,465,067	117,327,586	145,466,175	53,237,600	79,032,266	7,137,279	561,665,973
Additions	223,900	8,542,290	4,979,948	3,176,222	1,349,486	3,683,729	21,955,575
Disposals/write-off	(3,469,624)	(1,769,460)	(16,476,469)	(1,499,111)	-	-	(23,214,664)
Transfer from capital work in progress	-	-	3,476,153	8,150	-	(3,484,303)	-
Other adjustments	-	-	-	-	-	(360,982)	(360,982)
At 31 December 2021	156,219,343	124,100,416	137,445,807	54,922,861	80,381,752	6,975,723	560,045,902
Accumulated depreciation:							
At 1 January 2021	46,481,249	82,053,314	100,978,000	47,747,768	9,635,728	-	286,896,059
Charge for the year	5,961,409	7,274,137	6,819,348	3,336,800	3,850,688	-	27,242,382
Disposals/write-off	(3,270,469)	(1,769,448)	(16,419,445)	(1,498,997)	-	-	(22,958,359)
Other adjustments	-	-	-	-	-	-	-
At 31 December 2021	49,172,189	87,558,003	91,377,903	49,585,571	13,486,416	-	291,180,082
Net carrying amounts:							
At 31 December 2021	107,047,154	36,542,413	46,067,904	5,337,290	66,895,336	6,975,723	268,865,820

Notes:
(i) Depreciation charge for the year amounting to QR 17,509,101 (2020: QR 16,965,033) is included in the direct costs.
(ii) The capital work in progress does not include capitalised borrowing cost in the current year (2020: Nil).
(iii) The buildings are constructed on a plot of land taken on a long term operating lease.

	Buildings and leasehold improvements	Truck mixers and motor vehicles	Plant and machinery	Furniture, fixtures and office equipment	Vessels	Capital work in progress	Total
Cost:							
At 1 January 2020	157,382,527	123,228,469	145,087,921	54,006,260	73,507,640	7,895,824	561,108,641
Additions	71,460	111,500	853,786	1,526,866	5,524,626	2,683,979	10,772,217
Disposals/write-off	(1,431,444)	(6,012,383)	(475,532)	(2,295,526)	-	-	(10,214,885)
Transfer from capital work in progress	3,442,524	-	-	-	-	(3,442,524)	-
Other adjustments	-	-	-	-	-	-	-
At 31 December 2020	159,465,067	117,327,586	145,466,175	53,237,600	79,032,266	7,137,279	561,665,973
Accumulated depreciation:							
At 1 January 2020	41,461,369	80,305,327	93,193,867	45,423,506	7,880,212	-	268,264,281
Charge for the year	6,352,568	7,760,369	8,269,216	4,600,714	1,755,516	-	28,738,383
Disposals/write-off	(1,357,475)	(6,012,382)	(441,372)	(2,295,376)	-	-	(10,106,605)
Other adjustments	24,787	-	(43,711)	18,924	-	-	-
At 31 December 2020	46,481,249	82,053,314	100,978,000	47,747,768	9,635,728	-	286,896,059
Net carrying amounts:							
At 31 December 2020	112,983,818	35,274,272	44,488,175	5,489,832	69,396,538	7,137,279	274,769,914

Significant estimate - useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation as outlined in note 2.5. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis. At year-end, management assessed that no changes occurred to these estimates.

At year-end, if the useful life increased / decreased by 5% against the current useful life with all other variables held constant, profit for the year would have been higher by QR 526,724 or lower by QR 2,285,451 (2020: higher by QR 1,382,860 or lower by QR 1,496,660).

7. CASH AND BANK BALANCES

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following balances:

	2021	2020
Cash on hand	**123,229**	33,398
Cash in banks – current accounts	**101,001,482**	184,512,205
Cash in banks – call accounts	**44,107,047**	100,847,398
Short term fixed deposits	**1,331,506**	2,952,488
Restricted deposits relating to letters of guarantee	**2,005,794**	2,005,794
Cash and bank balances	**148,569,058**	290,351,283
Restricted deposits relating to letters of guarantee	**(2,005,794)**	(2,005,794)
	146,563,264	288,345,489

The short-term bank deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Cash is held in banks with reputable credit ratings as follows:

Credit rating	Rating Agency	2021	2020
P-1	Moody's	**143,196,927**	248,638,712
P-2	Moody's	**5,022,792**	37,822,581
Others	Moody's	**226,110**	3,856,592
		148,445,829	290,317,885

8. TRADE AND OTHER RECEIVABLES

	2021	2020
Trade receivables	**694,050,241**	461,065,438
Less: Impairment of trade receivables	**(73,147,444)**	(68,348,357)
	620,902,797	392,717,081
Advances to suppliers and prepayments	**58,634,637**	72,593,080
Retention receivables – current portion	**13,183,242**	7,701,993
Other receivables	**28,725,563**	29,181,293
	721,446,239	502,193,447

The total retention receivables as at 31 December is as follows:

	2021	2020
Current portion	**13,183,242**	7,701,993
Non-current portion	**2,904,207**	4,031,144
	16,087,449	11,733,137

As at 31 December 2021, trade receivables amounting to QR 73,147,444 (2020: QR 68,348,357) were impaired. Movements in the allowance for impairment of trade accounts receivable were as follows:

	2021	2020
Opening loss allowance as at 1 January	**68,348,357**	75,636,730
Charges net of recoveries for the year	**6,051,302**	77,403
Amounts written-off	**(1,252,215)**	(7,365,776)
At 31 December	**73,147,444**	68,348,357

Information about the impairment on trade receivables can be found in note 30.

9 AMOUNTS DUE FROM RELATED PARTIES

	2021	2020
Ultimate parent		
Al Faisal Holding Company W.L.L.	**126,833,231**	175,927,754
Entities controlled by ultimate parent		
Al Rayyan Tourism Investment Company W.L.L.	**6,837,579**	6,809,985
Maintenance Management Group Qatar W.L.L.	**-**	353,268
Al-Arabia Land Transporting Company W.L.L.	**882,899**	882,090
Al Farman for Investment & International Trading Company W.L.L.	**54,000**	14,250
Gulf English School	**143,155**	33,989
Derwind Trading and Contracting Company W.L.L.	**15,954,404**	7,684,854
Other related parties	**16,388,239**	26,318,974
	40,260,276	42,097,410
Joint venture		
Advanced Pipes and Casts Company W.L.L.	**22,248,111**	15,006,291
ECCO Gulf Company W.L.L.	**68,306**	3,695,476
Senyar Industries Qatar Holding W.L.L.	**-**	558,703
Frijns Steel Construction Middle East W.L.L.	**66,925**	18,855
	22,383,342	19,279,325
	189,476,849	237,304,489

Outstanding related party balances are unsecured and are repayable in cash on demand. Related party balance includes settlement made by the Company on behalf of their parent company during the year of QR 95.4 million (2020: 183 million).

Transactions with related parties included in the consolidated statement of profit or loss and other comprehensive income were as follows:

	2021	2020
Sale of goods and services to:		
Ultimate parent	**3,347,479**	2,471,919
Entities controlled by ultimate parent	**27,230,365**	14,118,684
Associate	**10,078,442**	284,697
	40,656,286	16,875,300
Rental income from:		
Ultimate parent	**170,400**	341,373
Entities controlled by ultimate parent	**18,147,064**	9,001,763
	18,317,464	9,343,136

Notes:
(i) Transactions with related parties are carried out through open account and Directors do not consider any receivables to be past due or impaired.

(ii) Other related party transactions are disclosed in Note 26.

10 INVENTORIES

	2021	2020
Goods for resale	**160,455,134**	150,456,795
Raw materials and spare parts	**14,497,212**	11,865,701
Work in progress	**1,317,141**	91,556
Goods in transit	**1,531,613**	1,531,617
	177,801,100	163,945,669
Less: write-down of inventories to net realisable value	**(2,784,240)**	(2,801,368)
	175,016,860	161,144,301

Movements in the provision for obsolete and slow-moving inventories were as follows:

	2021	2020
At 1 January	**2,801,368**	2,443,419
Charges net of reversals during the year (Note 18)	**829,843**	1,400,430
Write-off during the year	**(846,971)**	(1,042,481)
At 31 December	**2,784,240**	2,801,368

11 SHARE CAPITAL

	2021	2020
Authorised, issued and paid		
6,300,000,000 shares of QR 1 each	**6,300,000,000**	6,300,000,000

All shares are of same class and carry equal voting rights.

11.1 NON-CONTROLLING INTERESTS

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised consolidated statement of financial position	**Ci-San Trading W.L.L.**	
	31 December 2021	31 December 2020
Current assets	**90,539,427**	59,381,545
Current liabilities	**(5,100,462)**	(4,613,727)
Current net assets	**85,438,965**	54,767,818
Non-current assets	**66,897,362**	69,762,894
Non-current liabilities	**(24,607)**	(137,049)
Non-current net assets	**66,872,755**	69,625,845
Net Assets	**152,311,720**	124,393,663
Accumulated effective NCI	**38,585,916**	31,560,394
NCI of remaining subsidiaries	**4,024,489**	3,992,386
Total	**42,610,405**	35,552,780

Summarised consolidated statement of profit or loss and other comprehensive income	**Ci-San Trading W.L.L.**	
	2021	2020
Revenue	**91,611,655**	46,077,622
Profit/(Loss) for the year	**27,918,057**	(3,755,224)
Other comprehensive income	**-**	-
Total comprehensive income/(Loss)	**27,918,057**	(3,755,224)
Profit/(Loss)allocated to NCI (Effective)	**7,025,521**	(965,483)
Dividends paid to NCI	**-**	-

Summarised statement of consolidated cash flows	**Ci-San Trading W.L.L.**	
	2021	2020
Cash flows generated from / (used in) operating activities	**5,377,590**	(15,206,635)
Cash flows used in investing activities	**(1,708,055)**	(5,800,874)
Net increase/(decrease) in cash and cash equivalents	**3,669,535**	(21,007,509)

12 LEGAL RESERVE

In accordance with the requirements of the Qatar Commercial Companies' Law No. 11 of 2015, as amended by law number 8 of 2021, and the parent's articles of association, an amount equal to 10% of the net profit for the year, as a minimum, should be transferred to legal reserve until this reserve is equal to 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above mentioned law and the parent's articles of association.

13 BORROWINGS

	Notes	**Maturity**	**2021**	2020
Loan 1	(i)	November 2023	**238,960,081**	305,819,419
Loan 2	(ii)	December 2022	**48,459,851**	97,039,348
Loan 3	(iii)	May 2022	**196,418**	667,823
Loan 4	(iv)	November 2025	**159,870,488**	184,980,051
Loan 5	(v)	June 2022	**36,354,963**	-
			483,841,801	588,506,641
Less: Deferred financing cost			**(3,672,193)**	(5,093,469)
			480,169,608	583,413,172

Presented in the consolidated statement of financial position as follows:

	2021	2020
Current portion	**194,231,732**	139,474,580
Non-current portion	**285,937,876**	443,938,592
	480,169,608	583,413,172

The deferred financing costs consist of arrangement fees. The movements in the deferred financing costs were as follows:

	2021	2020
At 1 January	**5,093,469**	4,264,527
Recognized during the year	**-**	2,016,227
Amortised during the year (Note 22)	**(1,421,276)**	(1,187,285)
At 31 December	**3,672,193**	5,093,469

Notes:
(i) Loan 1 represents a loan drawn down on 11 December 2018 to finance the working capital requirements and the investments of the Group. The loan is payable in 18 quarterly instalments with effect from August 2019. The loan carries interest at commercial market rates.

(ii) Loan 2 represents a loan drawn down on 10 January 2018 to finance the reconstruction and refurbishment of City Centre. The loan is payable in 17 quarterly instalments with effect from 24 December 2018. The loan carries interest at commercial market rates.

(iii) Loan 3 was obtained on 12 July 2016, to finance the purchase of vehicles, plant and machinery. The loan is payable by 51 monthly instalments of QR 46,355 in the first month with effect from 1 June 2017 and QR 39,284 in the subsequent months. The loan carries interest at commercial market rates.

(iv) Loan 4 was obtained on 10 December 2020 to finance the working capital requirements and the investments of the Group. The loan is payable in 57 monthly instalments with effect from 31 March 2021. The loan carries interest at commercial market rates.

(v) Loan 5 was obtained on 11 April 2021, covering the issuance of guarantee and facilitate the import requirements in the normal course of the business.

The Group has complied with the financial covenants of its borrowing facilities during the 2021 and 2020 reporting period.

Net debt reconciliation

		Due within one year		Due after one year		
	Cash/ overdraft	**Borrowing**	**Lease liabilities**	**Borrowing**	**Lease liabilities**	**Total**
Net debt as at 1 January 2021	**288,345,489**	**(139,474,580)**	**(15,955,123)**	**(443,938,592)**	**(31,194,380)**	**(342,217,186)**
Net movement in lease acquisition and write-off	**-**	**-**	**(3,793,603)**	**-**	**(2,213,751)**	**(6,007,354)**
Non-cash movement of interest expense on IFRS 16	**-**	**-**	**(2,505,363)**	**-**	**-**	**(2,505,363)**
New loan drawn	**-**	**(56,495,958)**	**-**	**-**	**-**	**(56,495,958)**
Cash flows	**(141,782,225)**	**1,738,806**	**2,967,774**	**158,000,716**	**12,612,133**	**33,537,204**
Net debt as at 31 December 2021 (Note 30.2)	**146,563,264**	**(194,231,732)**	**(19,286,315)**	**(285,937,876)**	**(20,795,998)**	**(373,688,657)**
Net debt as at 1 January 2020	514,703,723	(114,719,958)	(16,359,141)	(400,203,929)	(68,676,670)	(85,255,975)
Net movement in lease acquisition and write-off	-	-	(11,580,427)	-	37,482,290	25,901,863
Non-cash movement of interest expense on IFRS 16	-	-	(7,702,416)	-	-	(7,702,416)
New loan drawn	-	(24,637,501)	-	(158,337,499)	-	(182,975,000)
Cash flows	(226,358,234)	(117,121)	19,686,861	114,602,836	-	(92,185,658)
Net debt as at 31 December 2020 (Note 30.2)	288,345,489	(139,474,580)	(15,955,123)	(443,938,592)	(31,194,380)	(342,217,186)

14 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision reflected in the consolidated statement of financial position were as follows:

	2021	2020
At 1 January	**26,057,048**	26,093,077
Provision made during the year (Note 21)	**4,349,666**	3,326,429
End of service benefits paid during the year	**(3,867,117)**	(3,362,458)
At 31 December	**26,539,597**	26,057,048

15 ACCOUNTS PAYABLE AND ACCRUALS

	2021	2020
Trade accounts payable	**262,275,924**	196,831,557
Advances from customers and tenants	**56,492,732**	48,929,273
Accruals	**41,518,684**	53,558,611
Other payables	**76,136,998**	64,068,456
	436,424,338	363,387,897

16 AMOUNTS DUE TO RELATED PARTIES

	2021	2020
Entities controlled by ultimate parent		
Gettco Company W.L.L. – Gettco Refrigeration and Air-conditioning	**661,356**	1,494,790
Al Jazi Real Estate Investment Company W.L.L.	**706,442**	943,761
Integrated Information Systems W.L.L.	**784,713**	1,061,540
Al Sawari Holding Company W.L.L.	**316,323**	7,145,966
Other related parties	**8,387,952**	3,525,440
	10,856,786	14,171,497
Joint venture		
Senyar Industries Qatar Holding W.L.L.	**86,329,083**	-
Aamal ECE W.L.L.	**14,161,714**	16,569,487
	100,490,797	16,569,487
	111,347,583	30,740,984

Transactions with related parties during the year were as follows:

	2021	2020
Purchase of goods and services from:		
Joint venture	**179,652,023**	3,296,105
Entities controlled by ultimate parent	**39,883,100**	16,641,748
	219,535,123	19,937,853
Rental expense:		
Ultimate parent	**2,981,591**	4,737,355
Entities controlled by ultimate parent	**15,971,400**	9,444,739
	18,952,991	14,182,094
Corporate management fees		
Ultimate parent	**11,230,000**	8,100,000
Purchase of property, plant and equipment		
Entities controlled by ultimate parent	**2,373,319**	14,500
Interest income		
Ultimate parent	**3,921,376**	-
Joint venture	**109,676**	-
	4,031,052	-
Operator's management fees		
Join venture	**11,075,443**	8,802,219

Note:
A joint venture manages the operations of City Centre Mall.
Other related party transactions are disclosed in Note 26.

17 REVENUES

	Sale of goods	Service Income	Commission, incentives and agency fees	Rental Income	Total
2021:					
At a point in time	**1,164,872,521**	**22,316,829**	**56,038,382**	**-**	**1,243,227,732**
Overtime	**-**	**50,832,497**	**-**	**-**	**50,832,497**
Rental Income	**-**	**-**	**-**	**300,036,615**	**300,036,615**
Total	**1,164,872,521**	**73,149,326**	**56,038,382**	**300,036,615**	**1,594,096,844**
2020:					
At a point in time	1,003,321,901	13,249,818	58,132,493	-	1,074,704,212
Overtime	-	37,623,606	-	-	37,623,606
Rental Income	-	-	-	194,513,070	194,513,070
Total	1,003,321,901	50,873,424	58,132,493	194,513,070	1,306,840,888

18 DIRECT COSTS

	2021	2020
Cost of inventories recognised as an expense	**1,005,999,670**	830,103,965
Direct salaries and wages (Note 21)	**44,416,465**	35,709,850
Depreciation (Note 6)	**17,509,101**	16,965,033
Operator's management fees	**24,571,553**	21,284,170
Operating expenses on real estate properties	**16,347,691**	21,075,051
Provision for obsolete and slow moving inventories (Note 10)	**829,843**	1,400,430
Right-of-use amortisation	**298,074**	221,652
Other operating expenses	**58,603,125**	39,106,966
	1,168,575,522	965,867,117

19 OTHER INCOME

	2021	2020
Foreign exchange loss	**(3,598,431)**	(2,613,686)
(Loss)/gain on disposal of property, plant and equipment	**(617,287)**	499,996
Miscellaneous income	**11,822,438**	15,817,548
	7,606,720	13,703,858

20 GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
Management and employees' compensation (Note 21)	**61,774,188**	58,056,173
Right-of-use amortisation	**12,828,819**	19,267,123
Corporate management fees	**11,820,000**	8,100,000
Depreciation	**9,733,282**	11,773,351
Donations	**8,178,132**	9,445,154
Insurance and professional fees	**7,365,933**	9,359,134
Repairs and maintenance	**2,357,999**	2,542,200
Rent (leases not capitalised)	**2,201,763**	2,831,030
Bank charges	**1,827,332**	1,071,218
Communication costs	**1,467,920**	1,515,068
Postage, printing and stationery	**1,033,077**	1,243,429
Training and business development	**178,801**	145,320
Miscellaneous expenses	**7,992,540**	7,773,865
	128,759,786	133,123,065

21. Staff costs

	2021	2020
Salaries and wages	**101,277,016**	89,839,139
Employees' end of service benefits (Note 14)	**4,349,666**	3,326,429
Other employee benefits	**563,971**	600,455
	106,190,653	93,766,023

Staff costs are presented as follows:

	2021	2020
Direct costs (Note 18)	**44,416,465**	35,709,850
General and administrative expenses (Note 20)	**61,774,188**	58,056,173
	106,190,653	93,766,023

22. Finance costs

	2021	2020
Interest expense	**18,630,952**	15,742,592
Interest expense on leases	**2,505,363**	7,702,416
Amortisation of deferred financing costs (Note 13)	**1,421,276**	1,187,285
	22,557,591	24,632,293

23. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	2021	2020
Profit for the year attributable to equity holders of the parent (QR)	**304,927,871**	123,292,937
Weighted average number of shares outstanding during the year	**6,300,000,000**	6,300,000,000
Basic and diluted earnings per share (QR)	**0.05**	0.02

24. Commitments

	2021	2020
Estimated capital expenditure approved and contracted for at the year-end but not provided for:		
Investment properties	**13,030,068**	12,776,160
Property, plant and equipment	**-**	99,322
	13,030,068	12,875,482

25 CONTINGENT LIABILITIES

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

	2021	2020
Letters of guarantee	**147,579,194**	145,147,702
Letters of credit	**17,781,283**	22,424,562

Notes:

(i) Letters of guarantee include performance, tender and bid bonds and payment guarantees given to suppliers and contractors by the Group in the ordinary course of business, which will mature within twelve months from the reporting date.

(ii) Letters of credit are provided by lodging documents to the bank for purchase of trading goods from foreign suppliers, which will mature within three to six months from the date of the transaction.

26 RELATED PARTY DISCLOSURE

A) RELATED PARTY TRANSACTIONS

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.

B) RELATED PARTY BALANCES

Amounts due from and due to related parties are disclosed in notes 9 and 16, respectively. These balances consist of interest and non-interest bearing transactions and are repayable on mutually agreed dates, generally within one year.

The Group did not record any impairment of receivables relating to amounts due from related parties in either year. 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.

C) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management during the year was as follows:

	2021	2020
Short-term benefits	**2,954,895**	2,433,723
Employees' end of service benefits	**151,489**	100,000
	3,106,384	2,533,723

D) BOARD OF DIRECTORS REMUNERATION

No remuneration has been proposed for Board of Directors for the year 2021 (2020: Nil).

27 DIVIDENDS

The shareholders of the Company approved at the Annual General Meeting held on 30th 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).

The Board of Directors proposed cash dividend of 5% of the share capital amounting to QR 315 million (QR 0.05 per share) for the year 2021, which will be submitted for formal approval at the Annual General Assembly Meeting.

28 CONTRIBUTION TO SOCIAL AND SPORTS FUND

During the year, the Group appropriated an amount of QR 7,623,197 (2020: QR 3,082,323) representing 2.5% of the consolidated net profit attributable for the equity holders of the parent for the year as a contribution to the Social and Sports fund. The Group paid QR 3,082,323 to the Social and Sports fund during the year (2020: QR 8,056,674).

29 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their nature of activities and has four reportable segments as described below, which are the Group's strategic divisions and the Head Office as follows:

Property:

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

Trading and distribution:

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

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 and management of industrial enterprises.

Managed services:

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

Parent Company:

It provides corporate services to the subsidiaries of the Group.

For each of the strategic divisions, the Group’s managing director (the chief operating decision maker) reviews internal management reports on a regular basis. The managing director 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.

29.1 OPERATING SEGMENTS:

The operating segment, after elimination of inter-company transactions, is presented as follows:

	Property	Trading and distribution	Industrial manufacturing	Managed services	Parent Company	Eliminations	Total
For the year ended 31 December 2021							
Revenues							
- External parties	**257,301,080**	**871,144,178**	**405,620,586**	**60,031,000**	**-**	**-**	**1,594,096,844**
- Inter-segments (i)	**5,272,198**	**7,388,364**	**26,118,857**	**7,700,025**	**-**	**(46,479,444)**	**-**
	262,573,278	**878,532,542**	**431,739,443**	**67,731,025**	**-**	**(46,479,444)**	**1,594,096,844**
- At a point in time	**11,689,935**	**877,942,954**	**377,313,972**	**10,626,894**	**-**	**(34,346,023)**	**1,243,227,732**
- Over time	**-**	**589,588**	**-**	**57,104,132**	**-**	**(6,861,223)**	**50,832,497**
	11,689,935	**878,532,542**	**377,313,972**	**67,731,026**	**-**	**(41,207,246)**	**1,294,060,229**
Rental income	**250,883,342**	**-**	**54,425,471**	**-**	**-**	**(5,272,198)**	**300,036,615**
Operating results	**192,179,147**	**106,903,703**	**24,614,110**	**4,949,728**	**(38,909,493)**	**-**	**289,737,195**
Profit for the year before share in results of equity-accounted investees	**192,262,840**	**105,031,348**	**24,402,716**	**3,152,822**	**(53,357,339)**	**-**	**271,492,387**
Share in results of equity-accounted investees	**5,345,157**	**-**	**32,220,727**	**2,927,225**	**-**	**-**	**40,493,109**
Profit for the year	**197,607,997**	**105,031,348**	**56,623,443**	**6,080,047**	**(53,357,339)**	**-**	**311,985,496**
Depreciation	**6,533,387**	**1,485,336**	**17,154,314**	**2,034,167**	**35,179**	**-**	**27,242,383**
For the year ended 31 December 2020							
Revenues							
- External parties	186,071,760	899,447,970	180,461,209	40,859,947	-	-	1,306,840,886
- Inter-segments (i)	3,111,151	8,406,702	22,192,681	5,863,167	-	(39,573,701)	-
	189,182,911	907,854,672	202,653,890	46,723,114	-	(39,573,701)	1,306,840,886
- At a point in time	8,678,213	907,075,680	185,534,368	4,571,605	-	(31,155,654)	1,074,704,212
- Over time	-	778,992	-	42,151,509	-	(5,306,896)	37,623,605
	8,678,213	907,854,672	185,534,368	46,723,114	-	(36,462,550)	1,112,327,817
Rental income	180,504,698	-	17,119,522	-	-	(3,111,151)	194,513,069
Operating results	14,984,740	121,836,810	(6,485,133)	(2,693,840)	(34,108,660)	-	93,533,917
Profit for the year before share in results of equity-accounted investees	15,111,253	120,629,094	(11,435,610)	(4,484,045)	(48,533,128)	-	71,287,564
Share in results of equity-accounted investees	3,783,122	-	43,854,801	2,789,570	-	-	50,427,493
Profit for the year	18,894,375	120,629,094	32,419,191	(1,694,475)	(48,533,128)	-	121,715,057
Depreciation	7,912,794	1,790,848	15,185,963	3,803,942	44,836	-	28,738,383

Note:
(i) Inter-segment revenues are eliminated on consolidation.

29.2 ASSETS AND LIABILITIES:

	Property	Trading and distribution	Industrial manufacturing	Managed services	Parent Company	Eliminations (i)	Total
At 31 December 2021							
Current assets	**90,206,547**	**660,886,978**	**336,082,123**	**82,595,289**	**183,578,229**	**(118,432,563)**	**1,234,916,603**
Non-current assets	**7,266,946,693**	**26,439,779**	**163,174,345**	**39,589,123**	**310,556,932**	**(47,286,945)**	**7,759,419,927**
Total assets	**7,357,153,240**	**687,326,757**	**499,256,468**	**122,184,412**	**494,135,161**	**(165,719,508)**	**8,994,336,530**
Current liabilities	**129,641,416**	**263,450,207**	**241,559,825**	**38,061,623**	**206,083,403**	**(117,506,506)**	**761,289,968**
Non-current liabilities	**1,569,810**	**17,457,593**	**8,151,827**	**36,097,905**	**310,296,108**	**(40,299,772)**	**333,273,471**
Total liabilities	**131,211,226**	**280,907,800**	**249,711,652**	**74,159,528**	**516,379,511**	**(157,806,278)**	**1,094,563,439**
Capital expenditure (ii)	**50,432,054**	**3,972,821**	**9,255,260**	**2,886,999**	**77,862**	**-**	**66,624,996**
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)	32,926,309	2,661,283	6,277,687	707,634	19,766	-	42,592,679

Notes:

(i) Inter-segment balances are eliminated on consolidation.

(ii) Capital expenditures consist of additions to property, plant and equipment and investment properties.

30 FINANCIAL RISK MANAGEMENT

30.1 FINANCIAL RISK FACTORS

The Group's principal financial liabilities comprise interest bearing loans and borrowings, bank overdrafts, amounts due to related parties and trade accounts payable. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade accounts and other receivables, amounts due from related parties and bank balances which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(A) MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates and foreign currency exchange rates will affect the Group's profit, equity or value of its holding of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimising return.

(i) Interest rate risk

The Group's financial assets and liabilities that are subject to interest rate risk comprise bank deposits, interest bearing loans and borrowings and bank overdrafts. At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was as follows:

	2021	2020
Fixed interest rate instruments:		
Financial assets	**1,331,506**	2,952,488
Financial liabilities	**(196,418)**	(667,824)
	1,135,088	2,284,664
Floating interest rate instruments:		
Financial assets	**-**	-
Financial liabilities	**(479,973,190)**	(582,745,348)

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial assets and liabilities with floating interest rates.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss and other comprehensive income to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated statement of profit or loss and other comprehensive income is the effect of the assumed changes in interest rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

	Changes in basis points	**Effect on profit**
2021		
Floating interest rate instruments	**+25 b.p.**	**(979,435)**
2020		
Floating interest rate instruments	+25 b.p.	(846,282)

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.

Trade accounts payable and accrued expenses include amounts due in foreign currencies, mainly US Dollar, UAE Dirham, Great Britain Pound (GBP) and Euro, of which the Group has a currency risk primarily on the balances payable in Euro and GBP. Out of the total borrowings, the Group has QR 443,618,227 of borrowings denominated in US Dollars, amounting to USD 121,444,118 as of 31 December 2021 (31 December 2020: QR 582,745,349 of borrowings denominated in US Dollars, amounting to USD 159,656,260).

The Group does not hedge its foreign currency exposure. As both Qatari Riyal and UAE Dirham are pegged to the US Dollar, balances in US Dollars and UAE Dirhams are not considered to represent significant currency risk to the Group.

In the opinion of the management, the Group's exposure to currency risk as at 31 December 2021 and 2020 is minimal as the foreign currency financial liabilities denominated in Euro and GBP represent 0.01% (2020: 0.01%) of total liabilities. Hence, not considered to represent significant risk.

(B) CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is indicated by the carrying amount of its financial assets, which consist principally of outstanding trade and retention receivables, amounts due from related parties, other receivables and cash and cash equivalents excluding cash on hand.

(i) Risk management

The Group sells its products and provides services to various parties. It is the Group's policy that all customers who wish to obtain on credit terms are subject to credit verification procedures to ensure credit worthiness. Each new customer is analysed individually for creditworthiness before the delivery of products or services. Customers that fail to meet the creditworthiness may transact with the Group only on prepayment basis.

Property rentals are mostly received in advance or contracted with post-dated cheques. In addition, receivable balances are monitored on an ongoing basis and the purchase limits are established for each credit customer, which are reviewed regularly based on the level of past transactions and settlement. Receivables amounting to QR 24,558,848 (2020: QR 31,693,617) are collaterised by tenant deposits of QR 45,456,010 (2020: QR 45,553,218). The fair value of the tenant deposits approximate its carrying amount.

The Group's maximum exposure with regard to trade receivables, net of allowance reflected at the reporting date, was as follows:

Business segment:	**Gross trade receivables**	**Loss allowance**	**Net trade receivables**
2021:			
Property	**24,757,964**	**(4,542,525)**	**20,215,439**
Trading and distribution	**414,449,308**	**(20,342,455)**	**394,106,853**
Industrial manufacturing	**229,318,658**	**(47,010,824)**	**182,307,834**
Managed services	**25,524,311**	**(1,251,636)**	**24,272,675**
Net trade receivables	**694,050,241**	**(73,147,440)**	**620,902,801**

Business segment:	**Gross trade receivables**	**Loss allowance**	**Net trade receivables**
2020:			
Property	31,894,649	(2,468,378)	29,426,271
Trading and distribution	292,496,670	(19,342,735)	273,153,935
Industrial manufacturing	121,378,252	(45,155,454)	76,222,798
Managed services	15,295,867	(1,381,790)	13,914,077
Net trade receivables	461,065,438	(68,348,357)	392,717,081

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as follows:

	2021	2020
Bank balances	**148,445,829**	290,317,885
Amounts due from related parties	**189,476,849**	237,304,489
Retention and other receivables	**44,813,012**	40,914,430
Other financial assets	**382,735,690**	568,536,804
Total credit risk exposure	**1,003,638,491**	961,253,885

The Group reduces the exposure of credit risk arising from other financial assets by maintaining bank accounts in reputed banks and providing services only to creditworthy related parties.

(ii) Impairment of financial assets

The Group has the following financial assets that are subject to IFRS 9's expected credit loss model:

- Trade and retention receivables
- Other receivables
- Amounts due from related parties
- Cash in banks

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade and retention receivables

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.

On that basis, the loss allowance was determined as follows for both trade receivables:

31 December 2021	**Expected loss rate**	**Gross carrying amount**	**Loss allowance**
Current	**2.56%**	**596,122,165**	**15,269,259**
More than 90 but less than 180 days past due	**19.62%**	**17,965,024**	**3,524,653**
More than 180 but less than 270 days past due	**18.79%**	**21,627,317**	**4,063,307**
More than 270 but less than 360 days past due	**93.02%**	**872,637**	**811,735**
More than 360 days past due	**86.10%**	**57,463,098**	**49,478,490**
Total		**694,050,241**	**73,147,444**

31 December 2020	**Expected loss rate**	**Gross carrying amount**	**Loss allowance**
Current	3.00%	360,328,170	10,814,674
More than 90 but less than 180 days past due	20.80%	16,105,546	3,350,662
More than 180 but less than 270 days past due	14.44%	25,251,518	3,647,350
More than 270 but less than 360 days past due	75.33%	2,867,455	2,160,028
More than 360 days past due	85.60%	56,512,749	48,375,643
Total		461,065,438	68,348,357

Trade receivables and retention receivables are considered credit impaired or non-performing when it becomes probable to the Group that a customer will enter bankruptcy. 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.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables, amount due from related parties and cash and cash equivalents. The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information, including actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations. The result of applying the expected credit risk model is immaterial and hence the Group has not recognised any loss allowance as of 31 December 2021.

(iii) Significant estimates and judgments related to impairment of financial assets

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. Details of the expected loss rates used are disclosed in the table above.

(C) 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 30-90 days from the invoiced date. The Group has facilities exposure from financial institutions which are also used to meet short term financing needs.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments.

	0 to 3 months	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
2021					
Borrowings	**79,957,275**	**128,346,363**	**302,394,310**	**-**	**510,697,948**
Lease liabilities	**4,896,500**	**14,495,594**	**50,245,750**	**26,142,950**	**95,780,794**
Trade accounts payable	**262,275,924**	**-**	**-**	**-**	**262,275,924**
Other payables	**76,136,998**	**-**	**-**	**-**	**76,136,998**
Amounts due to related parties	**111,347,583**	**-**	**-**	**-**	**111,347,583**
	534,614,280	**142,841,957**	**352,640,060**	**26,142,950**	**1,056,239,247**
2020					
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

30.2 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the capital, which the Group defines as total shareholders' equity, excluding non-controlling interests and the level of dividends to ordinary shareholders.

The Board also seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return on shareholders' equity (excluding non-controlling interests) greater than the weighted average cost of capital of the Group.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions and shareholders' expectation. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020.

The Group monitors the capital using a gearing ratio, which is debt divided by capital plus debt. The Group's policy is to keep the gearing ratio below 40%. The Group includes within debt, interest bearing loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent.

	2021	2020
Borrowings	**480,169,608**	583,413,172
Lease liabilities	**40,082,313**	47,149,503
Less: Cash and cash equivalents	**(146,563,264)**	(288,345,489)
Net debt	**373,688,657**	342,217,186
Total capital	**7,857,162,686**	7,811,858,012
Capital and net debt	**8,230,851,343**	8,154,075,198
Gearing ratio	**4.54%**	4.20%

The gearing ratio has increased from last year primarily due to decrease in cash and cash equivalents.

31 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances, short term bank deposits, amounts due from related parties, retention and other receivables and trade accounts receivable. Financial liabilities consist of bank overdrafts, borrowings, amounts due to related parties and trade accounts payable.

The fair values of these financial instruments except for borrowings approximate their carrying values due to the short-term maturities of these instruments.

The fair value of borrowings is estimated based on discounted cash flows using interest rate currently available for the debt or similar terms and remaining maturities. As all borrowings carry variable interest rates, the fair value of borrowings approximates their carrying values.

The fair value of the investment properties is disclosed in note 5. There have been no transfers into and out of Level 3 measurements during the year.

32 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, management is required to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised.

32.1 Critical judgments in applying accounting policies

There are no critical judgments, apart from those involving estimations that management has made in the process of applying the entity's accounting policies.

32.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Estimate the fair value of investment properties (Note 5)
- Estimate the recoverability of receivables and other receivables (Note 30)

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

33 IMPACT ASSESSMENT OF COVID-19

During the current period, due to impact 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 consolidated 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 year ended 31 December 2021.

The Group will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption the COVID-19 outbreak may have on its operations and financial performance.

The Group will continue to take all the possible measures to mitigate the effects in the future.